VALAMAR
All you can holiday

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ISIN: HRRIVPRA000
Security: RIVP (RIVP-R-A)
Bloomberg: RIVP CZ; Reuters: RIVP.ZA
Listing: Prime Market of Zagreb Stock Exchange

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HANFA-Official Registry of Prescribed Information

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Poreč, 25/03/2020
File no: 1- 35/20

Subject**: Announcement of General Assembly cancellation and recall of the decision proposal for dividend payout, statement pursuant to ESMA's recommendation to issuers and financial participants in the capital market regarding the disclosure of business activities considering the impact of the COVID-19 virus on financial markets**
(General assembly- agenda, proposals, decisions of meeting)

Due to the extraordinary events caused by the COVID-19 pandemic which led to the inability to hold the General Assembly and pursuant to the decisions of the Civil Protection Authority of the Republic of Croatia (Stožer civilne zaštite Republike Hrvatske), Valamar Riviera d.d. with registered office in Poreč, 1 Stancija Kaligari, personal identification number (OIB): 36201212847, (hereinafter: the Company or Valamar), hereby announces that on 25 March 2020 the Management Board of the Company **decided to cancel the General Assembly scheduled for 21 April 2020** and, with the Supervisory Board consent, it **decided to recall the decision proposal for dividend payout**. The Invitation to the General Assembly was previously disclosed on 9 March 2020 on the Zagreb Stock Exchange website, and on 10 March 2020 it was disclosed on the court register website under the reference number 21192-1. The General Assembly shall be re-convened in accordance with the relevant regulations when circumstances permit.

Pursuant to the issued ESMA's recommendations dated 11 March 2020 in relation to the disclosure of business activities considering the impact of COVID-19 virus on the financial market, following the statement disclosed on 13 March 2020, Valamar states as follows.

As the largest tourism company in Croatia, Valamar Riviera has followed with utmost interest the development of the situation since the appearance of COVID-19. Valamar Riviera has engaged and focused all its resources on implementing preventative measures to protect the health of guests and employees, activating full-scale standard operating procedures for dealing with crises and maintaining business continuity and job preservation. The event of exceptional circumstances and the implementation of extraordinary measures banning public gatherings, travel and closing establishments in hospitality as well as shops primarily in order to protect the citizens of the Republic of Croatia from infection risks, consequently led to a momentary disruption in the Company's operations, booking cancellations as well as the cancellation of other contracted services from partner agencies and guests in the preseason period and having a currently uncertain effect on the main season. Due to stricter general preventative measures prescribed by competent bodies, all the operating tourism establishments were closed on 15 March 2020

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until further notice. Additionally, it has been decided to temporarily stop investment-related works at all construction sites due to restrictive measures and increased health risks for all participants. Considering the global scope of the problems caused by the unpredictable spread of COVID-19, closed border crossing points in surrounding countries, numerous obstacles in the free transport of travelers, goods and services in numerous markets that are important source markets for us, and the consequent slowdown recorded in whole industries, in this moment it is still premature to give final quantitative estimates regarding the negative impact of COVID-19 on Valamar's business in the forthcoming period.

The current halt in the global tourism flows is expectedly preventing arrivals in April and their significant decrease is expected during the second quarter, consequently slowing down the pace of new bookings. The number of bookings in the Company's records is somewhat lower if compared to the previous year, with an increase in activities related to booking cancellations. Such a precarious current situation prevents making any confident predictions on the final negative effect of slower trends in new bookings on business, while also acknowledging the possibility to compensate for them through “last minute” bookings and a simpler booking cancellation policy. The current booking cancellations in our records are mainly for the March-May period of this year, with only a smaller portion of them being related to the rest of the main season that makes up over 85% of annual operating income. At the same time, numerous cancelled bookings related to groups and congresses in the preseason period have currently been transferred in the second year-half.

In the last two decades, Valamar has become the leading national service provider in tourism whose operations have always been based on sustainable development. Considering the national economic development, the overall performance growth followed the necessary targeted and expected growth in the number of employees and their salaries- something we are very proud of. In order to maintain business continuity and primarily focusing on escalation plans of measures to safeguard the Company's liquidity and solvency, the program “Pause, Business Restart” will commence as of 1 April 2020 and will last for 30 to 90 days. Considering the fact that hospitality establishments and other services have temporarily closed down, Valamar will close down its properties until 30 April 2020, pursuant to the current measures announced by the government of the Republic of Croatia to preserve jobs and the measures announced by the Civil Protection Authority of the Republic of Croatia. The temporary business pause program will encompass all employees at the Company in order to preserve jobs and have no dismissals. All employees who will not be able to do their jobs due to extraordinary circumstances will be on hold while being secured at least 60% of their regular salary, but no less than HRK 4,250 (net). This measure will include both workers and managers and will encompass over 90% of employees, including seasonal workers and permanent seasonal workers who are already employed. Standby operations will involve those employees and management in charge of crisis management and administration, employees in charge of maintenance, preservation and security at properties and employees in charge of communication with guests and partners. The engaged employees will receive a full regular salary, while the salary for the active managers will be decreased by up to 30%.

In order to restart all business activities in a successful and expedite manner, Valamar has already started making an adjusted business plan and preparing the properties for the beginning of this year's tourist season, including a transparent and continuous communication with all stakeholders (guests, partners, employees, creditors, shareholders, competent national and local bodies).

The Company would like to emphasize that these are conclusions based on currently available facts, knowledge, circumstances and estimates thereof. Also, due to the expected further objective development of events which are beyond the control of the Company, further changes in relevant circumstances can be expected. Valamar will disclose all the relevant significant information regarding the effect of COVID-19 on basic factors, outlook or financial stability pursuant to relevant regulations.

Valamar Riviera d.d.