

LEI: 529900DUWS1DGNEK4C68
Home Member State: Republic of Croatia
ISIN: HRRIVPRA000
Securities: RIVP (RIVP-R-A)
Bloomberg: RIVP CZ; Reuters: RIVP.ZA
Listing: Prime Market Zagreb Stock Exchange

HANFA – Croatian Financial Services
Supervisory Agency
Franje Račkoga 6
10000 Zagreb

HANFA-Formal register of prescribed information

Zagreb Stock Exchange
Ivana Lučića 2a
10000 Zagreb

HINA-Croatian News Agency
ots@hina.hr

Poreč, 25.05.2020.
Ur.broj: 1-51/20

Subject: **Valamar restarts business operations**
ESMA recommendations to issuers and participants of the financial market regarding the publication of business activities considering the impact of the COVID-19 virus on the financial market
(other regulated information)

Valamar Riviera d.d. with registered office in Poreč, 1 Stancija Kaligari, personal identification number (OIB): 36201212847, (hereinafter: the Company or Valamar), 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 and 25 March and 30 April 2020, announces the **opening of its properties** on May 22nd with Lanterna Premium Camping Resort 4 * in Poreč and restaurant La Pentola in Rabac. The other twelve Valamar camps in Istria and Kvarner will open by the end of May: Solaris Camping Resort, Orsera Camping Resort, Brioni Sunny Camping, Marina Camping Resort, Tunarica Sunny Camping, Krk Premium Camping Resort, Ježevac Premium Camping Resort, Baška Beach Camping Resort, Bunculuka Camping Resort, Škrila Sunny Camping, Padova Premium Camping Resort and San Marino Camping Resort. The opening of Istra Premium Camping Resort is planned for June 15th after completion of investments, while hotels and resorts are planned to gradually open during June which is consistent with the opening of borders and the normalization of travel from leading source markets.

The opening of Valamar's properties follows the plan to open the summer season in Croatia announced by the Ministry of Tourism and facilitated by the opening of borders during May and June for Slovenia, Austria, Hungary, the Czech Republic, Slovakia, Germany and Poland which make up almost 60% of Croatia's leading source markets. After that, travel from other markets may also be possible.

For the past 90 days, Valamar's focus has been on managing the crisis caused by the COVID-19 epidemic. Business was successfully "paused", all jobs have been preserved and the company has been preparing

its "restart" focusing on ensuring liquidity until business normalization in 2021, modifying products and services to increase guest safety and accelerating digitalization projects.

The Employee Program **"Pause, Restart"** has been implemented as of March 15th with the support of social partners and the Government's job preservation measures. During the Pause, all employees who do not work, including management, seasonal workers and permanent seasonal workers, are provided with a "waiting for work" compensation in the amount of at least 60% of their regular salary, but not less than HRK 4,250 net. Of employees who are working, management receives a reduced salary up to 30% until all employees return to work, while other working employees receive their full salaries. Due to the inability to operate, about 2,500 Valamar employees, or 85% of currently employed since March are "on pause", the cost of which is currently borne jointly by shareholders and the state that subsidizes the "waiting for work" compensation. With the opening of hotels and camps, some employees are expected to return to work, while a large number of employees will still be "waiting for work" during June. Further employment will depend on travel possibilities and the level of demand for Croatian tourism.

In addition to preserving jobs, Valamar's priority was to ensure sufficient liquidity until 2021, when business normalization is expected. In March, the decision regarding dividend payment for 2019 was revoked, and members of the Supervisory Board waived payment. Also, policies and mechanisms of agreed deferred payment for 6 to 12 months concerning other stakeholders have been introduced, including sales partners, suppliers, contractors, banks and others, all with the aim of a balanced approach to crisis management and business sustainability in times of crisis.

Valamar paused its construction sites at the end of March following recommendations for work during the epidemic and has postponed HRK 200 million of investment planned for the 2020 season as a way to increase liquidity.

During the past 60 days, Valamar has modified its products and accelerated the development of digitization projects to improve services for the 2020 tourist season. In 2020, the accommodation capacities of hotels, resorts and camps will be reduced by 20% to provide even more space for guests in restaurants, at the reception, in swimming pools, on the beach and in other common facilities. The key innovations that will be implemented at the opening of properties are "V Health & Safety" program for the safety of guests, "CleanSpace 100% privacy" an enhanced system for cleaning rooms and mobile homes, "Valfresco Direkt" online shopping and food delivery service, "Online reception" and the hotel concept "Bed & Brunch".

V Health&Safety is a comprehensive program of health, safety and environmental standards, as well as advanced cleaning protocols aimed at further enhancing hygiene standards that Valamar implements in its properties. V Health&Safety protocols are aligned with the safety recommendations of the World Health Organization, the European Center for Disease Prevention and Control, the Croatian Institute of Public Health, as well as relevant standards and certificates such as HACCP and ISO. From 2020, every property in Valamar will have a V Health&Safety Manager, available to guests 24/7 throughout their stay, who is able to ensure adequate medical services for guests in cooperation with the Croatian health care system.

Valamar introduces the **"CleanSpace - 100% privacy" service** this season to increase the safety of guests. The service guarantees that key contact points in rooms and mobile homes are thoroughly cleaned, disinfected and sealed for entry before the guest's arrival. In addition, guests can choose complete room privacy throughout the stay with the guarantee that staff will enter the accommodation unit exclusively at the guest's request.

As a result of accelerating digital initiatives in 2020 **Online reception** will be available to all guests of hotels and camps. Valamar's Online reception enables guest check-in and check-out via the Internet, thus simplifying arrival and departure.

Bed&Brunch is a new restaurant concept in Old Town Holiday and Sunny B&B hotels that offers extended breakfast and brunch instead of the classic half board, which guests can enjoy from 7 a.m. to 1 p.m., providing even more space and simplifies meals and hotel stays.

Two promotional campaigns #stayinnature and #beachholidays have been launched with the message that after #stayathome there is nothing better than a vacation in nature or on the beach, for which Valamar and Croatia have ideal conditions.

As part of the restart preparations, Valamar has developed a new service called **Valfresco Direkt** in just 60 days, which will be launched in the beginning of June in Istria and will be available to all citizens, tourists and Valamar guests. Valfresco Direkt will provide online ordering, purchase and delivery of local products directly to the customer's address, with special emphasis on partnerships with local producers and family farms. In addition to the wide range of fresh local products that support local producers, Valfresco will also offer a selection of ready-made dishes from Valamar's cuisine. The project will be first launched in Istria, and then the service will extend to other Valamar destinations in Croatia.

Valamar has, in agreement with its stakeholders, social partners, and the state's support, managed to successfully pause its business, protect jobs and prepare for the restart of the tourist season in 60 to 90 days of the COVID-19 crisis. Croatia has a good plan for the phased opening of the summer tourist season in May and June focusing on leading source markets. Assuming the epidemiological situation settles and the public and private sectors cooperate well, Croatia can restart tourism in 2020, although business normalization cannot be expected before the summer season of 2021. Tourism is a strategic industry when it comes to restarting Croatia's economy during and after the COVID-19 crisis, and it is therefore important to preserve jobs and tourism organizations to accelerate Croatia's economic recovery.

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.