



BUSINESS RESULTS 1/1/2021 - 31/12/2021



VALAMAR
All you can holiday

ABOUT VALAMAR

Valamar is Croatia's leading tourism company operating hotels, resorts and camping resorts in prime destinations – Istria, the islands of Krk, Rab and Hvar, Makarska, Dubrovnik, and Obertauern in Austria. With around 21,000 keys, Valamar's 36 hotels and resorts and 15 camping resorts can welcome around 58,000 guests daily and provide perfect holidays and authentic experiences for each guest.

The company believes in a growthdriving strategy focused on investments in high added-value products, talents, innovative services and destinations to maintain business continuity. The active promotion and advancement of these interests make Valamar a responsible and desirable employer and one of the top Croatian and regional investors in tourism with over HRK 6.1 billion invested in the last 18 years.

Steered by sustainability and social responsibility, Valamar leads the innovative management of leisure tourism and continuously creates new value for all our stakeholders. Valamar's business success is based on longstanding partnerships and an open communication with its key stakeholders. Therefore, we have established policies at company level that represent our continuing commitment to be the hospitality market leader in Croatia in terms of service quality, guest and user satisfaction, caring for the interests of our employees, company and local community, environmental protection and resource management.

Tourism portfolio of Valamar Group



KEY MESSAGES

In 2021, Valamar Group achieved a significant recovery of its tourism business fundamentals compared to the crisis year 2020 despite significant impact of COVID-19 effects on travel. Valamar was successful in implementing a job protection program and motivating employees through various awards and benefits programs launched during business recovery in the second half of 2021. During the crisis period, Valamar focused heavily on developing new brands, products and services and continue to invest in repositioning the portfolio, over HRK 870 million since 2019. In 2021, Valamar embarked on a new phase of growth by expanding its partnerships with investment partners in Croatia and further internationalizing its portfolio in Austria.

The realised operating profit (EBITDA) of HRK 646 million in 2021 reached 84% compared to the pre-crisis year 2019 level, and, in some segments, even surpassed it. Adjusted EBITDA of HRK 674 million is only 11% lower than in record 2019. Operating revenues amount to HRK 1.6 billion, i.e. they are at 74% of the 2019 realisation. Overnights recorded the same realisation level, while the average price increased by 6% compared to 2019, following a very strong demand for our hotels and resorts in high season. The direct sales channel performance grew to HRK 859 million achieving 64% of the total board revenues compared to 45% in 2019. It further contributed to the profitability of the business.

The first half of 2021 was still under the significant impact of the COVID-19 pandemic and the respective travel restrictions. The third quarter records a normalisation of the business operations in almost all of Valamar's destinations. However, the fourth quarter saw a certain slowing down of this positive trend. Valamar achieved excellent results in its north-Adriatic destinations, its campsites and in the premium segment, especially in the third quarter. On the other hand, the destination of Dubrovnik and the tourist properties in the 2* and 3* category did not see a significant recovery of their business operations. If we exclude the results of Dubrovnik, the Group thus realised a 12% higher EBITDA vs. 2019. Furthermore, the Premium hotels and resorts segment achieved a 17% higher EBITDA, and campsites 26%.

SUCCESSFUL
SEASON ACHIEVED.
IN SOME
SEGMENTS, THE
RECORD YEAR
2019 WAS EVEN
SURPASSED

INITIATED
ACTIVITIES WITH
THE GOAL OF
RETAINING
EMPLOYEES
IN TOURISM
AND EFFICIENT
PREPARATION FOR
SEASON 2022

Through its proactive crisis management in the conditions of the pandemic, with the support of its social partners and backed by the government's subsidies, Valamar managed to protect all jobs, which enabled the realisation of a solid 2021 tourist season. In cooperation with the trade unions, the Group paid substantial cash awards for 2021 to its permanent and seasonal employees on several occasions. The total amount of rewards was HRK 56 million, and the maximum reward per employee reached HRK 11,300. Also, 400 key (until then seasonal) employees were permanently employed, which will enable them to have a stable income and a year-round job in the tourist industry. All of the above was done in order to boost the employee satisfaction of the Valamar Group even more, with the final goal of keeping the employees in the tourist industry and making high-quality preparations for the next tourist season. According to the surveys of the MojPosao portal, Valamar has remained the only company from the tourism industry among top 20 employers in Croatia for the fourth consecutive year.

Valamar continued developing its products, services and hospitality portfolio during the crisis period, with the two-year investment cycle for 2019/21 amounting to almost HRK 870 million. Istra Premium Camping Resort 5* was finished, which is the biggest camping resort development project in Croatia, with the value of investment amounting to HRK 455 million over several years. The investments in the Valamar Parentino Hotel in Poreč and the Valamar Meteor Hotel in Makarska, hotels offering family vacations and services, were also successfully finalised.

The lifestyle hotel [PLACES] by Valamar targeting YZ generation was opened on the island of Hvar and the development of a new Valamar Amicor Green Resort began. This is a fully sustainable eco summer family resort, which respects the highest standards in green building, renewable energy use and energy efficiency level.

Additionally, in cooperation with E.ON Solar, photovoltaic power plants were installed at 26 Valamar's hotels and campsites along the Adriatic coast. This covers five per cent of the Valamar's total yearly need for electric power.

In order to further increase the quality of the portfolio of its hotels, resorts and campsites as well as to develop green tourist industry and digitalize its business operations, at the end of last year Valamar launched a new investment cycle in the properties under its management for 2021/22, totalling to HRK 525 million.

The year 2021 saw an expansion of the strategic cooperation with pension funds. Valamar Riviera and AZ pension funds agreed on the second phase of the capital injection to Imperial Riviera in the total value of HRK 690 million. The purpose of this capital increase is a further development of the tourist industry portfolio in Dubrovnik, Makarska and on the island of Rab. Valamar and PBZ Croatia osiguranje pension fund started an investment cycle in Stari Grad on the island of Hvar in the value of HRK 300 million.

In cooperation with a private co-investor, one of Austria's largest Valamar Riviera's shareholders and the Chairman of the Company's Supervisory Board, Mr. Gustav Wurmböck, Valamar acquired its second hotel in Obertauern, Austria. The Marietta 4* hotel has 120 keys and is one of the biggest and best hotels in this destination. The hotel is under lease agreement until mid-2023. Accordingly, it is not currently managed neither branded by Valamar. This acquisition represents a significant move in the further internationalisation of the Valamar's business operations, with the aim to expand its portfolio and manage hotels and properties in the best winter holiday destinations in Austria and Italy.

POSITIVE
FINANCIAL
RESULTS
ACHIEVED

VALAMAR AND
STRATEGIC
PARTNERS
CONTINUE WITH
SIGNIFICANT
INVESTMENTS IN
CROATIAN
TOURISM

Following good financial results, the Group's net debt was decreased and as at 31 December 2021 amounted to HRK 2.0 billion. This is a 31% decrease compared to the debt as at 31 December 2020. For 2021, all financial and other covenants from loan agreements have been satisfied. The Group will continue working on decreasing its indebtedness and fulfilling its contracted covenants.

In the year 2022, Valamar plans to open all of its hotels and campsites. However, the corona crisis will still be significantly impacting the tourist industry and the economy in the near future. A normalisation of the tourist industry is expected during the years 2022 and 2023. On the other hand, an additional impulse for Croatia as a tourist destination may occur after the entry of Croatia to the Schengen Area, which should happen mid of 2022. A positive impact can also be expected from the introduction of the euro, planned for 1 January 2023.



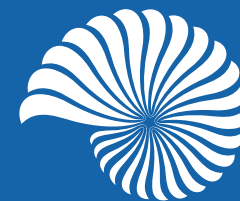
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Ježevac Premium Camping Resort 4*, Krk Island



Lanterna Premium Camping Resort 5*, Poreč



Significant Business Events

CRISIS MANAGEMENT DURING COVID-19

The global pandemic trends are still unpredictable, and a further significant disruption of the travel flows is possible, which may have an adverse impact to the business results of the Group. The increasing vaccination rates helped the tourist industry as well as the introduction of the EU COVID-19 pass throughout Europe. At this point in time it would still be premature to make a quantitative assessment about the negative impact of COVID-19 to the business operations of Valamar in the future. A normalization of the hospitality industry is expected to happen in 2022 and 2023.

Istria and the northern Adriatic, where the majority of the Group's facilities are located, have a great advantage in the fact that they are the traditional drive tourism destination for our major source markets (Italy, Slovenia, Austria, Germany, the Netherlands, the Czech Republic, Hungary, etc.). Our camping resorts play a major role in attracting our guests and they have become the resorts of the first choice for many. This is due to shifting guest preferences favouring nature and privacy, but also due to the fact that they offer an increased quality of service and facilities thanks to considerable investments over the last period.

The health of our guests and their feeling of being safe in our properties is our utmost priority. In 2020 we introduced some key innovations, such as our V Health & Safety programme of comprehensive health, safety and ecology standards, an enhanced cleaning system 'CleanSpace – 100% privacy', the Online reception desk, the 'Bed & Brunch' hotel concept and the Valfresco Direkt online shopping and food delivery service. By introducing these services, Valamar has also strengthened the market position of small manufacturers and local family farms. In 2021 Valamar introduced the V-Care Guarantee concept, which enables the organization of all necessary health services during the guest's stay (and in case of COVID-19 infection as well). For the guests who have made their reservations directly at valamar.com or via the Valamar reservation centre, this includes e.g. free medical consultation by phone (phone or video call) 24/7, Antigen testing at the hotel or camping resort, and organizing PCR testing at designated locations in all Valamar destinations. Guests infected with COVID-19 and anyone included in their reservation will have their costs covered if they need to extend their stay up to 14 days. Also, the return trip travel expenses for guests infected

NORMALIZATION
OF TOURISM
BUSINESS IS
EXPECTED TO
CONTINUE DURING
2022 AND 2023

GROUP'S CASH
BALANCE AS OF 31
DECEMBER 2021 AT
HRK 1.1 BILLION

with COVID-19 will be reimbursed, if the return dates are different than those originally scheduled.

Since the beginning of the COVID-19 crisis, the Valamar has had a proactive approach to decreasing and controlling potential risks. Therefore, Valamar has established a Risk Management Committee and adopted the Risk Management Regulations. The tasks and authorizations of the Risk Management Committee include assessing risk events and their impact to the company's business, guests and employees. Also, the Committee defines the measures for the protection of guests, staff and property and defines the organization of the business processes and operations. Depending on the circumstances and the intensity of the risk event, the Committee may decide on changing the financial, business and contingency plan, and activating escalation plans to preserve the company's liquidity, solvency and business continuity. The Committee may adopt other documents as may be needed according to their assessment of the status of bookings and revenues.

In 2020 and in the first half of 2021, Valamar ensured the necessary liquidity for the upcoming period through operational savings plans, savings in investments, payments deferral and arrangements with banks by which Valamar deferred most of its loan payments. Valamar also successfully ensured additional mid-term liquidity by concluding a loan facility agreement with a banking syndicate in the amount of EUR 66 million while, in order to improve the company's liquidity, the General Assembly in 2020 revoked the proposal of the Decision to pay out dividend. Upon the expiration of the moratorium in June 2021 the Group continued to regularly service its loan obligations. The Group's cash balance as at end of December 2021 amounts to a high HRK 1.1 billion.

Valamar's social partners, headed by the Croatian Trade Union of Tourism and Services and the Trade Union of Istria, Kvarner and Dalmatia, supported the continuation of the Valamar job preservation programme 'Pause, Restart'. This programme is in force until 31 March 2022. The programme ensures the payment amounting to 60% of the regular salary, i.e. a minimum of HRK 4,250 net for all Valamar's employees who were furloughed due to the COVID-19 pandemic restrictions.

The government's support measures in last two seasons were of key importance for keeping jobs in the tourist industry. They were a key

incentive for all tourist companies to successfully face these extraordinary circumstances until the economy and the tourist industry returns to normal. The most significant measure was the one aimed at preserving the jobs in the sectors most hardly hit by the coronavirus (HRK 3,250 per employee for the salary in March, i.e. HRK 4,000 for the salaries from April to December 2020). The Government of the Republic of Croatia approved these measures to protect jobs in the period from January – July 2021 as well.

VALAMAR AND AZ PENSION FUNDS CONTINUE THEIR JOINT INVESTMENTS IN TOURIST INDUSTRY THROUGH IMPERIAL RIVIERA

The first phase of capital investments into Imperial Riviera, member of the Valamar Group, by Valamar Riviera and AZ pension funds, in the amount of HRK 426 million was done in 2019. Investments were aimed at the renovation of the Parentino Hotel in Poreč, Meteor Hotel in Makarska and Premium Camping Padova on the island of Rab.

The General Assembly of Imperial Riviera, held on 10 September 2021, adopted the decision on the second phase of capital investments by increasing the share capital of the company by a total amount of HRK 690 million. Valamar Riviera participates in this investment by a contribution in kind, i.e. by investing its real estate (land of 148,949 m²) worth HRK 353 million in total. The land is situated on the Babin Kuk peninsula in Dubrovnik. AZ pension funds invest the total amount of HRK 337 million in cash. This capital increase is aimed at a further development of the tourist portfolio in Dubrovnik, Makarska and on the island of Rab. After its completion, Valamar Riviera holds 46.27% of the Imperial Riviera shares, and AZ pension funds holds 48.85%.

At the beginning of 2022, three hotels (Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar) in Dubrovnik were transferred from Valamar Riviera to Imperial Riviera. The acquisition value of cited hotels amounts to EUR 95.3 million and the financing for a major part of this transaction is ensured by taking over Valamar Riviera's existing loan obligations by Imperial Riviera. These hotels

CAPITAL INCREASE
OF IMPERIAL
RIVIERA IN THE
AMOUNT OF HRK
690 MILLION, BY
CONTRIBUTION IN
KIND AND IN CASH

WITHIN VALAMAR
GREEN HOLIDAY
CONCEPT THE
INVESTMENT
INTO THE FIRST
SUSTAINABLE ECO
RESORT BEGINS

in the area of Babin Kuk in Dubrovnik, together with the real estate being previously entered in Imperial in the process of its share capital increase will represent sustainable and strategically important technological unit. Imperial Riviera is thus becoming a multi-destination company present in Istria, Kvarner, Dalmatia and the city of Dubrovnik.

Besides the business expansion and growth of the Valamar Group, this transaction will also strengthen the balance sheet of the Group. Imperial Riviera will remain a joint venture for the investment and development of the tourist facilities in the region, while Valamar Riviera will still be in charge of managing its operational business. This was one of the goals of the cooperation established between Valamar and AZ pension funds.

VALAMAR AND PBZ/CO PENSION FUNDS CONTINUE THEIR JOINT INVESTMENTS ON THE ISLAND OF HVAR THROUGH HELIOS FAROS

Valamar Riviera and PBZ Croatia osiguranje pension funds continue with significant portfolio investments in the amount of HRK 300 million aimed at repositioning properties in Stari Grad on the island of Hvar into 4 and 5-star properties. The largest part of the investments will be directed towards the construction of the first Valamar sustainable eco-resort named Valamar Amicor Green Resort, the completion of investments in Hvar [PLACESHOTEL] by Valamar, the construction of the Aquamar pool complex and the overall reconstruction of the resort area.

Green Holiday is a new concept by Valamar, which implies a sustainable eco resort positioned for family vacation. The resort will be built by maintaining the highest standards for green building, which includes ecologically acceptable materials with a minimum environmental impact, the use of renewable energy sources and a high energy efficiency level. Food will be prepared from fresh produce, mainly locally grown, and the use of one-time plastic and paper will be maximally reduced.

Valamar Amicor Green Resort on the island of Hvar is the first tourism project that will use ecologically prefabricated buildings and modular constructions designed according to Valamar accommodation quality standards. The concept is inspired by nature and sustainable design. The

resort's architecture and building design blend into the island's natural environment, while the interior will be designed by local designers and artists with autochthonous tradition and materials in mind.

The business development plan of Helios Faros estimates investments in the total amount of around HRK 800 million aimed at sustainable high value-added tourism that will have a positive impact on the island's economic growth and development. The reconstruction and construction of three hotels and resorts in the 4 and 5-star category with 700 accommodation units is planned by 2025.

Valamar Riviera has a 20% ownership in Helios Faros and manages its hotel-tourism properties.

EXPANDING PORTFOLIO IN AUSTRIA

In cooperation with a private co-investor, Valamar acquired its second hotel in Obertauern, Austria. The Marietta Hotel 4* has 120 keys and is one of the biggest and best hotels in this destination. The co-investor is one of Austria's largest Valamar Riviera's shareholders and the Chairman of the Company's Supervisory Board, Mr. Gustav Wurmböck.

The co-investor provided a capital injection amounting to EUR 11.1 million to the Austrian company Valamar A GmbH (until then in 100% owned by Valamar Riviera). Valamar A GmbH then used funds from capital injection and additional borrowing to acquire the Marietta Hotel. Following the transaction, Valamar Riviera has a 24.5% stake in Valamar A, while the co-investor 75.5%

This acquisition in cooperation with the new co-investor represents an important move for Valamar in terms of a further internationalisation of its business operations. The aim is to expand its portfolio and manage hotels and tourist facilities in the best winter holiday destinations in Austria and Italy. Two hotels in Austria under Valamar's management now will be able to employ 130 Valamar employees from Croatia during the winter.

This acquisition also represents another step towards an 'asset-light business model'.

IN COOPERATION
WITH A PRIVATE
CO-INVESTOR
SECOND HOTEL IN
AUSTRIA ACQUIRED

VALAMAR RIVIERA'S GENERAL ASSEMBLY

The regular General Assembly of the Company was held on April 21, 2021, at which decisions were made according to the decisions proposed by the Management Board and the Supervisory Board of the Company contained in the invitation to the General Assembly and published in its prescribed content on the website of the Zagreb Stock Exchange, as well as on the Company's website. The following decisions were reached: decision on coverage of loss, decision on granting discharge to members of the Management Board, decision on granting discharge to members of the Supervisory Board, decision on appointment of auditors and decision on election of members of the Supervisory Board. The Report on Receipts of Members of the Management Board and the Supervisory Board for 2020 was also discussed. The General Assembly elected six members of the Supervisory Board for a new term of 4 years starting on 16 June 2021, namely Mr. Gustav Wurmböck, Mr. Franz Lanschützer, Mr. Mladen Markoč, Mr. Georg Eltz (former members), Mr. Boris Galić and Mr. Daniel Goldscheider (new members). One Supervisory Board member, Mr. Ivan Ergović, workers' representative, was appointed by the Workers' Council on 10 May 2021. The constituent meeting of the Supervisory Board, at which the President, Mr. Gustav Wurmböck, and the Deputies, Mr. Franz Lanschützer and Mr. Mladen Markoč, were elected, was held on June 17, 2021.

LEADING MARKET POSITION AND RECOGNITIONS

In 2021, the Valamar Group succeeded in maintaining its leading market position as well as stabilising its business operations to a large extent. This is the result of a successful crisis management during the COVID-19 pandemic as well as of the recognised and successful Valamar's business philosophy. It represents Valamar's business success formula, comprised of corporate social responsibility and a continuous investment in further development.

Valamar received a recognition from the Ministry of Economy and Sustainable Development for 2021 relating to the achievements of the business sector in environmental protection, in the category Management. The award ceremony was held within the Conference on the Future of Europe, initiated by the European Commission, the Council and the Parliament. This recognition for Valamar relates to an exceptional organization with

a strategic vision and a management system enabling continuous improvements in environmental properties.

The German camping club DCC (Deutscher Camping-Club) gave the prestigious recognition DCC Europe Platinum for the year 2022 to Lanterna Premium Camping Resort. Eleven of Valamar's campsites received the Croatia's Best Campsites label for the year 2022, which is given by the Croatian Camping Union. Four Valamar's campsites are the winners of the ADAC Superplatz 2022 recognition award, given by ADAC's camping guides in cooperation with the PiNCAMP specialized camping portal. Additionally, four Valamar's campsites have received the ANWB Top Camping award, which is given by the renowned Dutch car club ANWB.

The world organisation World Luxury Hotel Awards gave awards to the most luxurious hotels. The Dubrovnik President Valamar Collection Hotel 5* was recognized as the best Croatian Luxury Beach Resort, the Isabella Valamar Collection Island Resort 4*/5* received the best European Luxury Island Resort award, and the Marea Valamar Collection Suites 5* won the best European Luxury Family Hotel award. As many as three Valamar's hotels received the most prestigious tourist industry award on the world – World Travel Award. The Valamar Riviera Hotel & Residence 4* in Poreč received the award for the best Croatian boutique hotel, while the Valamar Collection Girandella Resort 4*/5* in Rabac was again recognized as the leading Croatian resort. The title of the leading hotel in Croatia was granted to the Dubrovnik President Valamar Collection Hotel 5*.

IN 2021, VALAMAR
WAS AWARDED
NUMEROUS
PRIZES AND
RECOGNITIONS



Dubrovnik President Valamar Collection Hotel 5*, Dubrovnik

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



Results of the Group

QUARTERLY FINANCIAL STATEMENTS

The Management Board of the Company presents the quarterly unaudited financial statements for the fourth quarter of 2021 (the period 1 January 2021 – 31 December 2021 is also included).

The Group's profit and loss account for the period considered consolidates the data from the following companies (only for the period when they were subsidiaries of Valamar Riviera d.d.): Imperial Riviera d.d. (a subsidiary 46.27% owned by Valamar Riviera d.d.), Valamar A GmbH (until 29 November 2021, 100% owned, and from 29 November 2021, 24.54% owned), Valamar Obertauern GmbH (10% directly owned and, until 29 November, 90% indirectly owned by Valamar Riviera d.d. (90% of the shareholding owned by Valamar A GmbH), and from 29 November 2021, 22.08% indirectly owned by Valamar Riviera d.d.), Palme Turizam d.o.o. (until 7 May 2021, when it was merged to Valamar Riviera d.d., 100% owned), Magične stijene d.o.o. (100% owned), and Bugenvilia d.o.o. (100% owned).

The Group's balance sheet as at 31 December 2021 consolidates the data for the following companies: Valamar Riviera d.d. (Parent Company), Imperial Riviera d.d., Magične stijene d.o.o. and Bugenvilia d.o.o.

The investment in the company Helios Faros d.d. is reported according to the equity method since Valamar Riviera d.d. does not exercise control but a significant influence over Helios Faros d.d.

 *The Management Board presents
the quarterly unaudited financial
statements for the period from 1 January
2021 to 31 December 2021.*



KEY FINANCIAL INDICATORS¹

	2020	2021	2021/2020
Total revenues	696,901,773	1,679,909,675	141.1%
Operating income	675,610,635	1,644,008,023	143.3%
Sales revenues	642,478,457	1,605,127,860	149.8%
Board revenues (accommodation and board revenues) ²	531,636,818	1,344,778,046	153.0%
Operating costs ³	530,527,177	938,294,335	76.9%
EBITDA ⁴	103,189,578	645,980,279	526.0%
Extraordinary operations result and one-off items ⁵	-23,242,050	-27,545,361	18.5%
Adjusted EBITDA ⁶	126,431,628	673,525,640	432.7%
EBIT	-394,764,365	136,974,626	-
Adjusted EBIT ⁶	-371,522,315	164,519,987	-
EBT	-501,048,580	101,475,233	-
Net profit	-358,805,791	108,707,246	-
EBT margin	-74.2%	6.2%	80.3pp
EBITDA margin	15.3%	39.3%	24.0pp
Adjusted EBITDA margin ⁶	18.7%	41.0%	22.3pp
	31/12/2020	31/12/2021	2021/2020
Net debt ⁷	2,851,116,054	1,973,103,640	-30.8%
Net debt / Adjusted EBITDA	22.6	2.9	-87.0%
Cash and cash equivalents	665,932,900	1,115,257,824	67.5%
Capital investments (details in chapter "2020 Investments")	595,870,921	115,355,120	-80.6%
ROE ⁸	-11.5%	3.2%	14.7pp
Adjusted ROCE ⁹	-6.5%	3.1%	9.6pp
Market capitalization ¹⁰	3,750,579,650	4,158,908,886	10.9%
EV ¹¹	7,303,506,632	7,175,077,019	-1.8%
EPS ¹²	-2.70	0.86	-
DPS ¹³	0	0	-

KEY BUSINESS INDICATORS¹⁴

	2020	2021	2021/2020
Number of accommodation units (capacity)	21,247	21,328	0.4%
Number of beds	58,492	58,747	0.4%
Full occupancy days	47	99	110.6%
Annual occupancy (%)	13	27	107.7%
Accommodation units sold	999,020	2,100,954	110.3%
Overnights	2,279,215	5,004,639	119.6%
ARR ¹⁵ (in HRK)	532	640	20.3%
RevPAR ¹⁶ (in HRK)	25,021	63,052	152.0%

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

2 In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry).

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

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

5 Adjustments were made for (i) extraordinary income (in the amount of HRK 30.2 million in 2021, and HRK 20.3 million in 2020), (ii) extraordinary expenses (in the amount of HRK 55.8 million in 2021, and HRK 42.3 million in 2020), and (iii) termination benefit costs (in the amount of HRK 1.8 million in 2021, and HRK 1.2 million in 2020).

6 Adjusted by the result of extraordinary operations and one-off items.

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

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

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

10 Market capitalization is calculated as the total number of shares multiplied by the last share price on 31/12 of a particular year.

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

12 EPS refers to earnings per share calculated on the basis of net profit attributable to the owners of the parent company. Weighted average number of shares in 2021: 121,887,907. Weighted average number of shares in 2020: 121,887,907.

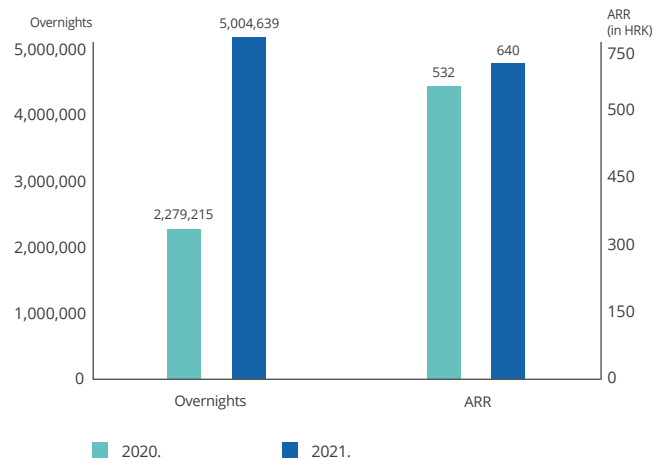
13 DPS refers to dividends per share.

14 Data for Helios Faros are not included.

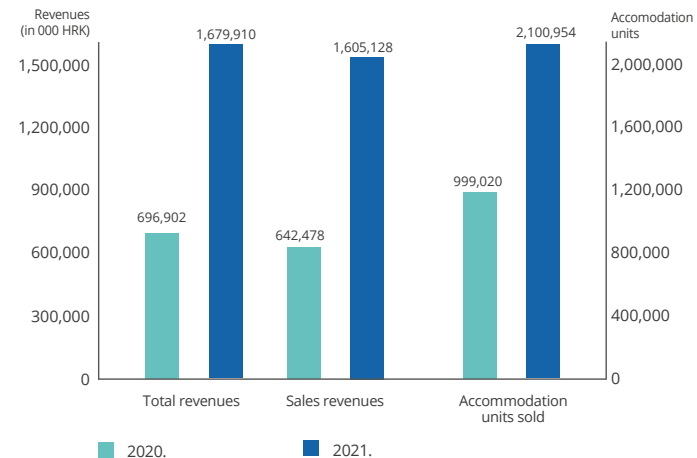
15 Average rate is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

16 Revenue per accommodation unit is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

Overnights and ARR



Revenues and accommodation units sold



Valamar Padova Hotel 4*, Rab island



In 2021, Valamar Group realized 5.0 million overnights, which is still a decrease of 26% compared to 2019 and an increase of 120% compared to 2020.

In the first quarter of 2021, the number of overnights was very low with only one open hotel -Valamar Diamant Hotel & Residence. Valamar Diamant Hotel & Residence shifted from the regional to the Croatian market, with special focus on weekend stays, professional national and foreign sports groups without indoor training bans and regional cyclists groups. Valamar Obertauern Hotel in Austria was closed for the entire 2020/21 ski season. In the same period, two camping resort were opened year-round with a special "extended stay" offer (14 and 30 days), focusing on families and individuals who were able to work/study remotely. In the second quarter, negative trend was reversed and a noticeable increase in the number of overnights was achieved, although measures related to the

COVID-19 pandemic in Europe were still in force. This is primarily due to the great desire to travel after a long period of restrictions and a somewhat less restrictive policy of crossing state borders. Our northern destinations were the most visited: Poreč, Rabac and the islands of Krk and Rab, while southern destinations Makarska, Hvar and Dubrovnik reported lower occupancy rates due to the lack of flights and a slightly greater distance from source markets. As explained earlier, the third quarter was marked by an almost complete recovery in tourist traffic at a large number of our properties, although the real main tourist season began only in mid-July. However, in the fourth quarter, this powerful trend slowed down somewhat, primarily due to lower realization in the group sales and MICE segment.

REVENUES

In 2021, total revenues amounted to HRK 1,679,9 million, which is an increase of 141.1% (HRK 983.0 million). The realized total revenues were influenced by:

a) increase in sales revenues by 149.8% (HRK 962.6 million) to the amount of HRK 1,605.1 million, which consists primarily of board revenues (HRK 1,344.8 million) after a significant improvement in tourist flows as previously explained. There has been a slight change in the revenue structure; domestic sales revenues amount to HRK 173.6 million with a share of 10.8% in total sales revenues (12.9% in 2020) and are HRK 90.9 million higher than in 2020. With a share of 89.2% in total sales revenues (87.1% in 2020), sales revenues on foreign markets amount to HRK 1,431.5 million and are higher by HRK 871.7 million

b) an increase in other operating revenues of 18.0% to HRK 38.6 million compared to 2020, mainly due to higher revenues from the cancelation of provisions for litigation

c) financial income amounts to HRK 35.4 million and is higher by 66.0% than those realized in 2020 as a result of the increase in net positive exchange rate differences on long-term loans as well due to income from the discontinuation of control over subsidiaries Valamar A and Valamar Obertauern.

Valamar Argosy Hotel 4*, Dubrovnik



TOTAL OPERATING EXPENSES OF VALAMAR GROUP¹⁷

(in HRK)	2020	2021	2021/2020
Operating costs ¹⁸	530,527,177	938,294,335	76.9%
Total operating expenses	1,070,375,000	1,507,033,397	40.8%
Material costs	254,642,998	458,262,170	80.0%
Staff cost	189,951,093	353,175,910	85.9%
Depreciation and amortisation	496,444,044	507,335,969	2.2%
Other costs	89,097,655	134,450,892	50.9%
Provisions and value adjustments	30,223,911	41,982,841	38.9%
Other operating expenses	10,015,299	11,825,615	18.1%

TOTAL OPERATING EXPENSES

Total operating expenses in 2021 amounted to HRK 1,507.0 million, which is 40.8% more than in the last year. Development of operating expenses:

a) material costs amount to HRK 458.3 million and are higher by 80.0% as a result of increased costs of raw materials, costs of promotional activities and other direct costs in accordance with the increased business volume

b) staff costs increased by 85.9% and amount to HRK 353.2 million, also after the increased business volume and the need for workforce. Total COVID grants related to employee cost subsidies are included in the amount of HRK 102.1 million for the Group (2020: HRK 164.4 million) and HRK 84.6 million for the Company (2020: HRK 141.3 million)

c) depreciation amounts to HRK 507.3 million, which represents an increase of 2.2%

d) other expenses increased by 50.9% to HRK 134.4 million. The increase is due to increased employee transportation

fees and employee rewards, as well as higher expenses for student workers

e) provisions and value adjustments amount to HRK 42 million and are higher by 38.9% as a result of provisions for the costs for tourist land lease

f) other operating expenses amount to HRK 11.8 million, which is an increase of 18.1%.

¹⁷ Classified according to Annual Financial Statements standard (GFI POD-RDG).

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

EBITDA AND EBT

Adjusted EBITDA amounts to HRK 673.5 million, which is an improvement of HRK 547.1 million compared to adjusted EBITDA realized in 2020 in the amount of HRK 126.4 million. The main reasons for this are very strong demand for most of our properties in the high season, which has led to a significant increase in the number of overnight stays and a significant increase in average prices. In addition, the Group recorded a favourable development of all major cost categories in the pre-season after adjusting to pandemic working conditions, which includes the general rationalization of operations and internal savings measures as well as the implementation of "Pause, restart program". Furthermore, the use of support measures by the Government of the Republic of Croatia, enabled the Group to preserve jobs and to be able to prepare 2021 tourist season efficiently.

After the above-described increase in EBITDA and better net financial result in 2021 related to exchange rate movements (explained in more detail in the next section), a significant improvement in profit before tax (EBT) was achieved in the amount of HRK 600.0 million. Thus, EBT in 2021 amounted to HRK 99.0 million after a negative EBT of HRK -501.0 million in 2020.

Valamar Carolina Hotel & Villas 4*, Krk Island

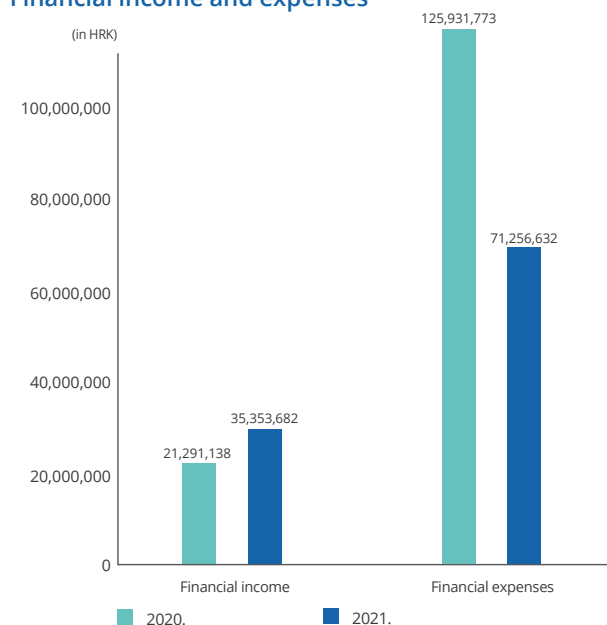


RESULT FROM FINANCIAL ACTIVITIES

In 2021, net financial result amounts to HRK -35.9 million (HRK -104.6 million in 2020). The main reason for HRK 68.7 million better financial result compared to 2020 is primarily the increase in net foreign exchange gains (mostly unrealized on long-term loans) by HRK 52.7 million, given that in 2021 kuna recorded a small increase against the euro, while in 2020 a stronger depreciation of kuna against the euro was recorded.

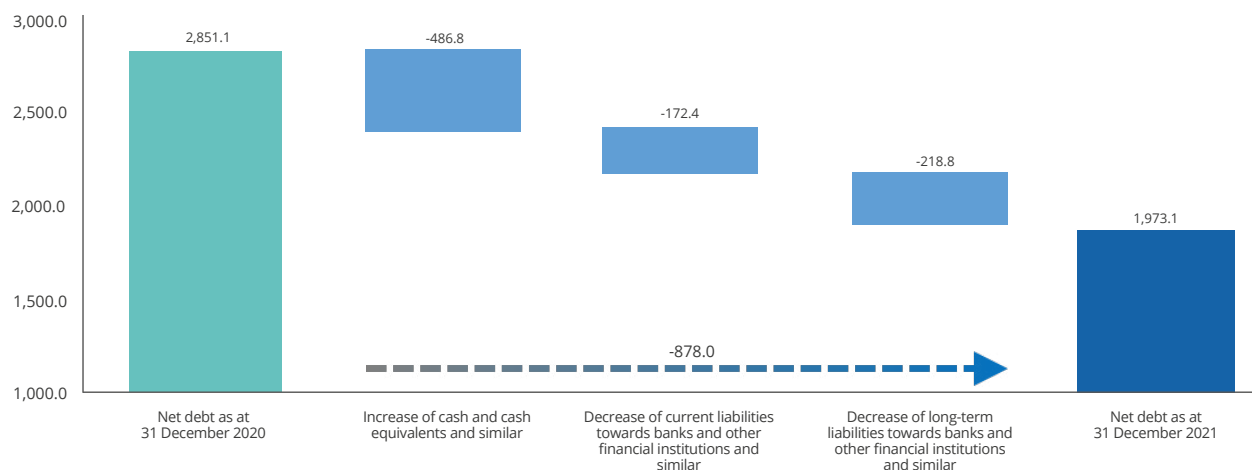
Also, unrealized income from financial assets in the amount of HRK 4.5 million was recorded, while in 2020, unrealized expenses from financial assets in the amount of HRK 17.8 million was recognized. In addition, interest on long-term and short-term loans increased by HRK 3.2 million due to the provision of new sources of liquidity.

Financial income and expenses



Net debt ¹⁹

(in HRK '000,000)



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

ASSETS AND LIABILITIES

On 31 December 2021, total value of Group's assets amount to HRK 6,911.1 million, which is 0.5% increase compared to 31 December 2020. Total share capital and reserves amount to HRK 3,308.6 million and are higher by 15.5% as a result of the realized profit in 2021 as well as increase in minority interests following the capital increase in Imperial Riviera.

Total long-term and short-term liabilities to banks and other financial institutions as at 31 December 2021 amount to HRK 3,112.6 million and are lower by 11.2% compared to 31 December 2020 as a result of repayment of short-term and long-term loans. A large part of the loan portfolio (89%) consists of long-term loans with contracted fixed interest rate and loans protected by derivative instruments (IRS) for the purpose of hedging against interest rate risk. In 2020, the Group deferred the payment of a total of HRK 349 million of principal to commercial banks and the Croatian Bank for Reconstruction and Development, of which HRK 272 million represents deferred principal payment for 2020, HRK 49 million for the first quarter of 2021 and HRK 27 million kuna for the second quarter of 2021. In addition, the payment of interest in the total amount of around HRK 47 million was postponed. On 30 June 2021., after the expiration of the moratorium period with commercial banks, the Group began regular repayment of credit liabilities.

Assets and liabilities



On 31 December 2021 the Group's cash balance amounted to HRK 1,115.3 million (an increase of 67.5% compared to 31 December 2020), which together with i) the agreed credit lines, ii) valuable tourist assets and iii) a strong operating business model make Group's stable balance sheet.

Valamar Collection Girandella Resort 4*/5*, Rabac



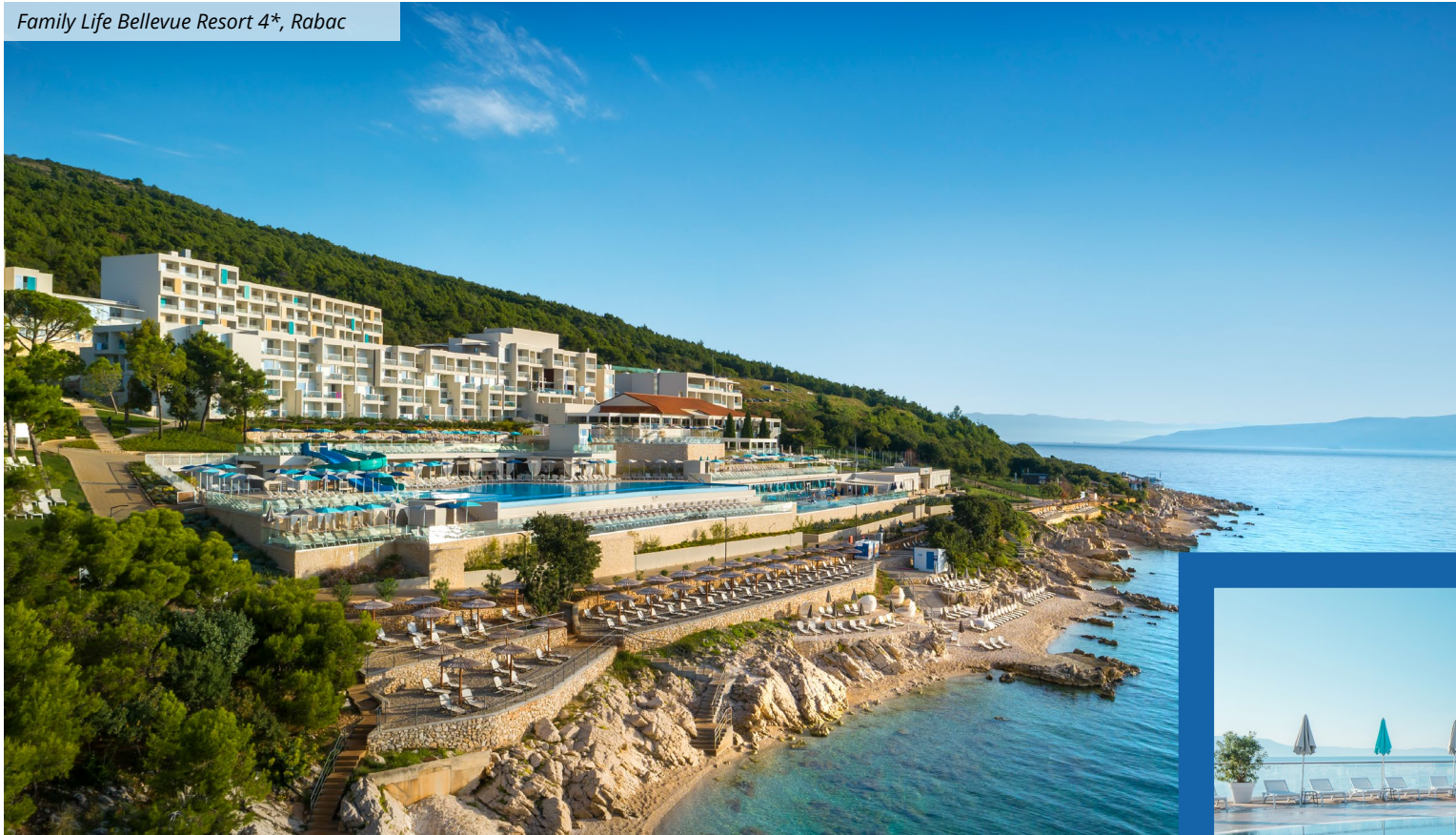
HOTEL AND CAMPING RESORTS OVERVIEW²⁰

HOTELS AND RESORTS OVERVIEW		LOCATION	KEYS
Hotels and Resorts			9.292
VALAMAR COLLECTION			1.261
Marea Valamar Collection Suites	5*	Poreč	108
Imperial Valamar Collection Hotel	4*	Rab Island	136
Dubrovnik President Valamar Collection Hotel	5*	Dubrovnik	292
Isabella Valamar Collection Island Resort	4* / 5*	Poreč	334
Girandella Valamar Collection Resort	4* / 5*	Rabac	391
Pinea Valamar Collection Resort	5*	Poreč	0
VALAMAR HOTELS & RESORTS			3.964
Valamar Riviera Hotel & Residence	4*	Poreč	132
Valamar Tamaris Resort	4*	Poreč	507
Valamar Parentino Hotel	4*	Poreč	329
Valamar Bellevue Resort	4*	Rabac	372
Valamar Diamant Hotel & Residence	3*/4*	Poreč	372
Valamar Pinia Hotel	3*	Poreč	170
Valamar Sanfior Hotel & Casa	4*	Rabac	242
Valamar Atrium & Villa Adria	4* / 5*	Krk Island	92
Valamar Carolina Hotel & Villas	4*	Rab Island	176
Valamar Padova Hotel	4*	Rab Island	175
Valamar Meteor Hotel	4*	Makarska	268
Valamar Argosy Hotel	4*	Dubrovnik	308
Valamar Lacroma Dubrovnik Hotel	4*	Dubrovnik	401
Valamar Club Dubrovnik Hotel	3*	Dubrovnik	338
Valamar Obertauern Hotel	4*	Austria	82
[PLACES] by Valamar			179
Hvar [PLACESHOTEL] by Valamar	3*	Hvar Islan.	179
SUNNY BY VALAMAR			3.888
Lanterna Sunny Resort by Valamar	2*	Poreč	606
Allegro Sunny Hotel & Residence by Valamar	3*	Rabac	180
Corinthia Baška Sunny Hotel by Valamar	3*	Krk Island	431
San Marino Sunny Resort by Valamar	3*	Rab Island	457
Eva Sunny Hotel & Residence	2*	Rab Island	284
Dalmacija Sunny Hotel by Valamar	3*	Makarska	190
Rivijera Sunny Resort by Valamar	2*	Makarska	258
Tirena Sunny Hotel by Valamar	3*	Dubrovnik	208
Trim & Helios Sunny Apartments by Valamar	2*	Hvar Islan.	85
Crystal Sunny Hotel by Valamar	4*	Poreč	223
Rubin Sunny Hotel by Valamar	3*	Poreč	253
Miramar Sunny Hotel & Residence by Valamar	3*	Rabac	178
Zvonimir Sunny Hotel by Valamar	4*	Krk Island	85
Koralj Sunny Hotel by Valamar	3*	Krk Island	194
Arkada Sunny Hotel by Valamar	2*	Hvar Islan.	256

CAMPING RESORTS OVERVIEW		LOCATION	KEYS
Camping Resorts			11.557
CAMPING ADRIATIC BY VALAMAR - PREMIUM RESORTS			5.352
Istra Premium Camping Resort by Valamar	5*	Poreč	874
Lanterna Premium Camping Resort by Valamar	4*	Poreč	2.930
Krk Premium Camping Resort by Valamar	5*	Krk Island	500
Ježevac Premium Camping Resort by Valamar	4*	Krk Island	632
Padova Premium Camping Resort by Valamar	4*	Rab Island	416
CAMPING ADRIATIC BY VALAMAR - RESORTS			4.555
Orsera Camping Resort by Valamar	3*	Poreč	592
Solaris Camping Resort by Valamar	3*	Poreč	1.824
Marina Camping Resort by Valamar	4*	Rabac	329
Baška Beach Camping Resort by Valamar	4*	Krk Island	593
Bunculuka Camping Resort by Valamar	4*	Krk Island	408
San Marino Camping Resort by Valamar	4*	Rab Island	809
CAMPING ADRIATIC BY VALAMAR - SUNNY			1.650
Brioni Sunny Camping by Valamar	2*	Pula	734
Tunarica Sunny Camping by Valamar	2*	Rabac	160
Škrila Sunny Camping by Valamar	3*	Krk Island	342
Solitude Sunny Camping by Valamar	3*	Dubrovnik	414

²⁰ Hotel Marietta in Obertauern, Austria, acquired by Valamar A GmbH in December 2021. It is not managed by Valamar Riviera and is not branded by Valamar Riviera. Leased to a third party until mid-2023.

Family Life Bellevue Resort 4*, Rabac



Results of the Company

In 2021, total revenues increased by 185.8% to the amount of HRK 1,691.4 million.

Sales revenues amount to HRK 1,360.9 million with a 80.7% share in total revenues. Compared to the last year, they are higher by 148.8% as a result of increased business volume.

Domestic sales revenues amount to HRK 181.2 million with a share of 13.3% in total sales revenues (12.4% in 2020) and are higher by HRK 113.4 million compared to the previous year. Revenues from sales on foreign markets amount to HRK 1,179.8 million with a share of 86.7% in total revenues (87.6% in 2020). Compared to the previous comparable period, they are higher by HRK 700.6 million.

Material costs amount to HRK 396.1 million with a growth of 76.9% after increased business volume. Staff costs amount to HRK 301.3 million and are 85.1% higher than in the same period last year, also due to the increased volume of business and the need for workforce.

Depreciation amounts to HRK 397.6 million and is higher by 1.4% compared to the same period last year. Value adjustments and provisions amount to HRK 38.3 million, which is an increase of 41.9% compared to 2020. This is mainly the results of provisions for the costs for tourist land lease.

In 2021, net financial result amounts to HRK -43.9 million (HRK -95.1 million in 2020). The main reason for HRK 51.2 million better financial result compared to the previous year is primarily the increase in net foreign exchange gains (primarily unrealized on long-term loans) by HRK 48.6 million, given that in 2021 kuna recorded a small increase against the euro, while in 2020 a stronger depreciation of kuna against the euro was recorded.

EBITDA amounted to HRK 814.3 million, which is an improvement of HRK 739.3 million compared to EBITDA realized in 2020 at the level of HRK 74.9 million. The main reasons for this are very strong demand for most of our properties in the high season, which has led to a significant increase in the number of overnight stays and a significant increase in average prices. In

IMPROVEMENT OF
EBITDA COMPARED
TO 2020

STRONG CASH
POSITION OF THE
COMPANY AS AT
31 DECEMBER
2021 OF HRK 582
MILLION

addition, the Company recorded a favourable development of all major cost categories in the pre-season after adjusting to pandemic working conditions, which includes general business rationalization and internal savings measures taken as well as the implementation of "Pause, restart program". Furthermore, the use of support measures by the Government of the Republic of Croatia, enabled the Company to preserve jobs and to be able to prepare 2021 tourist season efficiently. An additional reason can be found in the realized net profits of HRK 281.0 million, which are recorded under Other operating income with undertakings within the group. The profits were generated from the entry of the Company's real estate (land) in the area of Babin Kuk in Dubrovnik into the share capital of Imperial Riviera within capital increase procedure. That had no impact on the Valamar Group's financial statements.

Total assets of the Company on 31 December 2021 amounted to HRK 5,830.0 million and were lower by 2.1% compared to 31 December 2020. Total share capital and reserves amount to HRK 2,619.3 million and are higher by 9.8% as a result of the realized profit in 2021.

On 31 December 2021 the Company's cash balance amounts to HRK 582.1 million, which is an increase of 11.3% compared to 31 December 2020.

Hvar PLACESHOTEL by Valamar 3*, Hvar Island



Investments

Valamar's strategy for the development of tourism products and high added-value amenities is one of the main drivers of growth and sustainable business continuity. The strategy is steered by sustainability and social responsibility while investing in products, employees and tourist destinations. Furthermore, Valamar's service concepts are continuously being developed to align the offer with current market requirements, primarily guests' trends and expectations. With a timely and thorough approach to mitigating and controlling the adverse effects caused by the COVID-19 pandemic, a customized business plan was introduced in all business segments, including investments.

The planned portfolio repositioning and development of high added-value products and services, with emphasis on the premium segment of resorts and camping resorts, has been adjusted by reducing investment intensity all while preparing new growth and development projects when the conditions are met. In order to align the hospitality portfolio plan and development with the current tourism flows and the proactive approach to cash flow management and financing, the investments in 2021 will mostly be focused on the completion of projects and raising service quality and guest satisfaction.

Considering the reduced investment intensity, the total approved investments of the Valamar Group in the 2020/2021 investment cycle amounted to HRK 164 million in 2021. As last year, the Valamar Group will continue to adapt its products and develop digitization digitalization projects to further enhance service quality and guest safety in the upcoming tourist season. At the Group level, a total of HRK 16 million has been provided for health and safety, as well as digitalization and innovation projects. Investments in this segment include the continuation of projects from 2020, and relate to the automation of processes and systems such as improving the Online Reception and "self check-in" system, automating gate barriers, improving Valfresco Direkt online

Valamar Parentino Hotel 4*, Poreč



store services and other similar projects aimed at enhancing our guest's health and safety services for our guests. HRK 17 million has been provided for smaller investments and the purchase of new equipment and furniture, while the remaining amount has been directed towards the completion of initiated investments in construction works and the preparation of future investments. All investments were completed within the planned deadlines. In 2021, investments worth HRK 115 million were capitalized in the portfolio of fixed tangible and intangible assets.

VALAMAR RIVIERA

Valamar Riviera provided HRK 123 million for the 2020/2021 investment cycle, and in addition to investments aimed at enhancing and implementing the program for guests' health and safety, the company focused on investments in Istra Premium Camping Resort 5*. Considering the current consumer trends and preferences, this is a particularly attractive accommodation category, which represents a specific product of high guest loyalty, especially due to the perception of reduced health risks. Given the high occupancy rate of Istra Premium Camping Resort 5* in 2020 despite the unfavorable circumstances, the amount of HRK 10 million has been invested in enhancing service quality in 2021, mostly in the Glamping zone and food and beverages facilities. Service quality

IN YEAR 2021
INVESTMENTS
WERE FOCUSED ON
COMPLETION OF
STARTED PROJECTS

ALL INVESTMENTS
WERE COMPLETED
WITHIN THE
PLANNED
DEADLINES

has also been enhanced through targeted investments in three Valamar hotels. These include improvements of the exterior and interior of the Champagne Breakfast & Brunch restaurant and Spinnaker restaurant at the Valamar Riviera Hotel, situated at the old town waterfront in of Poreč, which will enhance the new Old Town Holiday label within the Valamar Hotels & Resorts brand. Investments in this category include the promotion of the Sunny by Valamar economy brand. As part of its rebranding, the Miramar Sunny Hotel has improved Breakfast & Lunch services, introduced the Valfresco 24/7 service with a rich menu available to guests, a digital library and the Chill & Play Zone, which makes digital books and fun games available to our guests. In addition to the above, the investment includes a self-service laundry and 30 rearranged accommodation units. Investments in the Rubin Sunny Hotel are focused on renovating its interior public spaces.

Valamar launched a new lifestyle brand called [PLACES] by Valamar, intended for guests seeking freedom of choice, modern design and authentic destination experience with full respect for nature and the environment. Lifestyle hotels have become a trend in the global hotel industry recently because they go beyond the limits of the traditional hospitality industry. They are focused on creating unique experiences and offering authentic services, i.e. on presenting the most valuable things in a destination. Thus they are able to attract modern and young travellers, especially Millennials

Istra Premium Camping Resort 5*, Poreč



who particularly enjoy such type of travelling, including encounters with like-minded people, tasting natural foods and dishes and who care about environmental sustainability. The first Valamar's hotel under this new brand is HVAR [PLACESHOTEL] by Valamar in Stari Grad on the island of Hvar (the ex Lavanda hotel). Valamar invested close to HRK 53 million in its refurbishment, and it was opened mid of May 2021. The hotel has 179 rooms, which are a blend of the Mediterranean tradition and of the modern design.

Considering the aforementioned optimized investment plan in accordance with the current circumstances, sufficient funds have been provided in this investment cycle for the completion of the first phase of investment in Valamar Pinea Collection Resort, while the accommodation for employees in Dubrovnik has been completed.

Valamar Riviera's Supervisory Board approved 2022 investments in the amount of HRK 180 million. The approved investments mostly relate to investments in the renovation and rebranding of the Corinthia Hotel in Baška to the level of the Sunny Plus brand, certain upgrades of the Valamar Bellevue Hotel 4* in Rabac, and continued investment in Istra Premium Camping Resort and Lanterna Premium Camping Resort. These investments also relate to some other investment projects as well as the maintenance of properties and facilities for guests in all destinations, continued investments in seasonal employee accommodation as well as continued investments in energy efficiency projects and digitalization projects.

IMPERIAL RIVIERA

Planned investments in the 2020/2021 cycle at the level of Imperial Riviera amounted to HRK 41 million and mostly were related to the final phases of investment projects in the Valamar Meteor Hotel and the Valamar Parentino Hotel, which were postponed due to the previously mentioned extraordinary circumstances caused by the COVID-19 pandemic.

By investing in the Valamar Parentino Hotel, finalized projects include the renovation of 40 accommodation units, a children's playground, a pool bar, parking lot and landscape design. The investment in the Valamar Meteor

Hotel was worth HRK 85 million in total, enabling the hotel to have a series of new amenities and offer higher quality accommodation. The offer of the Valamar Meteor Hotel is oriented primarily towards families with children, towards guests seeking an active vacation and athletes of all profiles. The investment into the Valamar Meteor Hotel included the construction of a new outdoor pool and an expansion of the current one with new amenities and attractions for family vacation. Its indoor pool with wellness was also renovated according to the Valamar Sun & Spa concept. 111 hotel rooms were refurbished in the first investment phase, while the remaining 160 rooms were refurbished in the second phase.

Imperial Riviera d.d. plans investments in the amount of HRK 125 million for its 2022 investment cycle. The most important investments relate to the renovation of the Dalmacija Sunny Hotel by Valamar and the reconstruction of the restaurant on the beach below this hotel. They also include the construction of the Padova I beach with the restaurant and sanitary facilities in the destination of Rab. The biggest investment amounting to HRK 67 million is planned for the existing Dalmacija Sunny Hotel by Valamar in Makarska, which will be repositioned as Dalmacija [PLACESHOTEL] by Valamar. This investment includes the reconstruction of the existing and the construction of a new swimming pool, the arrangement of sundecks and a new pool bar, the renovation of 190 accommodation units and other spaces at the level of lifestyle design with an emphasis on digitalization and quality.



Bunculuka Camping Resort 4*, Krk island



The Risks of the Company and the Group

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

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

5

KEY STEPS IN RISK MANAGEMENT PROCESS

There are five key steps in a risk management process:

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

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

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



FINANCIAL RISKS

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

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

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

1) Foreign exchange risk

The Company and Group conduct their business operations across national borders and are exposed to foreign exchange risks. They mainly result from changes in the euro/ kuna exchange rate. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. Historically, most of our foreign revenue has been in euros, the currency in which the majority of our long-term debt is denominated. Hence, for the most part the Company and Group are naturally hedged from exchange rate risks. Since some liabilities are contracted in kunas, the Company and Group actively manage risks by using derivative instruments available on the financial market. The instruments are used according to operating assessments and expected market trends. In this way the cash flows are protected from the risk impact. Due to the emergence of exceptional circumstances caused by the COVID-19 pandemic in the first quarter of 2020, potentially strong depreciation pressures against the kuna/ euro currency pair affect the value of euro-denominated long-term debt and contractual forward transactions whose potential negative effects are sought to be controlled by the proactive management of agreed derivative financial instruments. In the event of a drastic decrease of euro inflows, the Company and the Group will use existing euro liquidity reserves to

service the long term debt repayments and make adequate use of financial protection instruments, in accordance with the current state and future assessment of the Company's and the Group's foreign exchange position, expectations of movements in the value of the kuna/euro currency pair as well as other intercurrent relationships among world currencies.

2) Interest rate risk

Variable rate loans expose the Company and Group to cash flow interest rate risk. Actively, the Company and Group resort to derivative instruments in order to hedge cash flow and interest rate by applying interest rate swaps. The economic effect of such swaps is the conversion of variable interest rate loans into fixed interest rate loans for a precommitted hedged part of the loan principal. Therefore, a major part of the loan portfolio (over 80%) is comprised of long-term fixed interest loans or, respectively, loans hedged by a derivative instruments (IRS). The Company and Group have interest-bearing assets (cash assets and deposits) so their revenue and cash flow depend on changes in market interest rates. This becomes evident especially during the season when the Company and Group have significant cash surpluses at their disposal. The Company and the Group expect a limited impact from the increased interest rate volatility consequent to the recent coronavirus pandemic, since a large portion of the Group's loan portfolio (89%) is made up of long-term fixed-rate loans, i.e. loans protected by derivative instruments (IRS).

3) Credit risk

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

4) Price risk

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

5) Liquidity risk

The Company and Group have a sound liquidity risk management. Sufficient funds for meeting liabilities are available at any given moment through adequate amounts from contracted credit lines and by ensuring credit line availability in the future. Liquidity risk is managed by generating strong positive net operating cash flows, while capital investments are financed by credit lines. Credit lines for 2020 and 2021 have been contracted with reputable financial institutions, while credit repayments in general are in line with the period of significant cash inflows from operating activities. The repayment of the major credit lines coincides with periods of strong cash inflows from operations. The Company and Group monitor the level of available funds through daily cash and debt reports. Long-term cash flow forecasts as well as annual (monthly) forecasts are based on the set budget. After meeting the needs of working capital management the surplus is deposited in the treasury. From there the funds are invested in interest-bearing current accounts, time deposits, money market deposit accounts and marketable securities. Only instruments with suitable maturities and sufficient liquidity are selected, according to the forecast needs for liquid funds.

COVID-19 pandemic, as an external stressor to the operations of the Company and the Group, will create uncertain pressures on operating cash flow. In accordance with prudent management of the now increased liquidity risk, escalation plans for minimizing costs, maintaining liquidity, solvency of the company and maintaining business continuity were developed and activated, together with applications for support measures and assistance to the economy and the tourism sector, including temporary deferral of payment of overdue principal on long-term loans in accordance with the given opportunity of a moratorium on the repayment of credit obligations.

6) Share-related risks

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

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

As the Omicron COVID-19 variant spreads, countries have reimposed mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based global inflation than generally anticipated. Inflationary pressures may remain high, as some supply-demand mismatches and labour shortages could last throughout 2022. Rising geopolitical uncertainties in Europe (particularly surrounding the Russia-Ukraine conflict) and elsewhere are a main downside risk, adding pressure on energy prices. Inflation and rising prices of purchased goods may have an effect on the purchasing power of foreign and domestic guests, as well as on the level of our selling prices.

The Company and the Group have also been exposed to the impact of the changes in the purchase prices for energy products (especially electrical energy) as well as prices for food and beverages and consumables. The Company and the Group have been continually making considerable investments in energy efficiency and renewables in order to mitigate the impact of a possible increase in energy prices as well as to decrease their dependence on suppliers. For a certain part of our assortment of food, beverages and consumables we have multi-annual fixed price contracts in place.

The Company and the Group have a very high share of direct channels and other online channels in total sales, and sales prices are largely formed

dynamically, during the year. Accordingly, the Company and the Group have the flexibility to manage price levels in 2022.

BUSINESS RISK

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

Over 95% of Valamar's guests come from other countries and they are very careful when choosing their vacation destination in the competitive Mediterranean environment. Stable domicile countries macroeconomic indicators are important decision-making factors especially those relating to exchange rates and the price of goods and services because they directly affect the guests' purchasing power. However small, the share of domestic guests is also important; it is a segment directly influenced by various other macroeconomic indicators: employment/ unemployment rate, GNP rise/ fall, industrial production and others. They all have a direct impact not only on the purchasing power of Croatian residents but they also determine whether they will choose to spend their vacation on the Adriatic.

When considering risks related to the tourism and hospitality industry, in previous years, the Croatian economy has been afflicted by the consequences of a global financial crisis and economic standstill. In this period, the tourism and hospitality industry has been among the rare growing industries in Croatia. Moreover, the marked seasonality of this industry leads to insufficient use of the Company and Group's resources. After joining the European Union, the Croatian market became part of a

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

OPERATIONAL RISKS

Operational risks are risks connected with direct or indirect losses that arise from inadequate or wrong internal or external processes within the Company and the Group. They include the creation and analysis of financial reporting data (also known as "financial reporting risk") and also the potential insufficient and inadequate internal and external information sharing. When implementing the system of operational risk management, the Company and Group focused on its continuity and complexity due to the size of the organization. The benefits of the system include i) defining and identifying the Company and Group risk profile in relation to the operating risk ii) identifying and managing the known risk occurrences in order to decrease the Company and Group costs and iii) data analysis which indicates the business trends for the Company and Group and trends in the domestic economy.

The Company and Group are aware of the reliability of IT business solutions and safety in the cyber world. Hence, they continually upgrade, develop and implement new technologies in everyday business operations. A special focus is given to providing sufficient resources for the development and implementation of new technologies related to ICT, data protection, and upgrade of the current business systems and implementation of new ones.

GLOBAL RISKS

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

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

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

disruption of the Company's and the Group's operations, cancellation of accommodation and other contracted services by partner agencies and guests.

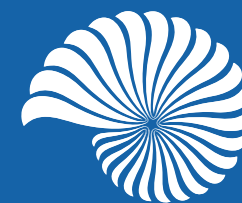
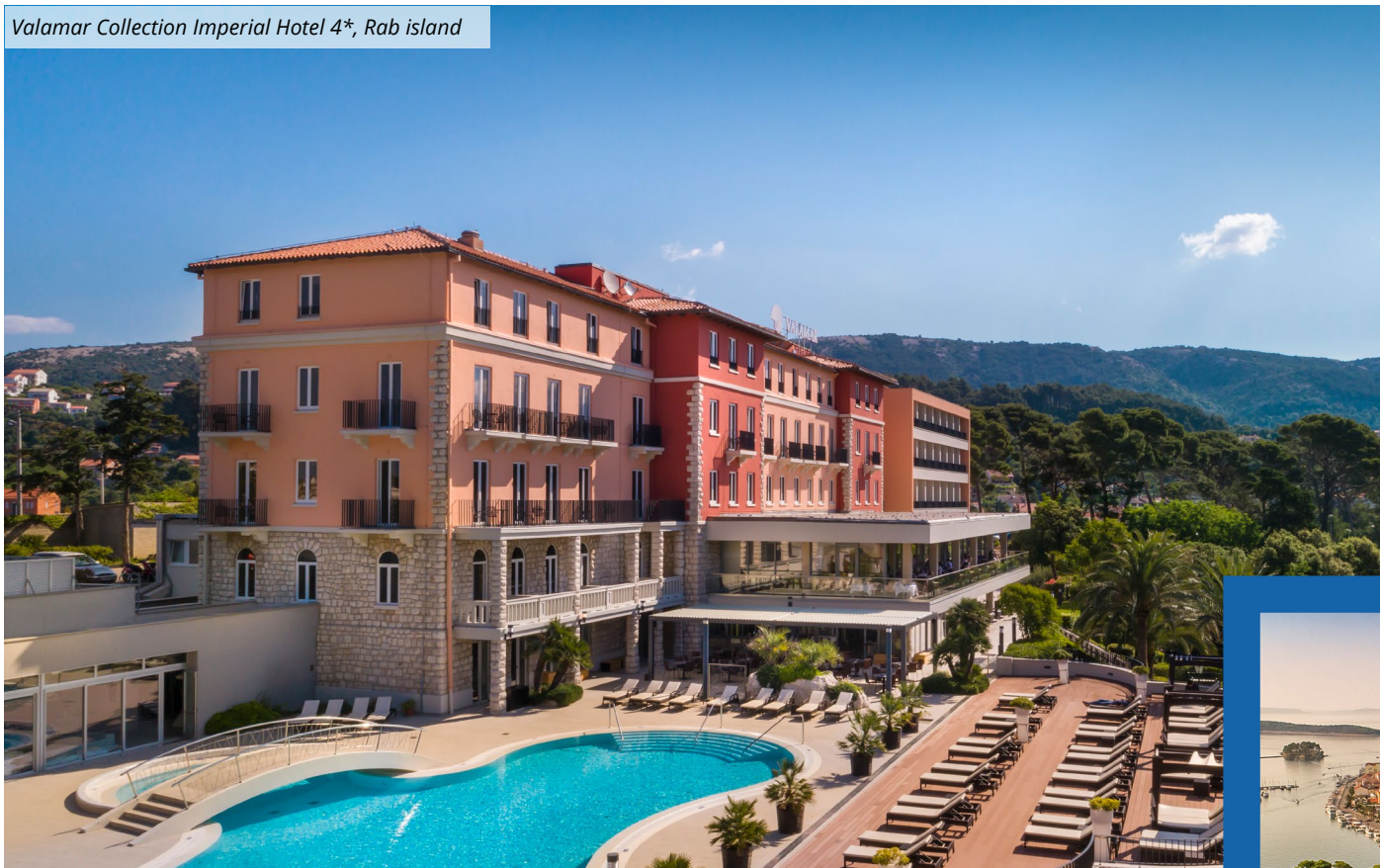
REGULATORY RISKS

Changes in tax laws and other regulations pose a very serious threat and represent a demanding segment in risk management because in this particular situation the possibilities for the Company and Group are limited. In previous years, there has been a number of important changes in tax and non-tax charging regulations, which have adversely affected the Company and Group profitability and their competitiveness :

- In March 2012 the standard VAT rate grew from 23% to 25%, in January 2013 a new 10% VAT rate was introduced only to be replaced within a year by a 13% VAT rate applicable to the tourism and hospitality industry (January 2014), while in January 2017 a new 25% VAT rate was introduced for F&B (a la carte) services;
- In May 2012 the health insurance employer contribution rate fell from 15% to 13% and then in April 2014 it grew back to 15%;
- Frequent increases in various fees and charges regarding water distribution, waste disposal and the like;
- Tourist tax increase in 2018 ranging between HRK 2.5 and HRK 8.0 per person per overnight, depending on the class of the destination and utilization period;
- In January 2020 the VAT rate for a la carte food services was reduced from 25% to 13%.

Such frequent changes in laws regulating taxes and parafiscal charges often take place only after the business policy and budget for the next financial year have been approved and commercial terms and conditions with partners agreed. All this jeopardizes the Company and Group financial position and future investment plans as well as credibility towards shareholders. The Company and Group are also threatened by changes in regulations governing concession fees for maritime domain and tourism land use, the latter still presenting unresolved legal issues. Given the nature of the Company and Group's business, the right to use parts of the maritime domain as well as land for tourism purposes is of vital importance for future growth, especially for campsite-related operations.

Valamar Collection Imperial Hotel 4*, Rab island



Corporate Governance

The Company and the Group continuously strive to develop and operate according to good practices of corporate governance. The business strategy, corporate policy, key corporate regulations and business practice have set a high standard of corporate governance and are all geared towards creating a transparent and efficient business operation while forging solid bonds with the local community. The Management Board fully complies with the provisions of the adopted Corporate Governance Act. After the company was listed on the regulated market of the Zagreb Stock Exchange, the Company has also complied with the Zagreb Stock Exchange Governance Code. The Company respects and implements the prescribed corporate governance measures (as reported in detail in the prescribed annual questionnaire and published as prescribed on the Zagreb Stock Exchange and Valamar Riviera websites). The Company has harmonized its general corporate governance acts with the Corporate Governance Code to the applicable extent.

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

Since the beginning of the COVID-19 pandemic, Valamar Riviera has actively engaged in mitigating and controlling potential risks. On 2 March 2020 it formed the Risk Management Committee and adopted the Risk Management Rules. The Committee, tasked with assessing risk events and impacts on operations, guests and employees, determines the measures necessary to protect guests, employees and assets and organize business processes and operations. Depending on circumstances and risk intensity, the Committee decides on: adjusting the financial, business and contingency plan, the activation of escalation plans to safeguard company liquidity and solvency and maintain business continuity, and on other measures according to booking and revenue estimates. The Supervisory Board Presidium receives the Committee's reports on the current state, activities and estimated risk impact on the Company's operations at least once a month or more often as circumstances dictate. The Risk Management Committee consists of the Management Board (Željko Kukurin, President and Marko Čižmek, Member), Division Vice Presidents (Alen Benković, Davor Brenko, Ivana Budin Arhanić and David Poropat), Human Resources Director (Ines Damjanić Šturman) and Legal Affairs Head (Vesna Tomić).

The major direct Valamar Riviera's shareholders according to the Central Depository and Clearing Company data and the shareholders whom are Valamar Riviera's Management Board and Supervisory Board members are as follows: the Chairman of the Supervisory Board, Mr. Gustav Wurmböck, holds a 100% stake in Wurmböck Beteiligungs GmbH, which holds 25,017,698 RVP-R-A shares; the Deputy Chairman of the Supervisory Board, Mr. Franz

Lanschuetzer, holds 4,437,788 RVP-R-A shares; the Deputy Chairman of the Supervisory Board, Mr. Mladen Markoč, holds 30,618 RVP-R-A shares; the Member of the Supervisory Board Mr. Georg Eltz holds a total of 6,545,367 RVP-R-A shares, of which directly 20,463 RVP-R-A shares, and indirectly through a 100% stake in company Satis d.o.o. 6,524,904 RVP-R-A shares; the President of the Management Board, Mr. Željko Kukurin, holds 126,360 RVP-R-A shares; and the Member of the Management Board Mr. Marko Čižmek holds 53,128 RVP-R-A shares. The Company defined the process of preparing and disclosing financial reports in a detailed internal document. With this, the financial reporting procedure is set within a system of internal review and risk management. Moreover, in order to monitor and mitigate the financial reporting risk, the Company uses the measures described in "The Risks of the Company and the Group".

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

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

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

rewarding the Management and key managers pursuant to the Company acts on the long-term reward plan and for the purpose of dividend payout in rights - Company share to the equity holders. During 2021 the Company wasn't involved in treasury shares acquisition neither disposal of its own shares.

THE COMPANY'S CORPORATE BODIES ARE:

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

Pursuant to the provisions of the Capital Market Act and Regulation (EU) no. 596/2014, the Company has determined its key management: four vice presidents: Alen Benković, Davor Brenko, Ivana Budin Arhanić and David Poropat; and 23 sector directors and managers: Ines Damjanić Šturman, Tomislav Dumančić, Ljubica Grbac, Flavio Gregorović, Marin Gulan, Vlastimir Ivančić, Željko Jurcan, Ivan Karlić, Dario Kinkela, Mauro Teković, Mile Pavlica, Tomislav Poljuha, Mirella Premeru, Bruno Radoš, Sandi Sinožić, Martina Šolić, Andrea Štifanić, Dragan Vlahović, Ivica Vrkić, Mario Skopljaković, Marko Vusić and Vesna Tomić.

On 3 December 2021, the Supervisory Board appointed Mr. Željko Kukurin as the CEO, and Mr. Marko Čížmek and Ms. Ivana Budin Arhanić as Management Board members for a new four-year term of office, with effect from 1 January 2022. Also, with effect from 1 January 2022, the Company appointed senior executives as in accordance with provisions of the Capital Markets Act and of the Regulation No. 596/2014 of the EU. The following senior executives were appointed: 3 Senior Vice Presidents: Alen Benković, Davor Brenko and David Poropat, 2 Vice Presidents: Sebastian Palma and Ines Damjanić Šturman, and 21 Sector Directors and Heads: Tomislav Dumančić, Ljubica Grbac, Flavio Gregorović, Marin Gulan, Vlastimir Ivančić, Željko Jurcan, Ivan Karlić, Dario Kinkela, Mauro Teković, Mile Pavlica, Tomislav Poljuha, Mirella Premeru, Bruno Radoš, Sandi Sinožić, Martina Šolić, Andrea Štifanić, Dragan Vlahović, Ivica Vrkić, Mario Skopljaković, Marko Vusić and Vlatka Kocijan. Supervisory Board: Mr. Gustav Wurmböck - Chairman, Mr. Franz Lanschützer - Deputy Chairman, Mr. Mladen Markoč - Deputy Chairman, and members: Mr. Georg Eltz, Mr. Daniel Goldscheider, Mr. Boris Galić and Mr. Ivan Ergović (employee representative).

In order to perform efficiently its function and duties as prescribed by the

Audit Act and the Corporate Governance Act, the Supervisory Board has formed the following bodies:

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

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

Investment Committee: Mr. Franz Lanschützer - Chairman and members: Mr. Georg Eltz and Mr. Gustav Wurmböck.

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

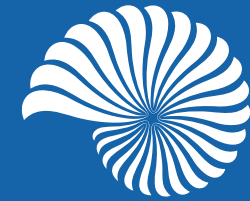
Compliant to effective regulations and Company by laws, the Management and Supervisory Board primarily act through meetings and by correspondence in their decision-making.

The Company has concluded Employment contracts with the President and a member of the Management Board for the duration of the term for which they were appointed, and a member of the Supervisory Board, employee representative, has an employment contract for an indefinite period.

Valamar Collection Isabella Resort 4*/5*, Poreč



Valamar Amicor Green Resort, Hvar Island



Related-party Transactions & Branch Offices

RELATED-PARTY TRANSACTIONS

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

In the period considered, the Company realised HRK 321.5 million revenues from related party transactions, which includes HRK 280 million difference between the book and market value for the real estate, which was part of the share capital increase of Imperial Riviera d.d. as in accordance with the decision of the Imperial Riviera's General Assembly from 10 September 2021. This is compared to the amount of HRK 8.7 million, which the Company realised from related party transactions in the same period of 2020. Revenues from related party transactions for the Group amounted to HRK 8.6 million (vs. HRK 1.9 million in the same period of 2020). Expenses for the Company amounted to HRK 4.5 million (vs. HRK 1.4 million in the same period of 2020), and to HRK 720 thousand for the Group (vs. HRK 235 thousand in the same period in 2020).

Receivables and liabilities in connection with related parties as at 31 December 2021 amount as follows: the Company's receivables amount to HRK 27.1 million (vs. HRK 546 thousand at the end of 2020), and the Group's receivables amount to HRK 7.3 million (vs. HRK 331 thousand at the end of 2020). The Company's liabilities amount to HRK 131 thousand (vs. HRK 220 thousand at the end of 2020), and the Group's liabilities amount to HRK 63 thousand (vs. HRK 84 thousand at the end of 2020).

On 14 February 2022, the Management Board compiled the Related Party Transactions Report as in accordance with the provision referred to in Article 497 of the Companies Act. In accordance with paragraph 3 of Article 497, the Management Board declares that, according to the circumstances known at the time when a particular legal transaction or an activity with a related party was undertaken, the Company received an appropriate counter-performance, without any damages for the Company.

TRANSACTIONS WITH RELATED PARTIES UNDER USUAL COMMERCIAL TERMS AND CONDITIONS

BRANCH OFFICES OF THE COMPANY

The following subsidiaries were registered on 2 September 2011: Podružnica za turizam RABAC, with registered office in Rabac, Slobode 80, Podružnica za turizam ZLATNI OTOK, with registered office in Krk, Vršanska 8. The following branch office was registered on 4 October 2013: Podružnica za turizam DUBROVNIK BABIN KUK, with registered office in Dubrovnik, Vatroslava Lisinskog 15a. The following branch office was registered on 1 October 2014: Podružnica za savjetovanje u vezi s poslovanjem i upravljanjem ZAGREB, with registered office in Zagreb, Miramarska 24. The following branch office was registered on 1 April 2017: Podružnica za turizam BRIONI, with registered office in Pula, Puntičela 155.

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

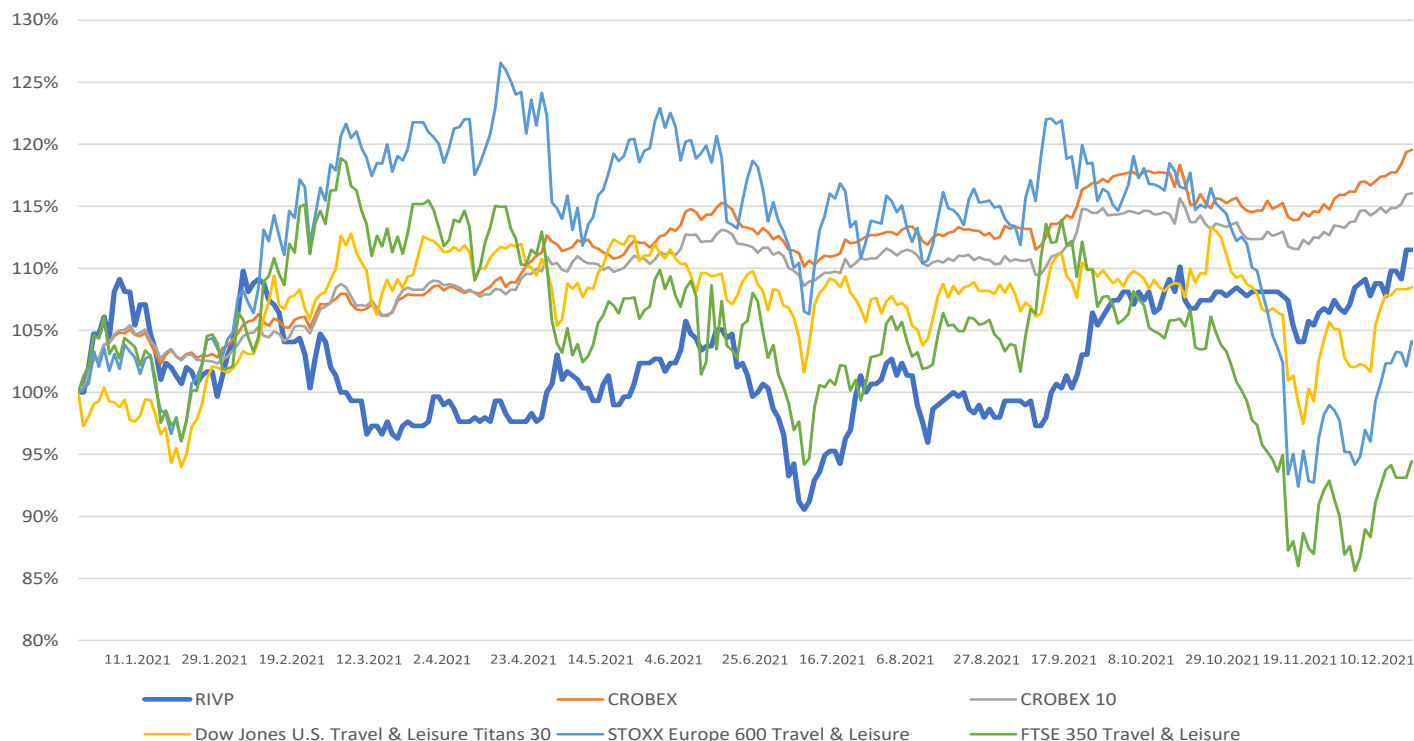
The Company also established offices on Rab island, in Makarska and in Stari Grad on the Hvar island to increase the efficiency and streamline the management of operations as determined by the provisions of the concluded Hotel management contracts with Imperial Riviera d.d. and Helios Faros d.d.

Istra Premium Camping Resort by Valamar 5*, Poreč



Valamar Share

Performance of Valamar Riviera's share and Zagreb Stock Exchange and travel and leisure indices in 2021



During 2021, the highest achieved share price in regular trading on the regulated market was HRK 33.20, and the lowest HRK 26.50. On 31 December 2021 the price was HRK 33.00 which represents a increase of 11.5% compared to the last price in 2020. With a total turnover of HRK 182,0 million²¹, Valamar Riviera share was the third share on the Zagreb Stock Exchange in terms of turnover during 2021.

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 (CROX²² and SETX²³) and the Warsaw Stock Exchange (CEEplus²⁴)

as well as the SEE Link regional platform index (SEELinX and SEELinX EWI)²⁵. Zagrebačka banka d.d. and Interkapital vrijednosni papiri d.o.o. perform the activities of market makers with ordinary shares of Valamar Riviera listed on the Leading Market of the Zagreb Stock Exchange d.d.

The Company did not acquire or dispose of its own shares in the period from 1 January 2021 to 31 December 2021. As of 31 December 2021 the Company holds 4,139,635 treasury shares, which is 3.28% of the share capital.

Valamar Riviera actively holds meetings and conference calls with domestic and foreign investors, as well as presentations for investors, providing support for the highest possible level of transparency, creating

²¹ Block transactions are excluded from the calculation.

²² Croatian Traded Index (CROX) is a capitalization-weighted price index and is made up of 12 most liquid and highest capitalized shares of Zagreb Stock Exchange.

²³ South-East Europe Traded Index (SETX) is a capitalization-weighted price index consisting of blue chip stocks traded on stock exchanges in the region of South-eastern Europe (shares listed in Bucharest, Ljubljana, Sofia, Belgrade and Zagreb).

²⁴ CEEplus is a stock index that comprise the most liquid stocks listed on stock exchanges in the Visegrad Group countries (Poland, Czech Republic, Slovakia, Hungary) and Croatia, Romania and Slovenia.

²⁵ SEE Link is a regional platform for securities trading. It was founded by Bulgarian, Macedonian, and Zagreb Stock Exchange. SEE LinX and SEE LinX EWI are two "blue chip" regional indices composed of ten most liquid regional companies listed on three Stock Exchanges: five from Croatia, three from Bulgaria, and two from Macedonia.

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

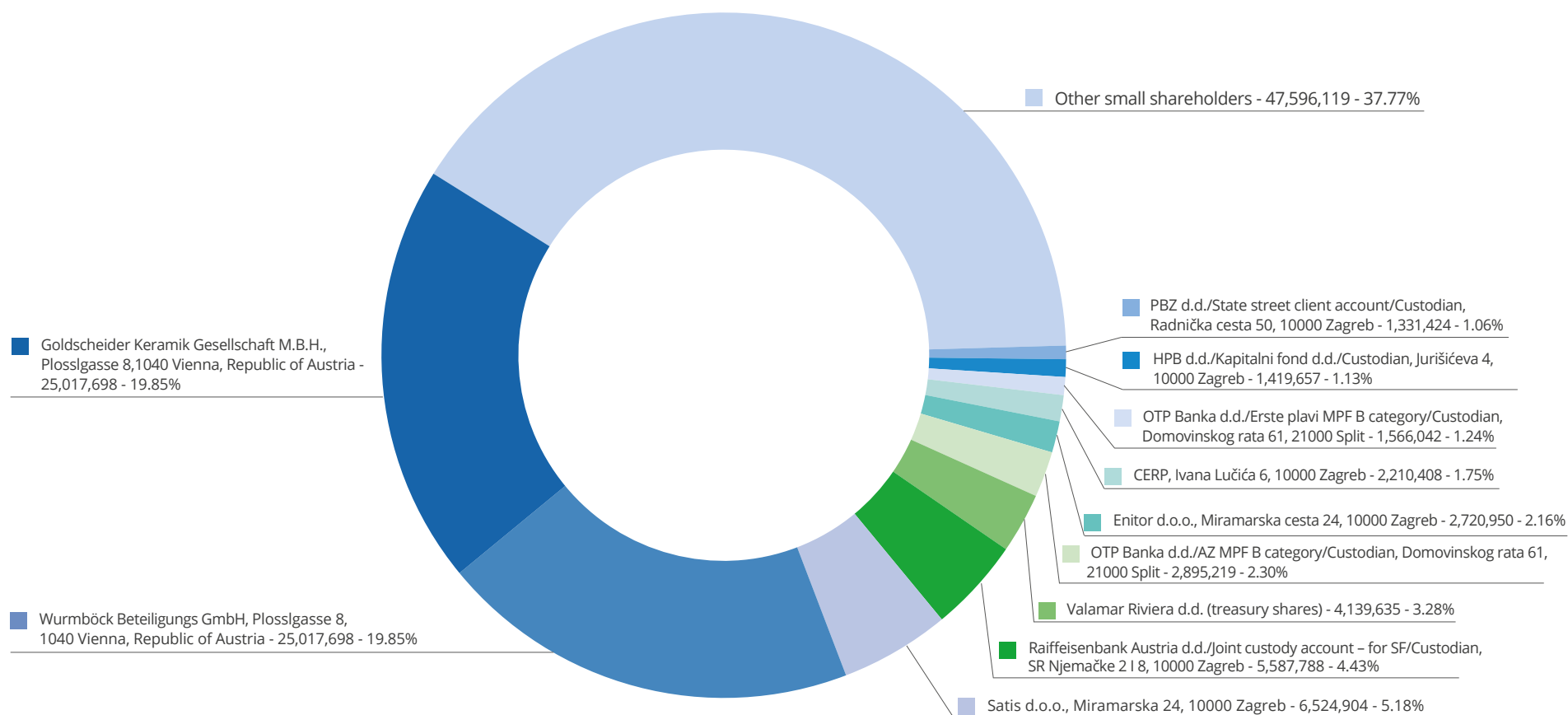
3rd
MOST ACTIVELY
TRADED SHARE ON
THE ZAGREB STOCK
EXCHANGE IN 2021

In October, at a conference of the Zagreb Stock Exchange and Croatian pension investment fund industry, Valamar Riviera was ranked third in the Investor Relations Award in Croatia in 2021.

Valamar Obertauern Hotel 4*, Obertauern



OVERVIEW OF MAJOR SHAREHOLDERS AS AT 31 DECEMBER 2021:

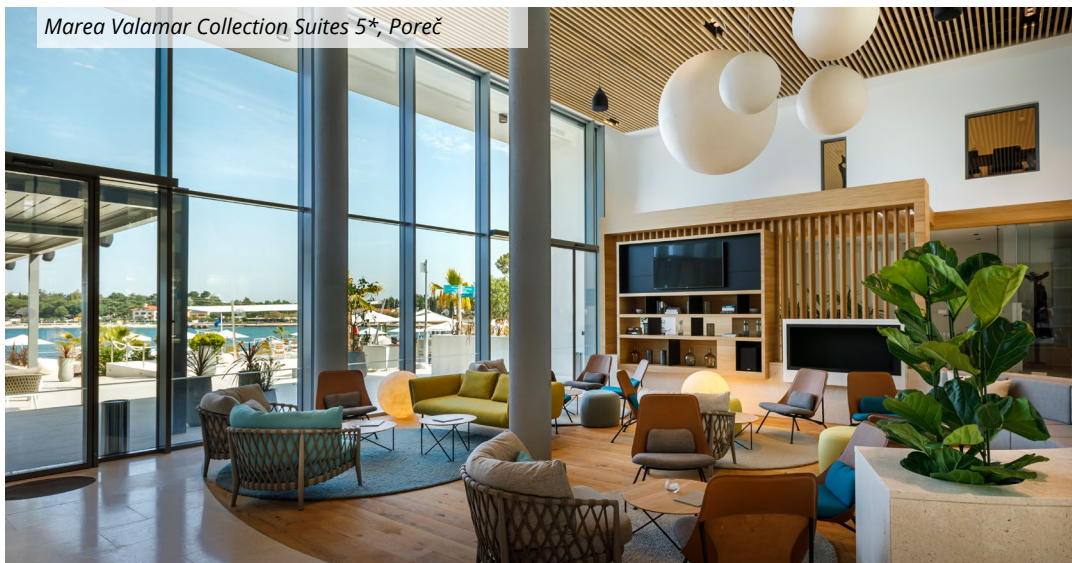


Padova Premium Camping Resort 4*, Rab island



Additional Information

Marea Valamar Collection Suites 5*, Poreč



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

ADDITIONAL INFORMATION

On 20 April 2021 Integrated Annual Report and Corporate Social Responsibility for 2020 was published, which also includes a non-financial report. The main goal of the report, prepared in accordance with the Standards of the Global Reporting Initiative (GRI), is to further present the strategic and long-term insight into the company's operations to all key stakeholders, including shareholders, employees, partners, guests and the wider community with special focus on sustainable business as a basis for further development of the company. The report also includes environmental, social and management factors in line with the ESG components of responsible investment. The report is available on the websites of the Zagreb Stock Exchange and Valamar Riviera: www.valamar-riviera.com.

As one of the largest employers in Croatia (as of 31 December 2021, the Group employed a total of 3,031 employees, of which 2,236 permanent, and the Company 2,436 employees, of which 1,842 permanent), the Company and the Group systematically and continuously invest in the development of their human resources through a comprehensive strategic approach to their management that includes a transparent recruitment process, clear goals, measuring employee performance and investing in employee development, as well as their careers, and encouraging two-way communication.

In the course of the fourth quarter of 2021 (including the period 1 January 2021 – 31 December 2021), the Company's Management Board performed the actions provided by law and the Articles of Association and regarding the management and representation of the Company and planned a business policy that was implemented with prudent care. The Company's Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth. The quarterly separate and consolidated financial statements for the fourth quarter of 2021 (including the period 1 January 2021 to 31 December 2021) were adopted by the by the Management Board on 16 February 2022. The Management Board expresses its gratitude to all shareholders, business partners, and guests for their support and trust, and particularly to all employees for their contribution.

Management Board of the Company

Željko Kukurin

Management Board
President

Marko Čižmek

Management Board
Member

Ivana Budin Arhanić

Management Board
Member



Valamar Collection Girandella Resort 4*/5*, Rabac



Disclaimer

This report contains certain outlook based on currently available facts, findings and circumstances and estimates in this regard. Our outlook is based including, but no limited on a) results achieved in 2021; b) operating results achieved by 21 February 2022; c) current booking status; d) 2022 year end business results forecast; e) temporary business suspension (Pause, restart); f) currently adopted set of support measures by the Croatian government, Croatian National Bank, Croatian Bank for Reconstruction and Development, competent ministries as well as state and local authorities; g) the absence of further significant negative effects of the risks to which the Company and the Group are exposed.

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

- Recall of aid measures adopted by the Croatian government, Croatian National Bank, Croatian Bank for Reconstruction and Development, competent ministries as well as state and local authorities to help the economy and mitigate the extraordinary circumstances caused by the COVID-19 pandemic;
- Macro-economic trends in the Republic of Croatia and in the source markets, including currency exchange rates fluctuations and prices of goods and services, deflation and inflation, unemployment, trends in the gross domestic product and industrial production, as well as other trends having a direct or indirect impact on the purchasing power of Valamar Riviera's guests;
- Economic conditions, security and political conditions, trends and events in the capital markets of the Republic of Croatia and Valamar Riviera's source markets;

- Spending and disposable income of guests, as well as guests' preferences, trust in and satisfaction with Valamar Riviera's products and services;
- Trends in the number of overnights, bookings, and average daily rates of accommodation at Valamar Riviera's properties;
- Trends in the Croatian Kuna exchange rate in relation to world currencies (primarily the Euro), change in market interest rates and the price of equity securities, and other financial risks to which Valamar Riviera is exposed;
- Labor force availability and costs, transport, energy, and utilities costs, selling prices of fuel and other goods and services, as well as supply chain disruptions;
- Changes in accounting policies and findings of financial report audits, as well as findings of tax and other business audits;
- Outcomes and costs of judicial proceedings to which Valamar Riviera is a party;
- Loss of competitive strength and reduced demand for products and services of Croatian tourism and Valamar Riviera under the impact of weather conditions and seasonal movements;
- Reliability of IT business solutions and cyber security of Valamar Riviera's business operations, as well as related costs;
- Changes of tax and other regulations and laws, trade restrictions, and rates of customs duty;
- Adverse climatic events, environmental risks, disease outbreaks and pandemics.

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

RESPONSIBILITY FOR THE QUARTERLY FINANCIAL STATEMENTS

In Poreč, 25 February 2022

In accordance with provisions of Law on Capital Market, Marko Čižmek, Management board member responsible for finance, treasury and IT business as well as relations with institutional investors and Ljubica Grbac director of Department of Finance and Accounting, procurator and person responsible for finance and accounting, together as persons responsible for the preparation of annual reports of the company VALAMAR RIVIERA d.d. seated in Poreč, Stancija Kaligari 1, OIB 36201212847 (hereinafter: Company), hereby make the following

STATEMENT

According to our best knowledge:

- the annual consolidated and unconsolidated financial statements for 2021, including the quarterly reports for the four quarter of 2021, 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 2021, including the period from 1 October to 31 December 2021, 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



Ljubica Grbac
Director of Department of
Finance and Accounting /
Procurator



Reporting period: from 01.01.2021 to 31.12.2021**Quarterly financial statements**

Year:	2021	
Quarter:	4	
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):	2989	
Consolidated report:	KD	(KN-not consolidated/KD-consolidated)
Audited:	RN	(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):	Registered office:	MB:
Valamar Obertauern GmbH	Obertauern	195893 D
Valamar A GmbH	Tamsweg/Vienna	486431 S
Palme Turizam d.o.o.	Dubrovnik	2006103
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:	 (name of the audit firm)
Certified auditor:	 (name and surname)

(authorized representative's signature)



L.S.

BALANCE SHEET (balance as at 31.12.2021)
Submitter: Valamar Riviera d.d.

in HRK			
Item 1	ADP code 2	Last day of the preceding business year 3	At the reporting date of the current period 4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	6.087.157.859	5.671.819.566
I. INTANGIBLE ASSETS (ADP 004 to 009)	003	46.400.186	39.086.495
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	37.551.928	30.356.827
3 Goodwill	006	6.567.609	6.567.609
4 Advance payments for purchase of intangible assets	007		
5 Intangible assets in preparation	008	2.280.649	2.162.059
6 Other intangible assets	009		
II. TANGIBLE ASSETS (ADP 011 to 019)	010	5.662.917.241	5.221.568.500
1 Land	011	976.429.207	980.924.514
2 Buildings	012	3.560.463.801	3.363.126.345
3 Plants and equipment	013	488.743.200	432.241.488
4 Tools, working inventory and transportation assets	014	116.542.756	100.025.874
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	988.061	42.528
7 Tangible assets in preparation	017	443.016.063	288.533.889
8 Other tangible assets	018	72.791.725	53.493.881
9 Investments property	019	3.942.428	3.179.981
III. FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	46.430.294	82.071.741
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	46.054.207	76.533.067
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		
7 Investments in securities	027	147.054	220.812
8 Loans, deposits, etc. given	028	89.033	5.177.862
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	140.000	140.000
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	331.410.138	329.092.830
C) CURENT ASSETS (ADP 038+046+053+063)	037	737.066.269	1.217.957.755
I. INVENTORIES (ADP 039 to 045)	038	30.335.208	26.310.071
1 Raw materials	039	29.329.354	25.050.909
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	973.867	1.230.618
5 Advance payments for inventories	043	31.987	28.544
6 Fixed assets held for sale	044		
7 Biological asset	045		
II. RECEIVABLES (ADP 047 to 052)	046	40.184.920	38.388.235
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interest	048	1.598.603	7.293.712
3 Customer receivables	049	23.776.150	17.995.662
4 Receivables from employees and members of the undertaking	050	297.549	738.835
5 Receivables from government and other institutions	051	10.162.443	9.116.616
6 Other receivables	052	4.350.175	3.243.410
III. SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	613.241	38.001.625
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	613.241	38.001.625
9 Other financial assets	062		
IV. CASH AT BANK AND IN HAND	063	665.932.900	1.115.257.824
D) PREPAID EXPENSES AND ACCRUED INCOME	064	55.358.952	23.768.145
E) TOTAL ASSETS (ADP 001+002+037+064)	065	6.879.583.080	6.913.545.466
F) OFF-BALANCE SHEET ITEMS	066	54.261.380	54.173.148

BALANCE SHEET (balance as at 31.12.2021) (continued)**Submitter: Valamar Riviera d.d.**

Submitter: Valamar Riviera d.d.

			in HRK
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	2.863.857.326	3.311.057.807
I. INITIAL (SUBSCRIBED) CAPITAL	068	1.672.021.210	1.672.021.210
II. CAPITAL RESERVES	069	5.223.432	5.223.432
III. RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	98.511.512	98.247.550
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury share	072	136.815.284	136.815.284
3 Treasury shares and holdings (deductible item)	073	-124.418.267	-124.418.267
4 Statutory reserves	074		
5 Other reserves	075	2.513.434	2.249.472
IV. REVALUATION RESERVES	076		
V. FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	872	81.109
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	872	81.109
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	715.882.878	388.045.406
1 Retained profit	084	715.882.878	388.045.406
2 Loss brought forward	085		
VII. PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-329.593.506	104.374.607
1 Profit for the business year	087		104.374.607
2 Loss for the business year	088	329.593.506	
VIII. MINORITY (NON-CONTROLLING) INTEREST	089	701.810.928	1.043.064.493
B) PROVISIONS (ADP 091 to 096)	090	141.118.430	166.154.627
1 Provisions for pensions, termination benefits and similar obligations	091	26.089.854	29.827.505
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	57.420.166	50.117.237
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	57.608.410	86.209.885
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	2.867.349.347	2.614.508.279
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	2.770.275.555	2.547.107.295
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	38.781.433	15.636.060
11 Deferred tax liability	108	58.292.359	51.764.924
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	934.437.190	733.966.582
1 Liabilities towards undertakings within the group	110		
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112		39.205
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
5 Liabilities for loans, deposits etc.	114	5.304.000	
6 Liabilities towards banks and other financial institutions	115	733.061.607	565.523.996
7 Liabilities for advance payments	116	69.608.737	40.344.672
8 Liabilities towards suppliers	117	61.808.783	67.470.609
9 Liabilities for securities	118	6.625.196	
10 Liabilities towards employees	119	19.186.775	28.794.007
11 Taxes, contributions and similar liabilities	120	6.130.006	16.508.477
12 Liabilities arising from the share in the result	121	389.276	379.676
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	32.322.810	14.905.940
E) ACCRUALS AND DEFERRED INCOME	124	72.820.787	87.858.171
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	6.879.583.080	6.913.545.466
G) OFF-BALANCE SHEET ITEMS	126	54.261.380	54.173.148

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2021 to 31.12.2021)**Submitter: Valamar Riviera d.d.**

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (ADP 002 to 006)	001	675.610.635	22.464.169	1.644.008.023	106.152.995
1 Income from sales with undertakings within the group	002				
2 Income from sales (outside group)	003	642.478.457	8.056.412	1.605.127.860	91.199.674
3 Income from the use of own products, goods and services	004	460.699	87.347	325.986	90.163
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	32.671.479	14.320.410	38.554.177	14.863.158
II. OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	1.070.375.000	214.416.217	1.507.033.397	404.969.976
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	254.642.998	40.535.117	458.262.170	81.928.193
a) Costs of raw material	010	136.855.464	14.448.099	252.132.447	31.728.573
b) Costs of goods sold	011	4.306.456	1.078.701	10.440.758	2.015.041
c) Other external costs	012	113.481.078	25.008.317	195.688.965	48.184.579
3 Staff costs (ADP 014 to 016)	013	189.951.093	8.233.254	353.175.910	112.381.447
a) Net salaries and wages	014	122.043.480	15.515.536	218.086.856	72.009.948
b) Tax and contributions from salaries expenses	015	46.270.696	-3.660.131	88.789.363	25.390.341
c) Contributions on salaries	016	21.636.917	-3.622.151	46.299.691	14.981.158
4 Depreciation	017	496.444.044	119.802.666	507.335.969	124.816.968
5. Other expenses	018	89.097.655	11.053.160	134.450.892	38.525.655
6. Value adjustments (ADP 020+021)	019	1.509.899	664.572	1.669.684	1.650.614
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	1.509.899	664.572	1.669.684	1.650.614
7 Provisions (ADP 023 to 028)	022	28.714.012	28.714.012	40.313.157	40.313.157
a) Provisions for pensions, termination benefits and similar obligations	023	19.091.188	19.091.188	9.404.520	9.404.520
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025	9.622.824	9.622.824	2.744.361	2.744.361
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028			28.164.276	28.164.276
8 Other operating expenses	029	10.015.299	5.413.436	11.825.615	5.353.942
III. FINANCIAL INCOME (ADP 031 to 040)	030	21.291.138	5.055.699	35.353.682	16.361.392
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	674.539	479.063	307.295	162.426
8 Exchange rate differences and other financial income	038	889.846	3.063.357	11.680.384	
9 Unrealised gains (income) from financial assets	039			4.503.563	1.539.991
10 Other financial income	040	19.726.753	1.513.279	18.862.440	14.658.975
IV. FINANCIAL EXPENDITURE (ADP 042 to 048)	041	125.931.773	20.567.950	71.256.632	26.512.011
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	63.062.608	17.812.387	66.258.463	17.904.865
4 Exchange rate differences and other expenses	045	41.917.880	588.209		6.279.981
5 Unrealised losses (expenses) from financial assets	046	17.843.787	75.960		
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	3.107.498	2.091.394	4.998.169	2.327.165
V. SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	049			547.970	165.010
VI. SHARE IN PROFIT FROM JOINT VENTURES	050				
VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	1.643.580	620.757	144.413	144.413
VIII. SHARE IN LOSS OF JOINT VENTURES	052				
IX. TOTAL INCOME (ADP 001+030+049 +050)	053	696.901.773	27.519.868	1.679.909.675	122.679.397
X. TOTAL EXPENDITURE (ADP 007+041+051+052)	054	1.197.950.353	235.604.924	1.578.434.442	431.626.400
XI. PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-501.048.580	-208.085.056	101.475.233	-308.947.003
1 Pre-tax profit (ADP 053-054)	056			101.475.233	
2 Pre-tax loss (ADP 054-053)	057	-501.048.580	-208.085.056		-308.947.003
XII. INCOME TAX	058	-142.242.789	-61.281.055	-7.232.013	-59.313.290
XIII. PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-358.805.791	-146.804.001	108.707.246	-249.633.713
1 Profit for the period (ADP 055-059)	060			108.707.246	
2 Loss for the period (ADP 059-055)	061	-358.805.791	-146.804.001		-249.633.713

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2021 to 31.12.2021) (continued)
Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV. PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 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 (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI. PRE-TAX PROFIT OR LOSS (ADP 055+062)	068				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
XVII. INCOME TAX (ADP 058+065)	071				
XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 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 (ADP 076+077)	075	-358.805.791	-146.804.001	108.707.246	-249.633.713
1 Attributable to owners of the parent	076	-329.593.506	-135.203.327	104.374.607	-217.494.776
2 Attributable to minority (non-controlling) interest	077	-29.212.285	-11.600.674	4.332.639	-32.138.937
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD	078	-358.805.791	-146.804.001	108.707.246	-249.633.713
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080 to 087)	079	-73.904	-18.286	97.850	-55.289
III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)	080	-73.904	-18.286	97.850	-55.289
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	-73.904	-18.286	97.850	-55.289
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	-13.302	-3.291	17.613	-9.952
IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 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 (ADP 080+087-086-096)	097	-60.602	-14.995	80.237	-45.337
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-358.866.393	-146.818.996	108.787.483	-249.679.050
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VII. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	-358.866.393	-146.818.996	108.787.483	-249.679.050
1 Attributable to owners of the parent	100	-329.654.108	-135.218.322	104.454.844	-217.540.113
2 Attributable to minority (non-controlling) interest	101	-29.212.285	-11.600.674	4.332.639	-32.138.937

STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2021 to 31.12.2021)
Submitter: Valamar Riviera d.d.

Submitter: Valamar Riviera d.d.

			in HRK
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	-501.048.580	101.475.233
2 Adjustments (ADP 003 to 010)	002	627.709.571	577.223.786
a) Depreciation	003	496.444.044	507.335.969
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-3.245.751	2.071.836
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		-13.315.806
d) Interest and dividend income	006	-513.802	-86.145
e) Interest expenses	007	68.613.120	71.256.632
f) Provisions	008	22.152.112	25.063.623
g) Exchange rate differences (unrealised)	009	41.917.849	-8.096.392
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	2.341.999	-7.005.931
I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	126.660.991	678.699.019
3 Changes in the working capital (ADP 013 to 016)	012	-133.339.351	1.277.569
a) Increase or decrease in short-term liabilities	013	-82.313.496	-22.602.337
b) Increase or decrease in short-term receivables	014	-46.515.658	20.098.142
c) Increase or decrease in inventories	015	-4.510.197	3.781.764
d) Other increase or decrease in the working capital	016		
II. Cash from operations (ADP 011+012)	017	-6.678.360	679.976.588
4 Interest paid	018	-34.290.832	-70.643.388
5 Income tax paid	019	3.491.984	705.192
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-37.477.208	610.038.392
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	9.326.474	3.783.014
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	495.675	98.094
4 Dividends received	024		3.709
5 Cash receipts from repayment of loans and deposit	025	324.339	224.099
6 Other cash receipts from investment activities	026		
III. Total cash receipts from investment activities (ADP 021 to 026)	027	10.146.488	4.108.916
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-595.870.921	-115.355.120
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030	-225.514	-42.722.870
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		-3.203.421
IV. Total cash payments from investment activities (ADP 028 to 032)	033	-596.096.435	-161.281.411
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-585.949.947	-157.172.495
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	785.615.083	379.850.628
4 Other cash receipts from financing activities	038	3.389.998	338.676.960
V. Total cash receipts from financing activities (ADP 035 to 038)	039	789.005.081	718.527.588
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-46.038.888	-718.135.038
2 Dividends paid	041		
3 Cash payments for finance lease	042	-72.300	-76.794
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-3.676.476	-3.856.729
VI. Total cash payments from financing activities (ADP 040 to 044)	045	-49.787.664	-722.068.561
C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)	046	739.217.417	-3.540.973
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	115.790.262	449.324.924
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	550.142.638	665.932.900
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	050	665.932.900	1.115.257.824

STATEMENT OF CHANGES IN EQUITY (for the period 01.01.2021 to 31.12.2021)
 Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Attributable to owners of the parent															Minority (non-controlling) interest	Total capital and reserves	
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year			Total attributable to owners of the parent
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 do 6 - 7 + 8 do 17)	19	20 (18+19)
Previous period																			
1. Balance on the first day of the previous business year	01	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267				61.474					430.206.412	284.535.940	2.488.046.546	731.023.213	3.219.069.759
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	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267				61.474					430.206.412	284.535.940	2.488.046.546	731.023.213	3.219.069.759
5 Profit/loss of the period	05															-329.593.506	-329.593.506	-29.212.285	-358.805.791
6 Exchange rate differences from translation of foreign operations	06							263.962									263.962		263.962
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									-73.904							-73.904		-73.904
9 Profit or loss arising from effective cash flow hedge	09																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11																		
12 Actuarial gains/losses on the defined benefit obligation	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14									13.302							13.302		13.302
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18																		
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20																		
21 Other distributions and payments to members/shareholders	21							2.249.472							1.140.526		3.389.998		3.389.998
22 Transfer to reserves according to the annual schedule	22														284.535.940	-284.535.940			
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	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.513.434		872					715.882.878	-329.593.506	2.162.046.398	701.810.928	2.863.857.326
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							263.962		-60.602							203.360		203.360
II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26							263.962		-60.602						-329.593.506	-329.390.146	-29.212.285	-358.602.431
III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27							2.249.472							285.676.466	-284.535.940	3.389.998		3.389.998
Current period																			
1. Balance on the first day of the previous business year	28	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.513.434		872					715.882.878	-329.593.506	2.162.046.398	701.810.928	2.863.857.326
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.513.434		872					715.882.878	-329.593.506	2.162.046.398	701.810.928	2.863.857.326
5 Profit/loss of the period	32															104.374.607	104.374.607	4.332.639	108.707.246
6 Exchange rate differences from translation of foreign operations	33							-263.962									-263.962		-263.962
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									97.850							97.850		97.850
9 Profit or loss arising from effective cash flow hedge	36																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38																		
12 Actuarial gains/losses on the defined benefit obligation	39																		
13 Other changes in equity unrelated to owners	40																		
14 Tax on transactions recognised directly in equity	41																		
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42									-17.613							-17.613		-17.613
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																		
18 Redemption of treasury shares/holdings	45																		
19 Payments from members/shareholders	46																	336.920.926	336.920.926
20 Payment of share in profit/dividend	47																		
21 Other distributions and payments to members/shareholders	48														1.756.034		1.756.034		1.756.034
22 Carryforward per annual plane	49														-329.593.506	329.593.506			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																		
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.249.472		81.109					388.045.406	104.374.607	2.267.993.314	1.043.064.493	3.311.057.807
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							-263.962		80.237							-183.725		-183.725
II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53							-263.962		80.237						104.374.607	104.190.882	4.332.639	108.523.521
III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54														-327.837.472	329.593.506	1.756.034	336.920.926	338.676.960

NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

Valamar Riviera d.d.

Personal identification

number OIB: **36201212847**

Reporting period:

01.01.2021 to 31.12.2021

Notes to financial statements for quarterly periods include:

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

NOTES TO FINANCIAL STATEMENTS - TFI (continued)

(drawn up for quarterly reporting periods)

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

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

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document „Business results 1/1/2021 – 31/12/2021“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

Reporting period: from 01.01.2021 to 31.12.2021

Quarterly financial statements

[illegible]

John  Andrew

(authorized representative's signature)



L.S.

BALANCE SHEET (balance as at 31.12.2021)**Submitter: Valamar Riviera d.d.**

in HRK			
ADP code	Last day of the preceding business year	At the reporting date of the current period	
Item			
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID			
B) FIXED ASSETS (ADP 003+010+020+031+036)	001	5.324.136.157	5.152.301.804
I. INTANGIBLE ASSETS (ADP 004 to 009)	002	42.275.329	34.640.301
1 Research and Development	003		
2 Concessions, patents, licences, trademarks, software and other rights	004		
3 Goodwill	005	35.550.820	26.854.197
4 Advance payments for purchase of intangible assets	006	6.567.609	6.567.609
5 Intangible assets in preparation	007		
6 Other intangible assets	008	156.900	1.218.495
	009		
II. TANGIBLE ASSETS (ADP 011 to 019)	010	4.292.520.443	3.936.984.239
1 Land	011	629.012.020	593.370.669
2 Buildings	012	2.722.066.344	2.593.423.408
3 Plants and equipment	013	409.245.659	355.975.206
4 Tools, working inventory and transportation assets	014	91.158.729	72.736.320
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	159.973	42.528
7 Tangible assets in preparation	017	366.577.576	267.938.392
8 Other tangible assets	018	70.357.714	50.317.735
9 Investments property	019	3.942.428	3.179.981
III. FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	774.869.872	1.017.453.237
1 Investments in holdings (shares) of undertakings within the group	021	727.328.038	941.803.942
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	47.191.530	70.112.312
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		
7 Investments in securities	027	121.271	219.121
8 Loans, deposits, etc. given	028	89.033	5.177.862
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	140.000	140.000
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	214.470.513	163.224.027
C) CURENT ASSETS (ADP 038+046+053+063)	037	583.232.857	656.422.372
I. INVENTORIES (ADP 039 to 045)	038	27.296.274	23.619.254
1 Raw materials	039	26.356.791	22.520.626
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	939.483	1.098.628
5 Advance payments for inventories	043		
6 Fixed assets held for sale	044		
7 Biological asset	045		
II. RECEIVABLES (ADP 047 to 052)	046	32.385.214	50.219.276
1 Receivables from undertakings within the group	047	186.829	19.738.193
2 Receivables from companies linked by virtue of participating interest	048	330.822	7.293.713
3 Customer receivables	049	23.158.299	16.667.610
4 Receivables from employees and members of the undertaking	050	277.464	625.968
5 Receivables from government and other institutions	051	4.795.299	3.070.818
6 Other receivables	052	3.636.501	2.822.974
III. SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	578.131	444.055
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	28.300	28.300
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	549.831	415.755
9 Other financial assets	062		
IV. CASH AT BANK AND IN HAND	063	522.973.238	582.139.787
D) PREPAID EXPENSES AND ACCRUED INCOME	064	46.702.706	21.272.442
E) TOTAL ASSETS (ADP 001+002+037+064)	065	5.954.071.720	5.829.996.618
F) OFF-BALANCE SHEET ITEMS	066	54.261.380	54.173.148

BALANCE SHEET (balance as at 31.12.2021) (continued)**Submitter: Valamar Riviera d.d.**

Item 1	ADP code 2	in HRK	
		Last day of the preceding business year 3	At the reporting date of the current period 4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	2.385.224.020	2.619.280.406
I. INITIAL (SUBSCRIBED) CAPITAL	068	1.672.021.210	1.672.021.210
II. CAPITAL RESERVES	069	5.710.563	5.710.563
III. RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	98.247.551	98.247.551
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury share	072	136.815.284	136.815.284
3 Treasury shares and holdings (deductible item)	073	-124.418.266	-124.418.266
4 Statutory reserves	074		
5 Other reserves	075	2.249.472	2.249.472
IV. REVALUATION RESERVES	076		
V. FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	872	81.109
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	872	81.109
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	917.793.503	538.614.167
1 Retained profit	084	917.793.503	538.614.167
2 Loss brought forward	085		
VII. PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-308.549.679	304.605.806
1 Profit for the business year	087		304.605.806
2 Loss for the business year	088	308.549.679	
VIII. MINORITY (NON-CONTROLLING) INTEREST	089		
B) PROVISIONS (ADP 091 to 096)	090	113.213.704	134.552.238
1 Provisions for pensions, termination benefits and similar obligations	091	21.180.405	24.962.956
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	36.378.988	28.843.417
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	55.654.311	80.745.865
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	2.524.889.178	2.331.903.180
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	2.474.586.439	2.303.872.723
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	36.995.567	15.575.274
11 Deferred tax liability	108	13.307.172	12.455.183
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	865.350.845	665.431.238
1 Liabilities towards undertakings within the group	110	135.664	101.669
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112		7.389
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	693.967.037	523.630.896
7 Liabilities for advance payments	116	61.767.845	36.066.605
8 Liabilities towards suppliers	117	49.993.663	51.117.222
9 Liabilities for securities	118	6.625.196	
10 Liabilities towards employees	119	15.921.399	24.804.908
11 Taxes, contributions and similar liabilities	120	4.664.984	14.661.562
12 Liabilities arising from the share in the result	121	9.600	
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	32.265.457	15.040.987
E) ACCRUALS AND DEFERRED INCOME	124	65.393.973	78.829.556
F) TOTAL - LIABILITIES (ADP 067+090+097+109+124)	125	5.954.071.720	5.829.996.618
G) OFF-BALANCE SHEET ITEMS	126	54.261.380	54.173.148

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2021 to 31.12.2021)**Submitter: Valamar Riviera d.d.**

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (ADP 002 to 006)	001	571.818.875	16.658.614	1.670.374.528	389.102.185
1 Income from sales with undertakings within the group	002	6.559.169	-764.643	31.631.791	17.213.975
2 Income from sales (outside group)	003	540.402.390	8.573.739	1.329.300.465	80.045.514
3 Income from the use of own products, goods and services	004	208.649	52.424	233.998	66.441
4 Other operating income with undertakings within the group	005	269.761	-425.661	281.037.544	280.324.096
5 Other operating income (outside the group)	006	24.378.906	9.222.755	28.170.730	11.452.159
II. OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	890.254.827	174.438.864	1.255.329.580	337.280.337
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	223.980.434	37.313.660	396.119.584	68.978.096
a) Costs of raw materials and consumables	010	118.752.994	12.790.829	211.804.737	25.125.021
b) Costs of goods sold	011	4.218.790	1.078.701	10.230.447	2.011.655
c) Other external costs	012	101.008.650	23.444.130	174.084.400	41.841.420
3 Staff costs (ADP 014 to 016)	013	162.756.912	4.732.891	301.251.199	95.900.703
a) Net salaries and wages	014	103.705.374	12.716.290	185.544.244	61.522.514
b) Tax and contributions from salary costs	015	40.219.038	-4.145.312	76.418.573	21.737.684
c) Contributions on salaries	016	18.832.500	-3.838.087	39.288.382	12.640.505
4 Depreciation	017	391.987.115	93.072.033	397.597.196	97.730.851
5. Other costs	018	75.372.719	7.745.228	113.160.696	32.560.076
6. Value adjustments (ADP 020+021)	019	1.394.462	642.972	1.646.054	1.626.984
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	1.394.462	642.972	1.646.054	1.626.984
7 Provisions (ADP 023 to 028)	022	25.566.223	25.566.223	36.609.347	36.609.347
a) Provisions for pensions, termination benefits and similar obligations	023	16.210.160	16.210.160	9.293.175	9.293.175
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025	9.356.063	9.356.063	2.487.712	2.487.712
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028			24.828.460	24.828.460
8 Other operating expenses	029	9.196.962	5.365.857	8.945.504	3.874.280
III. FINANCIAL INCOME (ADP 031 to 040)	030	19.931.425	4.781.623	21.059.327	5.574.209
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	639.146	449.435	291.847	162.322
8 Exchange rate differences and other financial income	038	824.514	2.867.211	10.791.830	2.493.790
9 Unrealised gains (income) from financial assets	039			4.503.562	1.539.990
10 Other financial income	040	18.467.765	1.464.977	5.472.088	1.378.107
IV. FINANCIAL EXPENDITURE (ADP 042 to 048)	041	115.027.459	18.741.765	64.980.124	27.359.466
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	56.628.643	16.127.471	60.092.169	16.452.198
4 Exchange rate differences and other expenses	045	38.603.478	471.904		8.606.460
5 Unrealised losses (expenses) from financial assets	046	16.832.811	75.960		
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	2.962.527	2.066.430	4.887.955	2.300.808
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 (ADP 001+030+049 +050)	053	591.750.300	21.440.237	1.691.433.855	394.676.394
X. TOTAL EXPENDITURE (ADP 007+041+051+052)	054	1.005.282.286	193.180.629	1.320.309.704	364.639.803
XI. PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-413.531.986	-171.740.392	371.124.151	30.036.591
1 Pre-tax profit (ADP 053-054)	056			371.124.151	30.036.591
2 Pre-tax loss (ADP 054-053)	057	-413.531.986	-171.740.392		
XII. INCOME TAX	058	-104.982.307	-44.939.621	66.518.345	20.037.355
XIII. PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-308.549.679	-126.800.771	304.605.806	9.999.236
1 Profit for the period (ADP 055-059)	060			304.605.806	9.999.236
2 Loss for the period (ADP 059-055)	061	-308.549.679	-126.800.771		

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2021 to 31.12.2021) (continued)
Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV. PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 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 (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI. PRE-TAX PROFIT OR LOSS (ADP 055+062)	068				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
XVII. INCOME TAX (ADP 058+065)	071				
XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 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 (ADP 076+077)	075				
1 Attributable to owners of the parent	076				
2 Attributable to minority (non-controlling) interest	077				
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD	078	-308.549.679	-126.800.771	304.605.806	9.999.236
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)	079	-73.904	-18.286	97.850	-55.289
III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)	080	-73.904	-18.286	97.850	-55.289
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	-73.904	-18.286	97.850	-55.289
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	-13.303	3.292	17.613	-9.952
IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 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 (ADP 080+087-086-096)	097	-60.601	-21.578	80.237	-45.337
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-308.610.280	-126.822.349	304.686.043	9.953.899
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VII. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 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 (for the period 01.01.2021 to 31.12.2021)
Submitter: Valamar Riviera d.d.

			in HRK
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	-413.531.986	371.124.151
2 Adjustments (ADP 003 to 010)	002	509.075.504	190.749.080
a) Depreciation	003	391.987.115	397.597.196
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-3.978.000	-279.190.767
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-507.817	-70.802
e) Interest expenses	007	62.034.183	64.980.125
f) Provisions	008	20.421.285	21.540.065
g) Exchange rate differences (unrealised)	009	38.603.447	-7.490.750
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	515.291	-6.615.987
I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	95.543.518	561.873.231
3 Changes in the working capital (ADP 013 to 016)	012	-105.109.538	-23.892.406
a) Increase or decrease in short-term liabilities	013	-58.984.649	-28.430.139
b) Increase or decrease in short-term receivables	014	-41.213.521	860.713
c) Increase or decrease in inventories	015	-4.911.368	3.677.020
d) Other increase or decrease in the working capital	016		
II. Cash from operations (ADP 011+012)	017	-9.566.020	537.980.825
4 Interest paid	018	-27.934.882	-64.432.651
5 Income tax paid	019		
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-37.500.902	473.548.174
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	8.932.090	3.647.864
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	489.691	82.752
4 Dividends received	024		3.709
5 Cash receipts from repayment of loans and deposit	025	189.339	182.247
6 Other cash receipts from investment activities	026		1.110.110
III. Total cash receipts from investment activities (ADP 021 to 026)	027	9.611.120	5.026.682
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-428.835.136	-77.557.476
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030	-211.896	-5.137.000
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		
IV. Total cash payments from investment activities (ADP 028 to 032)	033	-429.047.032	-82.694.476
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-419.435.912	-77.667.794
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	776.471.599	344.850.628
4 Other cash receipts from financing activities	038	3.389.999	1.756.034
V. Total cash receipts from financing activities (ADP 035 to 038)	039	779.861.598	346.606.662
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-43.659.164	-679.122.703
2 Dividends paid	041		
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-4.141.654	-4.197.790
VI. Total cash payments from financing activities (ADP 040 to 044)	045	-47.800.818	-683.320.493
C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)	046	732.060.780	-336.713.831
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	275.123.966	59.166.549
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	247.849.272	522.973.238
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	050	522.973.238	582.139.787

STATEMENT OF CHANGES IN EQUITY (for the period 01.01.2021 to 31.12.2021)
 Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Attributable to owners of the parent																Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 do 6 - 7 + 8 do 17)	19	20 (18+19)
Previous period																			
1. Balance on the first day of the previous business year	01	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266									539.646.072	377.006.905	2.690.444.302		2.690.444.302
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	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266									539.646.072	377.006.905	2.690.444.302		2.690.444.302
5 Profit/loss of the period	05															-308.549.679	-308.549.679		-308.549.679
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									-73.904							-73.904		-73.904
9 Profit or loss arising from effective cash flow hedge	09																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11																		
12 Actuarial gains/losses on the defined benefit obligation	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14									13.303							13.303		13.303
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18																		
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20																		
21 Other distributions and payments to members/shareholders	21							2.249.472							1.140.526		3.389.998		3.389.998
22 Transfer to reserves according to the annual schedule	22														377.006.905	-377.006.905			
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	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		872					917.793.503	-308.549.679	2.385.224.020		2.385.224.020
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									-60.601							-60.601		-60.601
II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26									-60.601						-308.549.679	-308.610.280		-308.610.280
III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27							2.249.472							378.147.431	-377.006.905	3.389.998		3.389.998
Current period																			
1. Balance on the first day of the previous business year	28	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		872					917.793.503	-308.549.679	2.385.224.020		2.385.224.020
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		872					917.793.503	-308.549.679	2.385.224.020		2.385.224.020
5 Profit/loss of the period	32															304.605.806	304.605.806		304.605.806
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									97.850							97.850		97.850
9 Profit or loss arising from effective cash flow hedge	36																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38																		
12 Actuarial gains/losses on the defined benefit obligation	39																		
13 Other changes in equity unrelated to owners	40																		
14 Tax on transactions recognised directly in equity	41																		
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42									-17.613							-17.613		-17.613
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																		
18 Redemption of treasury shares/holdings	45																		
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47																		
21 Other distributions and payments to members/shareholders	48														1.756.034		1.756.034		1.756.034
22 Carryforward per annual plane	49														-380.935.370	308.549.679	-72.385.691		-72.385.691
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																		
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		81.109					538.614.167	304.605.806	2.619.280.406		2.619.280.406
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									80.237							80.237		80.237
II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53									80.237						304.605.806	304.686.043		304.686.043
III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54														-379.179.336	308.549.679	-70.629.657		-70.629.657

NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

Valamar Riviera d.d.

Personal identification

number OIB: **36201212847**

Reporting period:

01.01.2021 to 31.12.2021

Notes to financial statements for quarterly periods include:

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

NOTES TO FINANCIAL STATEMENTS - TFI (continued)

(drawn up for quarterly reporting periods)

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

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

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document „Business results 1/1/2021 – 31/12/2021“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

NOTE 1 – GENERAL INFORMATION

Valamar Riviera d.d., Poreč ("the Company") has been established and registered in accordance with Croatian laws and regulations. The Company is registered with the Commercial Court in Pazin. The principle activity of the Company is the provision of accommodation in hotels, resorts and campsites, food preparation and catering services as well as the preparation and serving of beverages. Company's business is of seasonal character. Company's registration number (MBS) is: 040020883, while the Company's personal identification number (OIB) is: 36201212847. The registered office of Valamar Riviera d.d. is in Poreč, Stancija Kaligari 1. Company's share capital amounts to HRK 1,672,021 thousand and comprises 126,027,542 ordinary shares with no prescribed nominal value.

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

- Palme turizam d.o.o., Dubrovnik, 100% ownership (subsidiary until 7 May 2021, date of merger into the Parent Company taking effect on 8 May 2021);
- Magične stijene d.o.o., Dubrovnik, 100% ownership
- Bugenvilia d.o.o., Dubrovnik, 100% ownership
- Imperial Riviera d.d., Rab, 43.68% ownership with the subsidiary Praona d.o.o., Makarska
- Valamar A GmbH, Vienna, 100% ownership until 29 November 2021 and 24.54% ownership from 30 November 2021, with subsidiaries WBVR Beteiligungs GmbH, Vienna and ContiEstates AG, Zug
- Valamar Obertauern GmbH, Obertauern, 10% direct ownership and until 29 November 2021 90% indirect ownership (90% share owned by Valamar A GmbH). From 29 November 2021 22.08% indirect ownership.

The merger of Palme turizam d.o.o. into the Company was entered in the court register on 7 May 2021, pursuant to the Decision of the Commercial Court in Pazin No. Tt-21/2510-3. The legal effect of the merger started as of 8 May 2021. After the registration

of the merger, Palme turizam d.o.o. ceased to exist and the Company became the universal legal successor of the merged company: all the assets, rights and liabilities of Palme turizam d.o.o. were transferred to the Company (Note 13).

On 29 November, 2021, the General Assembly of Valamar A GmbH made a decision to increase the share capital from the amount of EUR 35,000.00 by EUR 107,624.00 to EUR 142,624.00, with the participation of a new member of the Wurmböck Beteiligungs GmbH based in Vienna, Austria, in the amount of EUR 107,624.00 after which Valamar Riviera d.d. holds 24.54% and Wurmböck Beteiligungs GmbH 75.46%. A new member of the company undertook to pay EUR 11,070,000.00 into capital reserves. At the same time, Valamar A GmbH changed its headquarters from Tamsweg to Vienna and a new two-member board was appointed. The members of the company concluded the Articles of Association and the agreement by which they regulated their mutual relations, especially in relation to important decisions that require the approval of Valamar Riviere d.d. for their adoption (Note 14).

The Company's shares were listed on the Prime market of the Zagreb Stock Exchange d.d., and were traded in 2021 in accordance with the relevant regulations on the organized market. Pursuant to the Decision of Imperial Riviera's d.d. General Assembly from 10 September 2021, the share capital of Imperial Riviera d.d. was increased by HRK 689,765,631.10 from HRK 826,668,557.32 to HRK 1,516,434,188.42. Share capital increase was court registered on 26 November 2021. The participants of the share capital increase are: Valamar Riviera d.d. with investment in real estate in their ownership - land located at Babin Kuk in Dubrovnik, area of 148,949 m² and total estimated value of HRK 352,844,705.64, and in the amount of HRK 336,920,925.46 Allianz ZB d.o.o. društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima acting in its own name and on behalf of AZ Obvezni mirovinski fond kategorije A, personal identification number (OIB): 15220336427, AZ Obvezni mirovinski fond kategorije B, personal identification number (OIB): 59318506371, AZ Profit otvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 22134623145, AZ Benefit otvoreni dobrovoljni mirovinski

NOTE 1 – GENERAL INFORMATION / CONTINUED

fond, personal identification number (OIB): 56427866267, AZ A1 zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 64811569641, AZ Dalekovod zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 49118401443, AZ HKZP zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 25137661054, AZ Zagreb zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 01774504225, Auto Hrvatska zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 24189818978, AZ ZABA zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 11641097984, AZ

Treći Horizont zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 42239479988 (hereinafter: AZ). Upon the completion of the share capital increase, Valamar Riviera d.d. is the holder of 1,054,728 (46.27%) shares, while AZ holds 1,104,665 (48.46%) shares of Imperial Riviera d.d.

The consolidated and unconsolidated financial statements for the fourth quarter period ended 31 December 2021 were approved by the Management Board in Poreč on 16 February 2022. The consolidated and unconsolidated financial statements for the fourth quarter period ended 31 December 2021, have not been audited.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation**

The Company's and Group's financial statements for the fourth quarter ended on 31 December 2021 have been prepared in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting. The financial statements have been prepared under the historical cost method, except for the financial assets at fair value through profit or loss and financial assets. The consolidated and unconsolidated financial statements for the fourth quarter period do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's and Group's annual financial statements as at 31 December 2021 which are available on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Group's web pages.

2.2 Going concern

Company's and Group's fourth quarter financial statements have been prepared on a going concern basis. Based on current expectations, Management believes, although potentially negative short-term effects on Company's and Group's revenues and cash inflows are expected, it is not probable that the situation will have significant negative impact on the Company's and Group's ability to fulfil its obligations nor prolonged

impact on Company's and Group's revenues and overall business which can affect the Company's and Group's ability to continue as a going concern in the foreseeable future.

2.3 Critical accounting estimates

There were no changes in critical accounting estimates used for preparation of financial statements for the fourth quarter period ended 31 December 2021 comparing to those used for the preparation of the annual financial statements for the year ended 31 December 2020, except in the part as it is mentioned below.

Impairment of non-financial assets

Given the significant impact of COVID-19 pandemic on the business of the Company and Group in 2020 and significantly milder impact in 2021, connected with the absence of operating profit or overall business in certain cash generating units, the Company and Group assessed that there are potential indicators of impairment and in accordance with IAS-36, they approached the impairment test of units that generate money, i.e. profit centres (PCGM). 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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

well as operations. By performing impairment tests in 2020 and 2021, the Company and Group have proven that non-current tangible and intangible assets (including goodwill) do not have to be impaired, in accordance with the determined values in use and for a part of facilities according to the fair value confirmed by a certified expert.

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

The Company and the Group need to determine the ownership status for cca 3.24 million m² and cca 3.54 million m² respectively, pursuant to the provisions of the Act on unappraised land (hereinafter: the Act), that entered into force on 2 May 2020. The Act lays down the obligation to determine and establish, within the prescribed deadlines, real estate on the assessed parts of the camp, hotel, tourist complexes and other building land as the subject matter of the right of ownership of the Company and the Group; and real estate on the parts of the camp, hotel, tourist complexes and other building land that have not been assessed as the subject matter of the right of ownership of the Republic of Croatia or local governments. As regards the parts of land owned by the Republic of Croatia or local governments, the Company and the Group will conclude a lease agreement for a period of 50 years.

The unit amount of the rent and the manner of and deadlines for the payment will be laid down by a regulation adopted by the Government. At the moment of creating this document, the regulation has not been adopted yet; therefore it has not been possible to determine right-of-use assets and liabilities since the entry into force of the Act, i.e. since 2 May 2020. After the adoption of the regulation on prices, the Company and the Group will revise total surface areas that will be the subject matter of the lease agreement and they will assess the value of the right-of-use assets and liabilities in accordance with the provisions of IFRS 16. In 2020 and 2021, the Company and the

Group were not able to determine the object of the lease and the value of the lease.

Due to circumstances arising from the Covid 19 pandemic, the Republic of Croatia adopted a regulation on exemption from the payment of the variable part of the fee for the year 2019. For the period from January to April 2020, when ZOTZ was in force, the Company and the Group did not receive any fees for compensation for concessions for tourist land. Considering that no regulation on prices has been passed by the end of 2021, nor has a waiver of obligations been enacted by law, as a precautionary principle, the Company and the Group reserved the cost of lease for tourist land for the period from the entry into force of the ZNGZ, i.e. from 1 May, 2020 to the end of 2021 on the basis of the calculation of compensation under the old regulations in the amount of HRK 24,828 thousand for the Company and HRK 26,282 thousand for the Group.

Under the assumption of the lowest/highest price spread reaching HRK 6/12/m², lowest/highest discount rate reaching 4/8% and with the correction of surface areas that will be subject to the lease +/- 10%, the Company and the Group assessed the value of the right-of-use assets and liabilities on the day of the entry into force of the Act, which would amount to a range from cca HRK 212,522 thousand to cca HRK 921,895 thousand for the Company, while the assessment for the Group would range from cca HRK 224,536 thousand to cca HRK 974,010 thousand.

2.4 Significant accounting policies

The accounting policies adopted in the preparation of the financial statements for the fourth quarter period ended 31 December 2021 are consistent with those followed in the preparation of the Company's and Group's annual financial statements for the year ended 31 December 2020.

NOTE 3 – FAIR VALUE ESTIMATION

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

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

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

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

GROUP				
(in thousands of HRK)				
	Level 1	Level 2	Level 3	Total
As at 31 December 2020				
Assets measured at fair value				
Financial assets - equity securities	317	-	-	317
Total assets measured at fair value	317	-	-	317
Liabilities measured at fair value				
Derivative financial instruments	-	16,982	-	16,982
Total liabilities measured at fair value	-	16,982	-	16,982
As at 31 December 2021				
Assets measured at fair value				
Financial assets - equity securities	391	-	-	391
Total assets measured at fair value	391	-	-	391
Liabilities measured at fair value				
Derivative financial instruments	-	7,749	-	7,749
Total liabilities measured at fair value	-	7,749	-	7,749

Fair value hierarchy

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

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

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

(in thousands of HRK)

	Level 1	Level 2	Level 3	Total
As at 31 December 2020				
Assets measured at fair value				
Financial assets - equity securities	261	-	-	261
Total assets measured at fair value	261	-	-	261
Liabilities measured at fair value				
Derivative financial instruments	-	16,982	-	16,982
Total liabilities measured at fair value	-	16,982	-	16,982
As at 31 December 2021				
Assets measured at fair value				
Financial assets - equity securities	359	-	-	359
Total assets measured at fair value	359	-	-	359
Liabilities measured at fair value				
Derivative financial instruments	-	7,749	-	7,749
Ukupno obveze iskazane po fer vrijednosti	-	7,749	-	7,749

NOTE 4 – SEGMENT INFORMATION

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

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

The segment information related to reportable segments for the year ended 31 December 2020 is as follows:

GROUP				
(in thousands of HRK)	Hotels and apartments	Camps	Other business segments	Total
Total sales	338,572	292,000	53,849	684,422
Inter-segment revenue	(681)	(29)	(41,233)	(41,943)
Revenue from external customers	337,891	291,971	12,616	642,479
Depreciation and amortisation	314,882	127,271	54,291	496,444
Net finance income/(expense)	(55,805)	(26,786)	(22,050)	(104,641)
Write-off of fixed assets	1,119	208	205	1,532
Profit/(loss) of segment	128,074	209,664	(158,407)	179,331

NOTE 4 – SEGMENT INFORMATION / CONTINUED

The segment information related to reportable segments for the year ended 31 December 2021 is as follows:

GROUP				
(in thousands of HRK)	Hotels and apartments	Camps	Other business segments	Total
Total sales	1,001,646	550,115	147,603	1,699,364
Inter-segment revenue	(1,382)	(28)	(92,826)	(94,236)
Revenue from external customers	1,000,264	550,087	54,777	1,605,128
Depreciation and amortisation	318,544	131,942	56,850	507,336
Net finance income/(expense)	(23,425)	(14,373)	1,895	(35,903)
Write-off of fixed assets	3,389	99	404	3,892
Profit/(loss) of segment	534,766	390,233	(211,953)	713,046

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

GROUP				
(in thousands of HRK)	Hotels and apartments	Camps	Other business segments	Total
As at 31 December 2020				
Total assets	3,537,741	1,515,516	714,073	5,767,330
Total liabilities	2,275,139	1,020,575	508,117	3,803,831
As at 31 December 2021				
Total assets	3,207,709	1,383,094	722,119	5,312,922
Total liabilities	1,977,090	934,627	473,878	3,385,595

All hotels, apartments and camps (operating assets) are located in the Republic of Croatia, except the hotel owned by the company Valamar Obertauern GmbH located in Austria that ended being subsidiary from 29 November 2021.

NOTE 4 – SEGMENT INFORMATION / CONTINUED

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

GROUP

(in thousands of HRK)

	January - December 2020	January - December 2021
Revenue		
Revenue from segments	684,422	1,699,364
Inter-segment revenue	(41,943)	(94,236)
Total revenue	642,479	1,605,128
Profit		
Profit from segments	179,331	713,046
Other unallocated expenses	(553,841)	(550,126)
Profit/(loss) from financial and extraordinary activities	(126,539)	(61,444)
Total profit before tax	(501,049)	101,475

NOTE 4 – SEGMENT INFORMATION / CONTINUED

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

GROUP

(in thousands of HRK)

	As at 31 December 2020		As at 31 December 2021	
	Assets	Liabilities	Assets	Liabilities
Segment assets/liabilities	5,767,330	3,803,832	5,312,923	3,385,596
Hotels and apartments segment	3,537,741	2,275,139	3,207,710	1,977,091
Camps segment	1,515,516	1,020,575	1,383,094	934,627
Other business segment	714,073	508,118	722,119	473,878
Unallocated	1,112,253	211,894	1,600,624	216,894
Investments in associate	46,024	-	76,503	-
Other financial assets	317	-	391	-
Loans and deposits	702	-	43,179	-
Cash and cash equivalents	665,933	-	1,115,258	-
Income tax receivable	733	-	2	-
Other receivables	67,134	-	36,198	-
Deferred tax assets/liabilities	331,410	58,292	329,093	51,765
Other liabilities	-	65,206	-	80,552
Liabilities for investments in associate	-	13,994	-	-
Derivative financial assets/ liabilities	-	16,982	-	7,749
Provisions	-	57,420	-	76,828
Total	6,879,583	4,015,726	6,913,547	3,602,490

The Group's hospitality services are provided in Croatia and Austria (till 29 November 2021) to domestic and foreign customers. The Group's sales revenues are classified according to the customers' origin.

NOTE 4 - SEGMENT INFORMATION / CONTINUED**GROUP**

(in thousands of HRK)	January - December 2020	January - December 2021
Revenue from sales to domestic customers	82,721	173,626
Revenue from sales to foreign customers	559,758	1,431,502
	642,479	1,605,128

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

(in thousands of HRK)	GROUP			
	January - December 2020	%	January - December 2021	%
EU members	503,445	89.94	1,274,469	89.03
Other	56,313	10.06	157,033	10.97
	559,758	100.00	1,431,502	100.00

NOTE 5 – STAFF COSTS

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

(in thousands of HRK)	GROUP		COMPANY	
	January - December 2020	January - December 2021	January - December 2020	January - December 2021
Net salaries	122,043	218,087	103,705	185,544
Tax and contributions from salary costs	36,138	66,349	30,087	53,978
Contributions on salaries	24,606	46,430	21,802	39,419
Total /i/	182,788	330,866	155,594	278,941

/i/ Total Covid-19 grants related to net salaries compensation with related tax and contribution write-offs due to revenue decline are included in the staff cost of the Group in the amount of HRK 102.1 million (2020: HRK 164.4 million), for the Company HRK 84.6 million (2020: HRK 141.3 million).

For the year ended 31 December 2021 Company's average number of employees is 3,211 (2020: 2,836), while the Group's average number of employees is 3,900 (2020: 3,364).

The Company capitalised net salaries cost in the amount of HRK 4.82 million (2020: HRK 3 million), cost of contributions and tax from salaries in the amount of HRK 1.91 million (2020: HRK 1.4 million) and cost of contributions on salaries in the amount of HRK 0.87 million (2020: HRK 0.6 million). The Group capitalised net salaries cost in the amount of HRK 5.2 million (2020: HRK 4.6 million), cost of contributions and tax from salaries in the amount of HRK 2 million (2020: HRK 2 million) and cost of contributions on salaries in the amount of HRK 0.9 million (2020: HRK 0.9 million).

NOTE 6 - INCOME TAX

During the period in 2021 the Company and the Group estimate the period income tax expense according to the IAS 34 provisions.

Porez na dobit obuhvaća:

(in thousands of HRK)	GROUP		COMPANY	
	January - December 2020	January - December 2021	January - December 2020	January - December 2021
Current tax	48	22	-	-
Deferred tax	(142,291)	(7,254)	(104,982)	66,518
Tax (income)/expense	(142,243)	(7,232)	(104,982)	66,518

Movement overview of deferred tax assets and liabilities in 2021:

DEFERRED TAX ASSET

(in thousands of HRK)	GROUP	COMPANY
As at 1 January 2021	331,410	214,471
Other changes	(12)	-
Adjustment of deferred tax assets in profit and loss related to inter-group transaction	64,307	-
Loss of the control over subsidiaries	(5,095)	-
Merger of subsidiary	-	16,141
Credited/(debited) to the income	(61,517)	(67,388)
As at 31 December 2021	329,093	163,224

DEFERRED TAX LIABILITIES

(in thousands of HRK)	GROUP	COMPANY
As at 1 January 2021	58,292	13,307
Other changes	(5)	-
Loss of the control over subsidiaries	(2,075)	-
Credited/(debited) to the income	(4,465)	(870)
Credited/ (debited) to the other comprehensive income	18	18
As at 31 December 2021	51,765	12,455

NOTE 7 – EARNINGS/(LOSS) PER SHARE

Basic

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

Diluted

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

GROUP

	January - December 2020	January - December 2021
Profit/(loss) attributable to equity holders (in thousands of HRK)	(329,594)	104,375
Weighted average number of shares	121,887,907	121,887,907
Basic/diluted earnings/(loss) per share (in HRK)	(2.70)	0.86

NOTE 8 – NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

During the year ended 31 December 2021, the Group acquired assets in the amount of HRK 115,355 thousand (2020: HRK 595,282 thousand), while the Company acquired assets in the amount of HRK 77,557 thousand (2020: HRK 428,118 thousand).

During the year ended 31 December 2021, the Group disposed the assets with a net book value of HRK 2,470 thousand (2020: HRK 4,549 thousand), resulting in a net gain on disposal of HRK 1,313 thousand (2020: HRK 4,647 thousand).

During the year ended 31 December 2021, the Company disposed the assets with a net book value of HRK 75,280 thousand (2020: HRK 3,752 thousand), resulting in a net gain on disposal of HRK 281,213 thousand (2020: HRK 5,087 thousand).

The most significant Company's transaction in 2021 relates to the entry into the share capital of Imperial Riviera d.d. real estate (land) located at Babin Kuk in Dubrovnik with an area of 148,949 m², estimated value of HRK 352.84 million.

NOTE 9 – LIABILITIES FOR BORROWINGS AND LEASES UNDER IFRS 16

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

(in thousands of HRK)	GROUP		COMPANY	
	Total liabilities on 31 December 2021	Maturity over 5 years	Total liabilities on 31 December 2021	Maturity over 5 years
Bank borrowings	3,112,631	1,085,889	2,827,504	979,228
Lease liabilities under IFRS 16	13,953	4,072	14,181	3,971
Total	3,126,584	1,089,962	3,841,685	983,199

Non-current bank borrowings are secured with a pledge over Group's property facilities and movable property with a net book value of HRK 2,319,645 thousand (2020: HRK 2,010,351 thousand). Current bank borrowings are secured with promissory notes in the amount of HRK 217,998 thousand (2020: HRK 297,614).

Non-current bank borrowings are secured with a pledge over Company's property facilities and movable property with a net book value of HRK 1,861,945 thousand (2020: HRK 1,616,678 thousand). Current bank borrowings are secured with promissory notes in the amount of HRK 217,998 thousand (2020: HRK 297,614).

The Company and the Group need to determine the ownership status for cca 3.24 million m2 and cca 3.54 million m2 respectively, pursuant to the provisions of the Act on unappraised land (hereinafter: the Act), that entered into force on 2 May 2020. As regards the parts of land owned by the Republic of Croatia or local governments, the Company and the Group will conclude a lease agreement for a period of 50 years, on which IFRS 16 will be applied. The unit amount of the rent and the manner of and deadlines for the payment will be laid down by a regulation adopted by the Government. At the moment of creating this document, the regulation has not been adopted yet; therefore it has not been possible to apply IFRS 16. The range of potential impact of IFRS 16 on the Company's and Group's financial statements is presented in Note 2.3.

NOTE 10 – CONTINGENCIES AND COMMITMENTS

The contracted capital commitments of the Company in respect to investments in tourism facilities at 31 December 2021 amount to HRK thousand 544,910 thousand (2020: HRK 515,432 thousand). The contracted capital commitments of the Group in respect to investments in tourism facilities at 31 December 2021 amount to HRK 597,391 thousand (2020: HRK 535,627 thousand).

The Company is the guarantor of the loan related-party Valamar Obertauern GmbH. The estimated maximum amount of the guarantee that can be realized is HRK 48,647 thousand. The loan of the related-party is secured by mortgages on the real estate of Valamar Obertauern GmbH. The Company estimates the very low probability of incurring an actual obligation under the guarantee.

NOTE 11 – ASSOCIATES

The following table shows total capital and reserves and profit or loss for the last business year of associates as at 31 December 2021:

(in thousands of HRK)

ASSOCIATES	Country	Ownership	Total capital and reserves	Profit/loss for the year
Helios Faros d.d., Stari Grad	Croatia	20.00%	222,411	2,740
Valamar A GmbH, Vienna /i/	Austria	24.54%	82,998	(235)
Valamar Obertauern GmbH, Obertauern /i/	Austria	10% directly/ 22.08% indirectly	29,805	(270)

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

NOTE 12 – RELATED PARTY TRANSACTIONS

Related party transactions were as follows:

GROUP

(in thousands of HRK)	2020	2021
Sale of services		
Other parties related to the owners and corporate governance bodies	1	1
Associate with participating interest	1,918	8,601
	1,919	8,602
Purchase of services		
Other parties related to the owners and corporate governance bodies	217	480
Associate with participating interest	18	239
	235	719
Trade and other receivable		
Associate with participating interest	331	7,294
	331	7,294
Liabilities		
Other parties related to the owners and corporate governance bodies	84	23
Associate with participating interest	-	39
	84	63

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

(in thousands of HRK)

	2020	2021
Sale of services		
Subsidiaries /i/	6,829	312,947
Associate with participating interest	1,918	8,601
Other parties related to the owners and corporate governance bodies	1	1
	8,748	321,549
Purchase of services		
Subsidiaries	1,136	3,830
Associate with participating interest	18	239
Other parties related to the owners and corporate governance bodies	217	430
	1,371	4,499
Trade and other receivable		
Subsidiaries	161	19,712
Associate with participating interest	331	7,294
	492	27,006
Other receivables		
Subsidiaries	26	26
	26	26
Trade and other payables		
Subsidiaries	136	70
Associate with participating interest	-	39
Other parties related to the owners and corporate governance bodies	84	22
	220	131
Loans given		
Subsidiaries	28	28
	28	28

/i/ The most significant Company's transaction in 2021 relates to the entry into the share capital of Imperial Riviera d.d. real estate (land) located at Babin Kuk in Dubrovnik with an area of 148,949 m2, estimated value of HRK 352.84 million.

NOTE 13 – MERGER OF SUBSIDIARY

The merger of Palme turizam d.o.o. into the Company was entered in the court register on 7 May 2021. The legal effect of the merger started as of 8 May 2021. After the registration of the merger, Palme turizam d.o.o. ceased to exist and the Company became the universal legal successor of the merged company: all the assets, rights and liabilities of Palme turizam d.o.o. were transferred to the Company.

Statement of comprehensive income of the Group includes the results of the merged companies for the whole current year. Statement of comprehensive income of the Company includes the results of the merged companies from the merger date.

Assets and liabilities in 2021 at merger date are::

PALME TURIZAM D.O.O.

(in thousands of HRK)

7 May 2021

Assets

Property, plant and equipment	25,753
Deferred tax assets (Note 6)	16,141
Trade and other receivables	72
Cash and cash equivalents	1,110

Liabilities

Payables and other liabilities	(14)
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Net assets acquired	43,062
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Less: elimination of the Company's share in subsidiary	(115,448)
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Net effect on equity at merger	(72,386)
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NOTE 14 – LOSS OF THE CONTROL OVER SUBSIDIARIES

The Group lost control of its subsidiaries Valamar A GmbH and Valamar Obertauern GmbH and ceased to disclose the assets and liabilities of these companies in the consolidated financial statements. According to IFRS 10, the income and expenses of Valamar A GmbH and Valamar Obertauern GmbH are recognized in the consolidated statement of the Group's comprehensive income until 30 November, 2021. As of 1 December, 2021, the Group has significant influence in Valamar A GmbH and Valamar Obertauern GmbH and is disclosed in the consolidated financial statements using the equity method.

The Group did not receive any compensation for the loss of control over its subsidiaries Valamar A GmbH and Valamar Obertauern GmbH, due to the diluted ownership through capital increase of the companies concerned as described in Note 1 – *General information*.

Gains from the loss of control over subsidiaries are included in financial revenues of 2021.

An overview of assets and liabilities in 2021 over which the Group lost control and the effect of the loss of control over subsidiaries is presented in the table:

VALAMAR A GmbH and VALAMAR OBERTAUERN GmbH

(in thousands of HRK)

29 November 2021**ASSETS****Non-current assets**

Intangible assets	464
Property, plant and equipment	58,905
Financial assets	24
Deferred tax assets	5,095

Current assets

Inventories	243
Trade and other receivables	3,512
Loans and deposits	22
Cash and cash equivalents	3,203
	71,468

LIABILITIES**Non-current liabilities**

Borrowings	(46,249)
Deferred tax liabilities	(2,075)

Current liabilities

Borrowings	(4,511)
Trade and other payables	(1,676)

(54,511)**Net assets of subsidiaries over which control is lost****16,957****Exchange rate differences from foreign business****(198)**

Share fair value	30,075
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Less: Net assets of subsidiaries over which control is lost and exchange rate differences from foreign business	(16,759)
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Gains from the loss of the control over subsidiaries**13,316**

NOTE 15 – SUBSEQUENT EVENTS

On 31 January 2022 the Company concluded legal transaction with subsidiary Imperial Riviera d.d. on transfer of three hotel with total of 947 accommodation units, being precisely Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar of acquisition value of HRK 717,766 thousand. Considering the interests of the acquirer of the mentioned hotels, the financing of this transaction is ensured by taking over the Company's loan obligations, while rest of the amount shall be paid in cash.

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