

# BUSINESS RESULTS

**1/1/2020 -  
31/3/2020**



**VALAMAR**  
All you can holiday



# EXECUTIVE SUMMARY

## KEY FINANCIAL INDICATORS OF VALAMAR RIVIERA GROUP

(in HRK '000,000)

|                    | 1 - 3/2019 | 1 - 3/2020 | 2020/2019 |
|--------------------|------------|------------|-----------|
| Total revenues     | 52.0       | 49.4       | -4.9%     |
| Sales revenues     | 46.2       | 41.4       | -10.4%    |
| Board revenues     | 30.4       | 26.7       | -12.3%    |
| Operating expenses | 159.7      | 145.6      | -8.8%     |
| EBITDA             | -113.7     | -104.5     | -8.1%     |
| Adjusted EBITDA    | -111.5     | -102.2     | -8.4%     |
| EBIT               | -231.7     | -230.2     | -0.7%     |
| Adjusted EBIT      | -229.5     | -227.9     | -0.7%     |
| EBT                | -252.4     | -314.9     | 24.8%     |

|                           | 31/12/2019 | 31/3/2020 | 2020/2019 |
|---------------------------|------------|-----------|-----------|
| Net debt                  | 2,195.3    | 2,554.6   | 16.4%     |
| Cash and cash equivalents | 550.1      | 622.9     | 13.2%     |
| Market capitalization     | 4,728.0    | 2,871.7   | -39.3%    |
| EV                        | 7,654.3    | 6,132.1   | -19.9%    |

## KEY OPERATING INDICATORS OF VALAMAR RIVIERA GROUP

|                                 | 1 - 3/2019 | 1 - 3/2020 | 2020/2019 |
|---------------------------------|------------|------------|-----------|
| Accommodation units (capacity)  | 21,266     | 21,528     | 1.2%      |
| Number of beds                  | 58,417     | 59,529     | 1.9%      |
| Accommodation units sold ('000) | 58,292     | 50,570     | -13.2%    |
| Overnights ('000)               | 95,211     | 92,161     | -3.2%     |
| ADR (in HRK)                    | 522        | 528        | 1.1%      |

Note: Details and explanations can be found on page 14 in "Results of the Group".

## REVENUES AND COSTS

First-quarter business results are not indicative because of the seasonal character of the industry in which the Group operates. First-quarter sales revenues normally have a very small impact on total annual revenues (in 2019 solely 2%), so the achieved results cannot be used to form full-year expectations. In addition, the event of special circumstances and the implementation of extraordinary measures banning public gatherings, travel and closing establishments in hospitality and shops to protect Croatian citizens from infection risks, consequently led to a momentary disruption in the Group's operations. The new circumstances led to cancellations of bookings and other contracted services from partner agencies and guests especially in the preseason period and have a currently uncertain effect on the main season. More details on the COVID-19 impact on Valamar Riviera's business performance are presented in the next chapter.

Total revenues were HRK 49 million, down 5% vs. last year's comparable period (HRK 52 million in 2019). In total revenues, HRK 41 million represented sales revenues (HRK 46 million in 2019); their decrease was caused by properties closing pursuant to stricter general preventative measures prescribed by the authorities to combat the COVID-19 epidemic. In the first quarter of 2020, Valamar Riviera expected to achieve stronger sales revenues vs. last comparable period. However, due to properties closing on 15 March 2020, board revenues fell by HRK 11 million in March.

# EXECUTIVE SUMMARY

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Operating costs were HRK 146 million (HRK 160 million in 2019), down by 9% due to properties closing as instructed by authorities and the start of full-scale cost-saving measures.

Q1 2020 EBITDA was characteristically negative: the achieved HRK 104 million loss (HRK -114 million in 2019) was HRK 10 million lower compared to the typical Q1 results primarily due to the adopted cost-saving measures.

## FINANCIAL RESULT

In the first quarter of 2020, the financial result was HRK -84 million (HRK -21 million in 2019). The financial result, down by HRK 64 million, was mainly due to an increase in unrealized negative exchange rate differences regarding long-term loans due to a stronger depreciation of the Croatian Kuna vs. Euro in the first quarter of 2020 vs. last year's comparable period.

## INVESTMENTS

As one of the strategic goals of growth and sustainable business continuity, the Group's investment plans for this year's tourist season were worth over HRK 800 million. They were focused on further portfolio repositioning towards products and services with high added value, especially in premium hotel resorts and camping in Istria. Since all construction work related to Valamar's investment projects started last year and was planned for completion in April 2020 (except for Pinea Valamar Collection Resort as an investment spanning several years), all the investments are near completion. However, due to the extraordinary circumstances caused by the COVID-19 pandemic, on 23 March 2020 Valamar Riviera temporarily stopped construction works at all sites. The Group is currently assessing options for the future construction timeframe and financial planning. It is also focusing on reprogramming the CAPEX modality and extent in order to be ready for tourist season after the restrictions are eased. Simultaneously, the Group is actively managing its cash flow by potentially executing only necessary work as long as uncertainties related to the COVID-19 impact on tourism persist in the high season. The positive impact of this year's investment cycle on revenues, EBITDA and further resilience growth (if we consider the volatility of tourism flows and economic cycles) are expected to materialize in the forthcoming 3-year period. For more information, see "COVID-19 / Outlook" and "2020 Investments" chapters on pages 4 and 25.

# COVID-19 / OUTLOOK

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 significant escalation in extraordinary measures banning public gatherings, travel and closing establishments in hospitality, shops and borders to curb the further COVID-19 spread in all Valamar Riviera's key source markets has had a negative impact on numerous economic sectors. Tourism and hospitality were especially hit as the new circumstances curtailed demand in national and international travel. This consequently led to an extraordinary disruption in the Group's operations, as seen in the slower pace of new bookings, their cancellations and the cancellation of other contracted services from partner agencies and guests (especially in the pre-season period) proving that COVID-19 pandemic is a genuine operational and financial disruption to the global economy, especially tourism flows.

## OPERATING MEASURES

Since the beginning of the COVID-19 pandemic, Valamar Riviera has actively engaged in mitigating and controlling potential risks. It immediately 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 organizes 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. Furthermore, Valamar has developed and activated full-scale operating procedures for dealing with crises to protect the health of guests and employees. The procedures focus on providing general information on COVID-19 spread and measures preventing the outbreak and spread of respiratory viruses. The Group increased its transparent and continual crisis communication with all our stakeholders, especially with state and local authorities, regarding financial aid and measures to help tourism and the economy in the wake of COVID-19.

Besides the mentioned measures to mitigate and control COVID-19 risks, Valamar Riviera employs proactive measures to minimize health crises,

# COVID-19 / OUTLOOK

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epidemics and pandemics. Valamar implements the world's best protection and prevention practices securing top hygiene levels, in accordance with the ISO 45001 standard for managing the health and safety of guests and employees and HACCP self-control and food quality control system. Also, we continuously update the many standard operating procedures focusing on protecting the health and ensuring the satisfaction of guests and employees. Valamar Riviera made its hospitality properties available for medical staff fighting the COVID-19 epidemic, and there were no infections recorded among Valamar's guests and employees.

## STATE MEASURES

The Croatian government, Croatian National Bank, Croatian Bank for Reconstruction and Development, competent ministries as well as state and local authorities have adopted a set of measures to help the economy and mitigate the extraordinary circumstances caused by the COVID-19 epidemic. The measures aim to overcome short-term challenges in liquidity and support job preservation. Valamar Riviera started to undertake all the necessary steps to minimize the negative effects and protect its business: we applied for grants for preserving jobs in COVID 19 affected sectors (HRK 3,250 per employee for March's salary; HRK 4,000 for April's and May's salary). We also applied for relief, deferral and instalment payment of tax liabilities and levies, deferred payment of the tourist board fee, reduction

and deferred payment of concession fees to use tourism land in campsites and moratorium on credit liabilities for clients with existing credit placements. Other potential measures to tackle the drop in economic activities caused by the pandemic are those addressing the necessary adjustments regarding the provision of certain services in tourism during the epidemic to ease the administrative and financial burden on tourism companies. This is especially important when defining the content and usage of vouchers for unprovided accommodation services, and the partial re-opening of state borders for "tourist corridors" conditional to the circumstances and decisions made by relevant authorities and governments.

The available measures to help the economy, along with the new credit lines adjusted to preserve economic activities and liquidity represent an additional stimulus for all the companies in tourism to tackle successfully the current extraordinary situation until economic and tourism trends normalize.

## INVESTMENTS

In 2020, the Group's planned investments were worth over HRK 800 million, focusing on further portfolio repositioning towards high added-value products and services, especially in premium resorts and camping

# COVID-19 / OUTLOOK

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in Istria. Since all construction work related to our investment projects started last year and was planned for completion in April 2020 (except for Pinea Valamar Collection Resort as an investment spanning several years), all the investments are near completion. However, due to extraordinary circumstances caused by the COVID-19 pandemic, on 23 March 2020 Valamar Riviera temporarily stopped construction work at all sites, destinations and properties to safeguard the health of workers and partners according to the restrictions imposed by the Civil Protection Authority of the Republic of Croatia. The restrictions applied to public gatherings, shops, services, sporting and cultural events as well as public places while citizens were banned from leaving their permanent place of residence in the Republic of Croatia.

In this precarious situation, we are currently assessing our options for restarting the contracted investment work when circumstances normalize, thus redefining the possible timeframe, scope and financing plans. We are focusing on reprogramming the CAPEX modality and extent in order to be ready for the tourist season after the restrictions are eased. Simultaneously, we are actively managing our cash flow by potentially executing only the necessary work if uncertainties related to the COVID-19 impact on tourism persist in the high season. We have also undertaken all the necessary measures to close and conserve all construction sites to prevent any health and life hazards, damaging and trespassing.

## BOOKING STATUS

The current halt in the global tourism flows has prevented arrivals in April and their significant decrease is expected during the second quarter, consequently slowing down the pace of new bookings. Due to stricter general preventative measures prescribed by authorities, all Valamar Riviera's operating tourism properties were closed on 15 March 2020 until further notice. Valamar Riviera Group's recorded bookings are currently totaling to HRK 845 million (44% of the 2020 budget). Although booking results are 29% weaker compared to last year coupled with increased cancellations, there is still a large number of allotment partners and guests who are actively considering holidays in 2020. 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-June period of this year, with only a smaller portion of them being related to the rest of the tourist season (July – December) that makes up almost 70% of annual operating income. At the same time, numerous cancelled bookings related to groups and congresses in the preseason period have been reshuffled in the second year-half and next year. Individual guests are also offered vouchers that can be used when the properties re-open. However, our records show that booking cancellations are mostly related to hotels and

# COVID-19 / OUTLOOK

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resorts, while campsites are more resilient to the impact of the COVID-19 pandemic. Camping resorts are a specific product characterized by high guest loyalty. Guests from Germany, Austria, Slovenia, Italy, Denmark and the Netherlands find them attractive as they are easily reachable by car and are considered much safer than other options due to the far smaller number of shared spaces. Valamar Riviera's diversified portfolio, the convenient geographic position of the northern region for guests travelling by car (destinations Poreč, Rabac, Krk Island, Rab Island), along with the presented advantage of camping operations represents Valamar's natural hedge against the current disruption in tourism flows and better resilience to the volatility of economic cycles.

## PAUSE, RESTART PROGRAM

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 Valamar is very proud of. In order to maintain business continuity and primarily focusing on escalation plans of measures to safeguard the Group's liquidity and solvency, the "Pause, Restart Program" started as of 1 April 2020 for the next 30 to 90 days. Considering the fact

that hospitality establishments and other services have temporarily closed down, Valamar's expected business suspension will last until end of May 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 encompasses all employees at the Company in order to preserve jobs and have no dismissals. All employees who cannot do their jobs due to extraordinary circumstances are furloughed while being secured at least 60% of their regular salary, but no less than HRK 4,250 (net). This measure includes both workers and managers and encompasses over 90% of employees, including seasonal workers and permanent seasonal workers already employed. Standby operations 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 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 new start of this year's tourist season. At the same time, Valamar carries out a transparent and continuous communication with all stakeholders (guests, partners, employees, creditors, shareholders, national and local authorities).

# COVID-19 / OUTLOOK

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## FINANCIAL MEASURES

Due to the current preventative measures in force in the Republic of Croatia and important source markets, Valamar Riviera has proactively undertaken the proper steps and overall financial cost-saving measures to preserve solvency and liquidity while also securing an undisrupted and expedite business continuity.

The cash outflow plans have been adjusted to crisis management measures and include high-level cost-saving in direct and operating costs due to smaller business volumes and the minimization of else fixed costs due to the temporary closure of properties and other services in tourism ("Pause, Restart Program"). The additional cost-saving measures are focused on suspending employee rewards and bonuses and the overall reduction of staff-related costs, the suspension of fees for supervisory board members and all non-essential costs in this latent business phase. In order to boost Valamar's financial flexibility, the decision on dividend payout has been cancelled while several adjusted business policies have been adopted, such as: the option to exchange individual bookings for vouchers that can be used during 2020 and 2021, the transfer of contracted M.I.C.E. and group events in the second year-half or next year, negotiations with tour operators regarding the timeframe for advance payments usage, more flexible payment policies, negotiations with suppliers, etc.

As at 31 March 2020, the Group's cash and cash equivalents were HRK 623 million, and HRK 375 million for the Company. Together with valuable hospitality assets and a business model combining ownership and asset management, they form a stable balance position for the Group and Company. Valamar Riviera is carefully responding to challenges caused by this new situation, so pursuant to the adopted measures imposing a moratorium on the payment of credit liabilities, Valamar Riviera has deferred the payment of due liabilities related to long-term loans principal as at 31 March 2020 totaling HRK 46 million that were contracted with five national commercial banks. A point to note is that the Croatian Bank for Reconstruction and Development approved a moratorium on the loan principal and interest to its clients (including Valamar Riviera) in order to preserve jobs, liquidity and economic activities in Croatia. The financial ratios in bank arrangements are mostly based on the usual indicators for repaying credit liabilities with defined time periods for modifications. The Group adjusted its activities accordingly, based on the conditions of each arrangement. Simultaneously, Valamar is currently negotiating with its' existing creditors the deferred payment of credit liabilities as part of the rational liquidity management during the temporary business pause. In this way Valamar Riviera aim to successfully overcome the potential short-term cash-flow challenges in case of a extraordinary reduction in business activities. In the last two decades, Valamar has become the leading national service provider in tourism whose operations have always been based on sustainable development and care for financial stability.

# COVID-19 / OUTLOOK

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We have successfully collaborated with a large number of credit institutions, and in the light of their unwavering support for Valamar's long-standing growth and development of portfolio properties, we expect their favorable reaction and readiness to continue a successful collaboration and support a sustainable business continuity during these special circumstances.

## OUTLOOK

Considering the global scope of the problems caused by the unpredictable spread of COVID-19, the currently closed borders 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 quantitative estimates regarding the negative impact of COVID-19 on Valamar's business in the forthcoming period.

Valamar has successfully mitigated and controlled the effects caused by a negative and uncertain COVID-19 impact on Group's operations through a rational approach of comprehensive financial austerity measures. The measures are primarily focused on cost-reduction, solvency and liquidity preservation while securing an undisrupted and expedite business continuity. Additionally, the Group has also employed the set of measures adopted to help the economy and tourism. The closure of our properties on 15 March resulted in an operating revenue loss of HRK 14 million in

March. However, the achieved EBITDA loss was successfully decreased by HRK 7 million vs. the same month last year.

By implementing the "Pause, Restart Program", cost-saving measures and the foreseen aid and support governmental measures, the expected cumulative result for the Group's EBITDA in the first five months of 2020 is estimated to range between HRK -110 million and HRK -120 million vs. HRK -102 million achieved in the first five months of 2019. Please note that the key business period for the Group starts in June and has a very uncertain outcome, although tourist turnover is certain to decline.

As a tourism company with strong positive net asset value that owns and manages valuable properties and services, Valamar Riviera firmly believes in its stable position to endure and overcome the possible extraordinary reduction in business activities during 2020 and be ready for business normalization in 2021.

Valamar Riviera 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 Valamar Riviera, 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.

The disclaimer can be found on page 46 of this report.

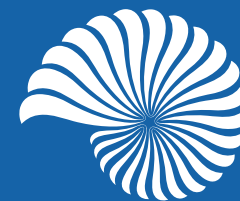
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Istra Premium Camping Resort 5\*, Poreč



Lanterna Premium Camping Resort 5\*, Poreč



# Significant Business Events

## ABOUT VALAMAR RIVIERA

Valamar Riviera 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 over 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 growth-driving 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 Riviera a responsible and desirable employer and one of the top Croatian and regional investors in tourism with over HRK 6 billion invested so far.

Steered by sustainability and social responsibility, Valamar leads the innovative management of leisure tourism and creates new value for over 1 million guests, more than 7,000 employees, around 22,000 shareholders and local communities in partnership with its destinations.

Valamar Riviera's business success is based on long-standing 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 Riviera Group



\*Valamar Riviera provides the management of Helios Faros's properties and services.

## VALAMAR RIVIERA'S GENERAL ASSEMBLY

Due to the extraordinary events caused by the COVID-19 pandemic which led to the inability to hold the General Assembly scheduled for 21 April 2020, and pursuant to the decisions of the Civil Protection Authority of the Republic of Croatia, on 25 March 2020 the Management Board of the Company decided to cancel the General Assembly 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 on relevant websites. The General Assembly shall be reconvened in accordance with the relevant regulations when circumstances permit.

## COVID-19 IMPACT ON VALAMAR RIVIERA'S BUSINESS

Due to the global scope of problems caused by the unpredictable spread of the COVID-19 virus, all relevant factors related to the COVID-19 impact on Valamar Riviera's business are explained in detail in the chapter "COVID-19/Outlook" on page 4 of this report.

## QUARTERLY FINANCIAL STATEMENTS

The Management Board hereby presents the unaudited quarterly financial statements for the period from 1 January 2020 to 31 March 2020. The Group's income statement for the reported and previous period includes the following companies: Imperial Riviera d.d.<sup>1</sup>, Valamar A GmbH, Valamar Obertauern GmbH, Palme Turizam d.o.o., Magične stijene d.o.o., Pogača Babin Kuk d.o.o. and Bugenvilia d.o.o. The Group's balance sheet for the reviewed period as at 31 December 2019 and as at 31 March 2020 includes the aforementioned companies. The consolidation of Helios Faros d.d. is conducted according to the equity method, since Valamar Riviera has no control over it, but significant influence. Please note that the presented quarterly financial statements for the first quarter of 2019 are not entirely comparable to last's years disclosed quarterly financial statements for the first quarter of 2019 (for detailed descriptions of adjustments, see the "Notes" page of the TFI-POD financial statements).

<sup>1</sup> On 28 June 2019 the company Hoteli Makarska was merged to the company Imperial Riviera.



*The Management Board presents  
the quarterly financial statements for  
the first quarter of 2020.*

Krk Premium Camping Resort 4\*, Krk island



Ježevac Premium Camping Resort 4\*, Krk island



# Results of the Group

## KEY FINANCIAL INDICATORS<sup>2</sup>

|                                                                | 1 - 3/2019        | 1 - 3/2020       | 2020/2019        |
|----------------------------------------------------------------|-------------------|------------------|------------------|
| Total revenues                                                 | 51,950,756        | 49,428,623       | -4.9%            |
| Operating income                                               | 50,087,220        | 44,980,050       | -10.2%           |
| Sales revenues                                                 | 46,172,102        | 41,384,174       | -10.4%           |
| Board revenues (accommodation and board revenues) <sup>3</sup> | 30,434,346        | 26,700,747       | -12.3%           |
| Operating costs <sup>4</sup>                                   | 159,669,877       | 145,598,644      | -8.8%            |
| EBITDA <sup>5</sup>                                            | -113,744,820      | -104,496,591     | -8.1%            |
| Extraordinary operations result and one-off items <sup>6</sup> | -2,213,437        | -2,303,091       | 4.1%             |
| Adjusted EBITDA <sup>7</sup>                                   | -111,531,383      | -102,193,500     | -8.4%            |
| EBIT                                                           | -231,748,498      | -230,176,574     | -0.7%            |
| Adjusted EBIT <sup>7</sup>                                     | -229,535,062      | -227,873,483     | -0.7%            |
| EBT                                                            | -252,402,052      | -314,886,306     | 24.8%            |
|                                                                | <b>31/12/2019</b> | <b>31/3/2020</b> | <b>2020/2019</b> |
| Net debt <sup>8</sup>                                          | 2,195,286,284     | 2,554,554,017    | 16.4%            |
| Cash and cash equivalents                                      | 550,142,638       | 622,893,072      | 13.2%            |
| Market capitalization <sup>9</sup>                             | 4,728,031,913     | 2,871,679,089    | -39.3%           |
| EV <sup>10</sup>                                               | 7,654,341,409     | 6,132,091,426    | -19.9%           |

## KEY BUSINESS INDICATORS<sup>11</sup>

|                                          | 1 - 3/2019 | 1 - 3/2020 | 2020/2019 |
|------------------------------------------|------------|------------|-----------|
| Number of accommodation units (capacity) | 21,266     | 21,528     | 1.2%      |
| Number of beds                           | 58,417     | 59,529     | 1.9%      |
| Accommodation units sold                 | 58,292     | 50,570     | -13.2%    |
| Overnights                               | 95,211     | 92,161     | -3.2%     |
| ADR <sup>12</sup> (in HRK)               | 522        | 528        | 1.1%      |

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

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

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

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

6 Adjustments were made for (i) extraordinary income (in the amount of HRK 1.8 million in 2020, and HRK 2.5 million in 2019), (ii) extraordinary expenses (in the amount of HRK 3.5 million in 2020, and HRK 4.5 million in 2019), and (iii) termination benefit costs (in the amount of HRK 0.5 million in 2020, and HRK 0.2 million in 2019).

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

8 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.

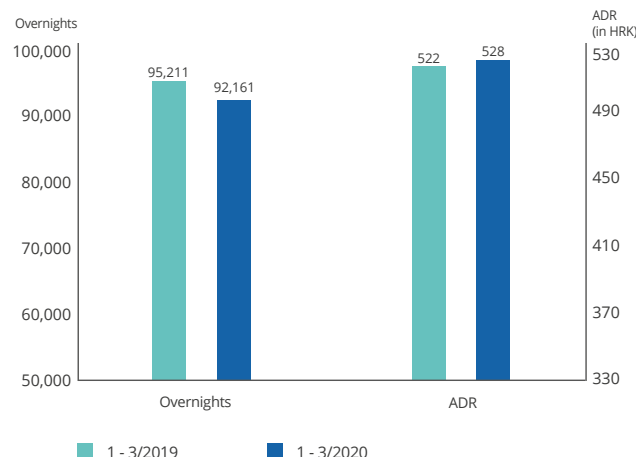
9 The number of shares as at 31 December 2019 and 31 March 2020 net of treasury shares amounts to 121,887,907.

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

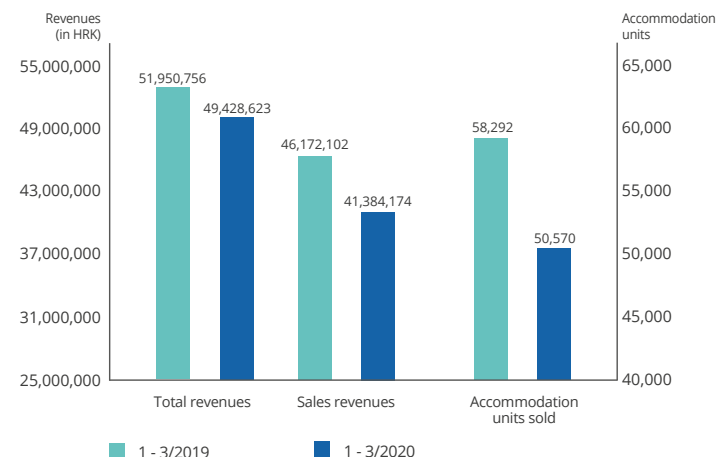
11 Data for Helios Faros are not included.

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

## Overnights and ADR



## Revenues and accommodation units sold



Valamar Obertauern Hotel 4\*, Obertauern



Despite the challenging circumstances that mark the year 2020, thanks to Valamar's proven successful business philosophy, a success formula consisting of continuous investment in employees, products and destinations, with high concern for sustainable business continuity and corporate social responsibility, we believe that the Valamar Riviera Group is in a stable position to withstand the eventual exceptional decline in business activities during 2020.

As one of the key strategic goals for growth and sustainability of business continuity, the Group's planned investments in the preparation of this year's tourist season amounted to over HRK 800 million. Although temporarily suspended, investments are in a phase of high completion and the positive effects of this year's investment cycle on revenues and EBITDA are expected in the next three-year period. Simultaneously, our focus is on the timing and financial planning of construction works with the aim of adequately reprogramming their modalities and scope to complete the preparation of the tourist season once the mitigating of extraordinary measures starts.

## REVENUES

Total revenues amounted to HRK 49.4 million in the first quarter of 2020, down by 4.9% (HRK -2.5 million). Total realised revenues were affected by:

**a) decrease in sales revenues**, in the amount of 10.4% (HRK -4.8 million) to HRK 41.4 million. The decrease was largely driven by board revenues (-12.3%; HRK -3.7 million). With careful preparation of various additions to the offer and experiences for guests, Valamar Riviera has, until the closure of tourist facilities on March 15 due to the strengthening of general prevention measures by the competent authorities, recorded better business results compared to the comparative period last year. January was marked by strong entrances to the direct channel, especially at the Valamar Obertauern Hotel 4\*, while the increase in board revenues in February was contributed by the excellent response of the group channel. The closure of the tourist facilities resulted in the cancellation of group and M.I.C.E. placements, and reported a HRK 11 million decline in board revenues in March. As a consequence, a total of 92,161 overnight stays were recorded in the first quarter of 2020 which represents a decrease of 3.2%. The average daily rate increased to HRK 528 (+1.1%), while the number of units sold decreased by 13.2%.

Domestic sales revenues were HRK 11.9 million and represented 24.1% of total revenues (30.7% in 2019). They decreased by HRK 4.1 million with respect to the previous comparable period. International sales revenues were HRK 29.5 million, down by HRK 0.7 million and represented by 59.6% of total revenues (58.1% in 2019).

**b) other operating revenues**<sup>13</sup> which decreased by HRK 0.3 million to HRK 3.6 million primarily as a result of lower revenues from recent years.

**c) an increase in financial income** in the amount of amount of HRK 2.6 million to the level of HRK 4.4 million is primarily due to positive foreign exchange differences on deposits and foreign currency accounts denominated in euro due to the strong depreciation of the domestic currency against the euro in the first quarter of 2020.

Other operating and financial income account for 16.3% of total revenues (11.1% in 2019).

Valamar Argosy Hotel 4\*, Dubrovnik



<sup>13</sup> Other operating revenues include revenues from the usage of own products, goods and services.

## TOTAL OPERATING EXPENSES OF VALAMAR RIVIERA GROUP<sup>14</sup>

| (in HRK)                         | 1 - 3/2019  | 1 - 3/2020  | 2020/2019 |
|----------------------------------|-------------|-------------|-----------|
| Operating costs <sup>15</sup>    | 159,669,877 | 145,598,644 | -8.8%     |
| Total operating expenses         | 281,835,718 | 275,156,624 | -2.4%     |
| Material costs                   | 48,817,383  | 48,540,715  | -0.6%     |
| Staff cost                       | 80,970,990  | 68,952,553  | -14.8%    |
| Depreciation and amortisation    | 118,002,721 | 125,476,175 | 6.3%      |
| Other costs                      | 29,915,901  | 29,240,902  | -2.3%     |
| Provisions and value adjustments | 957         | 203,808     | 21,196.6% |
| Other operating expenses         | 4,127,766   | 2,742,471   | -33.6%    |

## TOTAL OPERATING EXPENSES

Total operating expenses amounted to HRK 275.2 million with an decrease of 2.4% (HRK -6.7 million). Breakdown of total operating expenses:

**a) material costs** represented 17.6% in the total operating expenses (17.3% in 2019). The 0.6% decrease (HRK -0.3 million) to HRK 48.5 million is a consequence of lower direct costs of raw materials due to the reduced volume of business caused by the earlier closure of tourist facilities.

**b) staff costs** represented 25.1% (28.7% in 2019). The reasons behind the 14.8% decline (HRK -12.0 million) to HRK 69.0 million are found in the abolition of the monthly bonus calculation for 2020 and the closure of tourist facilities from 15 March 2020 onwards.

**c) amortization costs** represented 45.6% (41.9% in 2019). The amortization growth of 6.3% (HRK +7.5 million)

to HRK 125.5 million is a result of the earlier intensive investment cycle.

**d) other costs** had an equal share in total operating expenses as in the previous year, representing 10.6%. The 2.3% drop (HRK -0.7 million) to the amount of HRK 29.2 million is primarily due to lower costs of accommodation, meals, transportation and daily allowances for employees due to the reduced volume of business.

**e) provisions and value adjustments** resulted in HRK 0.2 million growth to HRK 0.2 million.

**f) other operating expenses** with a share of 1.0% (1.5% in 2019). The HRK 1.4 million decrease to HRK 2.7 million is mainly a consequence of business related costs from the previous years.

<sup>14</sup> Classified according to Quarterly Financial Statements standard (TFI POD-RDG).

<sup>15</sup> Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

## OPERATING COSTS<sup>15</sup>

Operating costs amounted to HRK 145.6 million with a decline of 8.8% with respect to the comparable period in 2019. The reasons behind the HRK 14.1 million decrease are found in the earlier closure of hotels and resorts following a tightening of general prevention measures by the competent authorities whose effects on costs are explained in more detail in the previous paragraph.

## EBITDA AND EBT

The first quarter has a typically negative EBITDA which is a result of less significant seasonal operations in terms of volume. Negative EBITDA was lowered by HRK 9.2 million, recording a loss of HRK 104.5 million. The adjusted EBITDA<sup>16</sup> loss was lowered by HRK 9.4 million to HRK 102.2 million. With regards to the last year's comparable period, the loss before taxes increased by HRK 62.5 million to HRK 314.9 million. The reasons were the lower result from financial operations (HRK -63.4 million; details on the next page) and increased amortization (HRK +7.5 million). The Group's gross margin amounts to -700% (-504% in 2019).

<sup>16</sup> Adjustments were made for (i) extraordinary income (in the amount of HRK 1.8 million in 2020, and HRK 2.5 million in 2019), (ii) extraordinary expenses (in the amount of HRK 3.5 million in 2020, and HRK 4.5 million in 2019), and (iii) termination benefit costs (in the amount of HRK 0.5 million in 2020, and HRK 0.2 million in 2019).

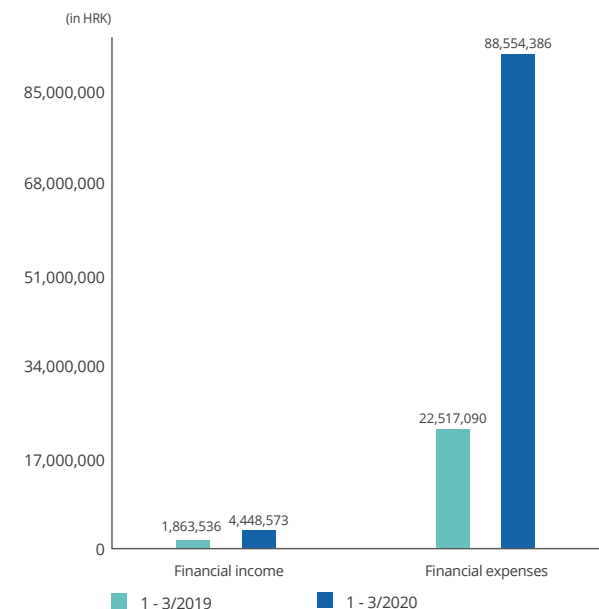
*Baška Beach Camping Resort 4\*, Krk island*



## FINANCIAL RESULT

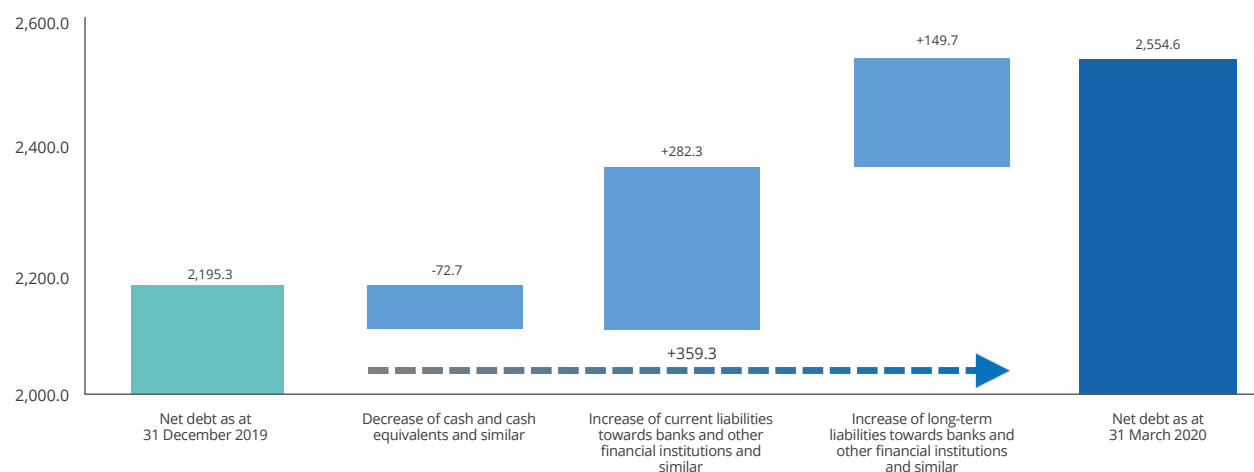
In the first quarter of 2020, the financial result is HRK -84.1 million (HRK -20.7 million in 2019). The main reasons for the HRK 63.4 million lower financial result compared to the previous comparative period are primarily due to: a) an increase in net foreign exchange losses (primarily on long-term loans) by HRK 57.3 million due to the strong depreciation of the kuna against the euro in the first quarter of 2020, b) the net effect of a decrease in interest-related financial expenses on long-term loans in the amount of HRK 6.6 million primarily due to a moratorium on the Company's interest liabilities on loans from the Croatian Bank for Reconstruction and Development, and c) an increase in unrealized losses on financial assets of HRK 12.3 million primarily due to an increase in the fair value of contracted FX forward transactions due to the strong depreciation of the kuna against the euro. During the first quarter interest liabilities were duly paid with the exception of interest due on loans to the Croatian Bank for reconstruction and development, given the approved moratorium.

## Financial income and expenses



## Net debt <sup>17</sup>

(in HRK '000,000)



<sup>17</sup> 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

As at 31 March 2020, the total value of the Group's assets amounted to HRK 6,728.2 million, up by 3.6% compared to 31 December 2019.

Total share capital and reserves decreased by 9.7% and they amount to HRK 2,906.2 million as a result of usual loss in the year's first quarter. Total long-term liabilities grew from HRK 2,546.9 million to HRK 2,670.0 million due to loans contracted to finance this year's investment cycle. Almost the entire loan portfolio (84%) is comprised of long-term fixed interest loans or, respectively, loans hedged by a derivative instruments (IRS) for protection against interest rate risk.

Total short-term liabilities amounted to HRK 955.6 million, up by 81.6% (HRK +429.3 million) compared to 31 December 2019. The aforementioned is mainly a result of a) usually higher liabilities related to guests' advance payments (HRK +75.5 million), b) withdrawals of short-term credit lines (HRK +281 million) and c) higher trade payables (HRK +48.0 million) due to the preparations for the tourist season. We draw attention to the fact that, in accordance with the measures adopted by the Government of the Republic of Croatia, the competent ministries and the Croatian National Bank regarding the moratorium on repayment of credit obligations, Valamar Riviera has deferred payment of overdue principal on long-term loans as of 31 March 2020 in the amount of HRK 46 million.

### Assets and liabilities



Cash and cash equivalents as at 31 March 2020 amount to HRK 622.9 million (HRK +72.8 million compared to 31 December 2019), which together with a) the agreed credit lines, b) the active negotiations with all existing creditors in order to adjust the deferrals in payments of loan obligations, c) the provision of new liquidity lines, as well as d) valuable touristic assets and e) ownership-asset management business model, create a stable balance sheet which is expected to be well positioned for an eventual exceptional decrease in business activities during 2020.

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



## HOTELS AND RESORTS OVERVIEW

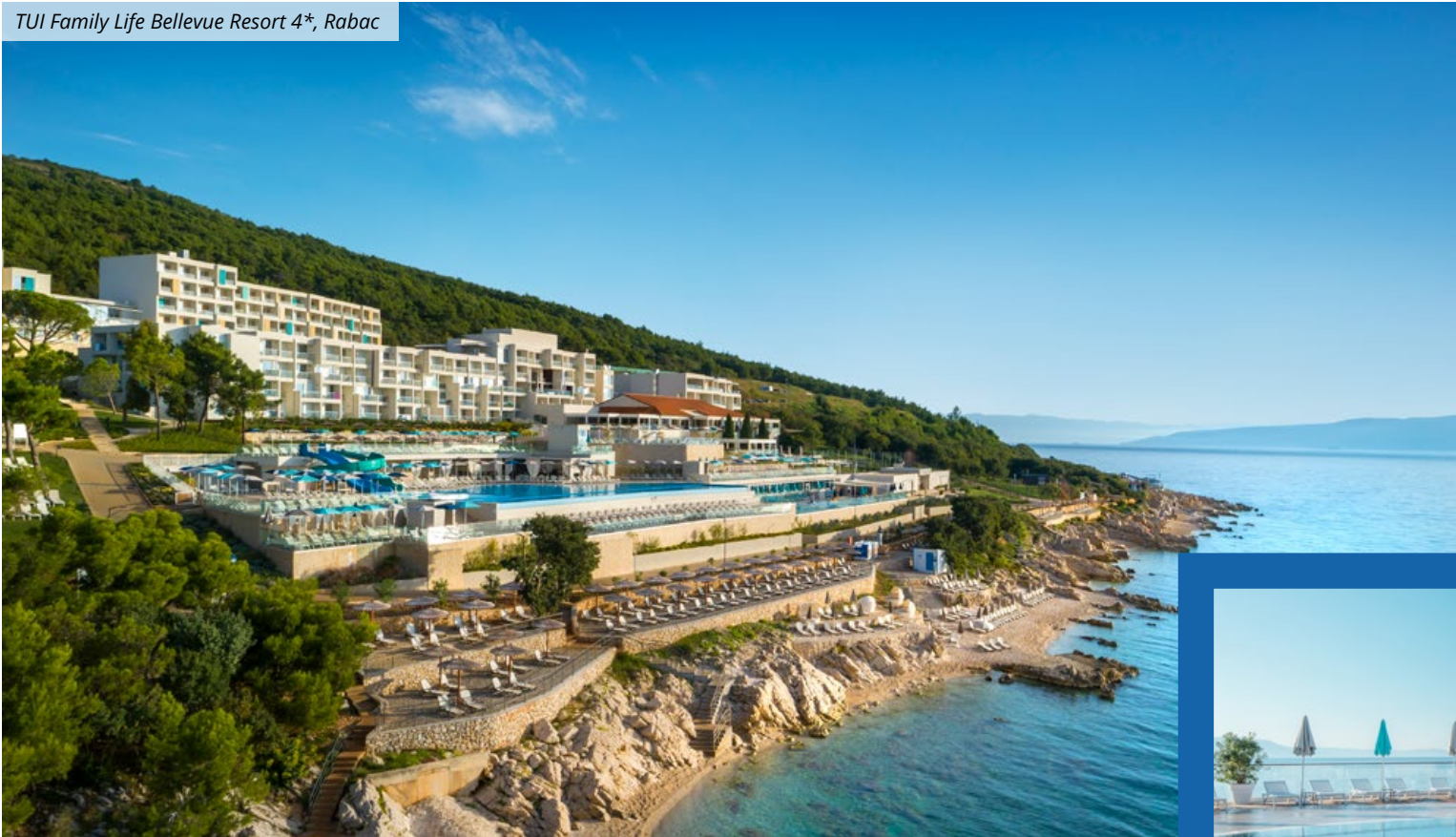
|                                              | Categorization |              | Segment  |          | Destination         |
|----------------------------------------------|----------------|--------------|----------|----------|---------------------|
|                                              | 2019           | 2020         | 2019     | 2020     |                     |
| Valamar Collection Dubrovnik President Hotel | *****          | *****        | Premium  | Premium  | Dubrovnik           |
| Valamar Collection Isabella Island Resort    | **** / *****   | **** / ***** | Premium  | Premium  | Poreč               |
| Valamar Collection Girandella Resort         | *****/*****    | *****/*****  | Premium  | Premium  | Rabac               |
| Valamar Collection Imperial Hotel            | ****           | ****         | Premium  | Premium  | Rab Island          |
| Valamar Collection Marea Suites              | *****          | *****        | Premium  | Premium  | Poreč               |
| Valamar Lacroma Dubrovnik Hotel              | ****+          | ****+        | Premium  | Premium  | Dubrovnik           |
| Valamar Tamaris Resort                       | ****           | ****         | Upscale  | Upscale  | Poreč               |
| Valamar Riviera Hotel & Residence            | ****           | ****         | Upscale  | Upscale  | Poreč               |
| Valamar Zagreb Hotel                         | ****           | ****         | Upscale  | Upscale  | Poreč               |
| Valamar Sanflor Hotel & Casa                 | ****           | ****         | Upscale  | Upscale  | Rabac               |
| Valamar Argosy Hotel                         | ****           | ****         | Upscale  | Upscale  | Dubrovnik           |
| Valamar Padova Hotel                         | ****           | ****         | Upscale  | Upscale  | Rab Island          |
| TUI Family Life Bellevue Resort              | ****           | ****         | Upscale  | Upscale  | Rabac               |
| TUI Sensimar Carolina Resort by Valamar      | ****           | ****         | Upscale  | Upscale  | Rab Island          |
| Valamar Obertauern Hotel                     | ****           | ****         | Upscale  | Upscale  | Obertauern, Austria |
| Valamar Diamant Hotel & Residence            | *** / ****     | *** / ****   | Midscale | Midscale | Poreč               |
| Valamar Crystal Hotel                        | ****           | ****         | Midscale | Midscale | Poreč               |
| Valamar Pinia Hotel                          | ***            | ***          | Midscale | Midscale | Poreč               |
| Rubin Sunny Hotel                            | ***            | ***          | Midscale | Midscale | Poreč               |
| Allegro Sunny Hotel & Residence              | ***            | ***          | Midscale | Midscale | Rabac               |
| Miramar Sunny Hotel & Residence              | ***            | ***          | Midscale | Midscale | Rabac               |
| Corinthia Baška Sunny Hotel                  | ***            | ***          | Midscale | Midscale | Krk Island          |
| Valamar Atrium Baška Residence               | **** / *****   | **** / ***** | Midscale | Midscale | Krk Island          |
| Valamar Zvonimir Hotel & Villa Adria         | ****           | ****         | Midscale | Midscale | Krk Island          |
| Valamar Koralj Hotel                         | ***            | ***          | Midscale | Midscale | Krk Island          |
| Valamar Club Dubrovnik Hotel                 | ***            | ***          | Midscale | Midscale | Dubrovnik           |
| San Marino Sunny Resort                      | ***            | ***          | Midscale | Midscale | Rab Island          |
| Valamar Meteor Hotel                         | ****           | ****         | Midscale | Midscale | Makarska            |
| Dalmacija Sunny Hotel                        | ***            | ***          | Midscale | Midscale | Makarska            |
| Pical Sunny Hotel                            | **             | -            | Economy  | -        | Poreč               |
| Tirena Sunny Hotel                           | ***            | ***          | Economy  | Economy  | Dubrovnik           |
| Lanterna Sunny Resort                        | **             | **           | Economy  | Economy  | Poreč               |
| Eva Sunny Hotel & Residence                  | **             | **           | Economy  | Economy  | Rab Island          |
| Rivijera Sunny Resort                        | **             | **           | Economy  | Economy  | Makarska            |

## CAMPING RESORTS OVERVIEW

|                                 | Categorization |       | Segment  |          | Destination      |
|---------------------------------|----------------|-------|----------|----------|------------------|
|                                 | 2019           | 2020  | 2019     | 2020     |                  |
| Istra Premium Camping Resort    | *****          | ***** | Premium  | Premium  | Poreč            |
| Krk Premium Camping Resort      | *****          | ***** | Premium  | Premium  | Krk Island       |
| Ježevac Premium Camping Resort  | ****           | ****  | Premium  | Premium  | Krk Island       |
| Lanterna Premium Camping Resort | ****           | ****  | Premium  | Premium  | Poreč            |
| Padova Premium Camping Resort   | ****           | ****  | Premium  | Premium  | Rab Island       |
| Marina Camping Resort           | ****           | ****  | Upscale  | Upscale  | Rabac            |
| Bunculuka Camping Resort        | ****           | ****  | Upscale  | Upscale  | Krk Island       |
| Baška Beach Camping Resort      | ****           | ****  | Upscale  | Upscale  | Krk Island       |
| San Marino Camping Resort       | ****           | ****  | Upscale  | Upscale  | Rab Island       |
| Orsera Camping Resort           | ***            | ***   | Midscale | Midscale | Poreč            |
| Solaris Camping Resort          | ***            | ***   | Midscale | Midscale | Poreč            |
| Škrila Sunny Camping            | ***            | ***   | Midscale | Midscale | Krk Island       |
| Solitude Sunny Camping          | ***            | ***   | Midscale | Midscale | Dubrovnik        |
| Brioni Sunny Camping            | **             | **    | Economy  | Economy  | Pula - Puntićela |
| Tunarica Sunny Camping          | **             | **    | Economy  | Economy  | Rabac            |

54%  
OF  
ACCOMMODATION  
UNITS ARE IN THE  
PREMIUM AND  
UPSCALE SEGMENT

TUI Family Life Bellevue Resort 4\*, Rabac



# Results of the Company

Total revenues decreased by HRK 5.6 million (-13%) in the first quarter of 2020, to HRK 37.9 million. Total sales revenues amounted to HRK 31.5 million with an 83% share in total revenues (89% in 2019). They decreased by 18%, i.e. by HRK 7.0 million compared to the same period last year as a consequence of the closure of Valamar properties on March 15, following the intensification of general prevention measures by the competent authorities in order to combat the COVID-19 pandemic. Sales revenues between the Group undertakings were HRK 5.6 million (HRK 6.9 million in 2019) and they mainly represented the management fee for Imperial's properties, Hotel Makarska Valamar Obertauern and Helios Faros. Sales revenues outside the Group amounted to HRK 25.8 million (HRK 31.5 million in 2019). Domestic sales revenues amounted to HRK 15.1 million, i.e. 40% of total revenues (27% in 2019), up by 27% in relation to the previous comparable period. International sales revenues amounted to HRK 16.4 million and represented 43% of total revenues (41% in 2019). They fell by 8% compared to the previous comparable period. Other operating revenues represent 6% of total revenues (8% in 2019) and they decreased by 32% to HRK 2.2 million. Other operating and financial income represented 17% of total revenues (11% in 2019).

Material costs totaled HRK 42.3 million with the same share in total operating revenues as in the previous comparable period (18%). The HRK 0.5 million decrease is primarily a result of the reduction of costs of raw materials due to the reduced volume of business caused by the earlier closure of tourist facilities. Staff costs amount to HRK 59.3 million with a share of 26% of operating expenses (30% in 2019). They decreased by HRK 11.9 million compared to the same period last year. The reasons for the reduction of staff costs are found in the abolition of the monthly bonus calculation for 2020 and the closure of tourist facilities from 15 March 2020 onward. The amortization represented 43% of operating expenses (40% in 2019) and totaled HRK 99.6 million (HRK 95.6 million in 2019). The 4% growth is the result of the earlier large investment cycle that had been carried out. Other costs totaled HRK 25.8 million with a 5% decrease. Value adjustments and provisions amounted to HRK 0.1 million. Other operating expenses amounted to HRK 2.6 million and they are lower by HRK 1.3 million, mainly as a result of lower business-related costs from the previous years.

In the first quarter of 2020, the financial result is HRK -77.3 million (HRK -19.1 million in 2019). The main reasons for the HRK 58.2 million lower financial result compared to the previous comparative period are primarily due to: a) an increase in net foreign exchange losses (primarily on long-term loans) by HRK 53.2 million due to the strong depreciation of the kuna against the euro in the first quarter of 2020, b) the net effect of a decrease in interest-related financial expenses on long-term loans in the amount of HRK 6.4 million primarily due to a moratorium on interest rates on loans from the Croatian Bank for Reconstruction and Development, and c) an increase in unrealized losses on financial assets of HRK 11.2 million primarily due to an increase in the fair value of the contracted FX forward transactions due to the strong depreciation of the kuna against the euro.

The first quarter carries a characteristic negative EBITDA due to the less significant seasonal volume of operations. EBITDA improved by HRK 6.9 million guiding to a loss of HRK 96.4 million (HRK -103.4 million in 2019). With regards to the last year's comparable period, the loss before taxes was increased by HRK 55.4 million to HRK 273.5 million due to increased amortisation (HRK +4.0 million) and the lower result from the operating and financial operations (HRK -58.2 million). The Company's gross margin was -812% (-522% in 2019).

As of March 31, 2020, the total Company assets amounted to HRK 5,749.5 million, an increase of 4% compared to December 31, 2019.

Valamar Collection Pinea Resort 5\*, Poreč (rendering)



# 2020 Investments

Valamar strives to develop high added-value products and services in tourism to drive growth and sustainable business continuity. The key part of Valamar's development strategy defines ambitious plans for innovative upgrades of services and products, focusing on upscale and premium hotels, resorts and camping resorts. Simultaneously, the development of Valamar's service concepts is an ongoing, continual process reflecting the latest market trends and guests' expectations.

In 2020, the Group's planned investments were worth over HRK 800 million<sup>18</sup>, focusing on further portfolio repositioning towards high added-value products and services, especially in premium resorts and camping in Istria. Since all construction work related to our investment projects started last year and was planned for completion in April 2020 (except for Pinea Valamar Collection Resort as an investment spanning several years), all the investments are near completion. However, due to extraordinary circumstances caused by the COVID-19 pandemic, on 23 March 2020 Valamar Riviera temporarily stopped construction work at all sites, destinations and properties to safeguard the health of workers and partners according to the restrictions imposed by the the Civil Protection Authority of the Republic of Croatia. The restrictions applied to public gatherings, shops, services, sporting and cultural events as well as public places while citizens were banned from leaving their permanent place of residence in the Republic of Croatia. Due to the possible construction halt extension and the growing uncertainty when estimating the extent and timing for an undisturbed continuation of contracted works when economic and commercial activities are restarted, we are currently assessing options for the future construction timeframe and financial planning. Valamar's efforts are focused on safeguarding the health of workers and partners

Valamar Collection Pinea Resort 5\*, Poreč (rendering)



<sup>18</sup> A portion already recorded in 2019.

and securing a proper continuation of work to prepare for the tourist season after the restrictions are eased. The Group is also focused on an active cash flow management by potentially executing only the necessary work if uncertainties related to the COVID-19 impact on tourism persist in the high season. Simultaneously, Valamar is actively undertaking all the necessary measures to close and conserve all construction sites to prevent any health and life hazards, damaging and trespassing.

## VALAMAR RIVIERA

The construction of a luxury resort in the Pical zone in Poreč worth a total of HRK 790 million started last year in autumn. Hotel Pical 2\* in Poreč will be transformed into a luxury year-round 5-star resort – Pinea Valamar Collection Resort 5\*. The resort will accommodate up to 1,700 guests and will feature 9 bars, 8 restaurants and swimming pools spanning 3,000 m2 of water surface. The plans include the development of the beach area (featuring a beach club), and the construction of the largest convention center in Istria (for 1,200 guests), an indoor pool and spa center, family-oriented Maro facilities and a wide range of options for active holidays. Valamar continues investing in the Pical zone which, together with Valamar Collection Marea Suites 5\* (opened in 2019) is poised to become one of the most attractive holiday spots in Croatia. Due to a possible extension of measures imposed by authorities and the current uncertainties related to the restart of commerce, construction and tourism, the consent activities

at the construction site are related to conservation and structure preservation.

Croatia's largest 5-star campsite - Istra Premium Camping Resort 5\* - is in its third and final investment phase. The investments include new premium camping homes, glamping tents, new and upgraded plots, as well as further beach, promenade and sanitary block improvements. Investments at Lanterna Premium Camping Resort 4\* focus on the development of premium accommodation and upgrades with additional camping homes and camping plot upgrade. As previously stressed, investments in both camping resorts are near completion, so the executed construction has been conserved to secure future construction plans according to the development of the COVID-19 pandemic.

Numerous other investments aimed to increase competitiveness and product quality are near completion at all destinations, as well as investments in energy efficiency, digitalization and seasonal staff accommodation upgrades.

*Istra Premium Camping Resort 5\*, Poreč*



## IMPERIAL RIVIERA

Imperial Riviera's investments for the 2020 tourist season are worth over HRK 220 million. They focus on the further upgrades of services and amenities. The planned investments were executed according to the construction schedule until 25 March 2020 when construction work was temporarily stopped due to extraordinary circumstances caused by the COVID-19 pandemic. The construction schedule and investments are currently being updated and reprogrammed considering the growing uncertainty when estimating the extent and timing for an undisturbed continuation of contracted work when economic and commercial activities are restarted.

With the Valamar's sale of Valamar Zagreb Hotel 4\*, Imperial Riviera is currently repositioning the hotel for the 2020 season through investments in new capacities and amenities. Valamar Zagreb Hotel 4\* will become Valamar Parentino Hotel 4\*, with Maro Holiday features and accommodation for families. The investment includes additional accommodation units, Maro club product upgrade, pool and sundeck area expansion, slides, and F&B upgrades. Valamar Meteor Hotel 4\* is in the second investment phase focusing on the refurbishment of the remaining accommodation units, reception and lobby, as well as a pool and spa area upgrade, Maro club construction and congress area refurbishment. Padova Premium Camping Resort 4\* is currently in its third investment phase. It focuses on the development of two camping zones and camping plot repositioning towards the premium segment. Other projects include the development of a multi-purpose sports playground, sanitary block and reception area as well as landscape design of the whole campsite.

*Valamar Parentino Hotel 4\*, Poreč (rendering)*



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 Riviera 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 Riviera'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.

Destination Poreč



## 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.

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 denominated 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 assets, liabilities and cash flow 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 pre-committed hedged part of the loan principal. Therefore, a major part of the loan portfolio (87%) 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 (84%) 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 Riviera 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 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. This year's 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 (more details in the chapter "COVID-19 / Outlook" on page 4 of this report).

#### 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.

### BUSINESS RISK

The Company and Group are constantly exposed to risks threatening its competitiveness and future stability. Since the Company and Group own real estate, 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 Riviera'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. The Croatian Tourism Development strategy until 2020 (a government document published in the Official Gazette no. 55/13) defines the kind of tourism Croatia wants and needs to develop using the country's comparative advantages and expertise in order to improve the competitiveness of Croatian tourism. Maintaining the current tourism growth rates in the following years is of vital importance. It can be achieved by strategically developing tourism products and investing in the creation of additional values, which will help distinguish Croatian tourism from its competitors by emphasizing its uniqueness, appeal and quality.

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 neighboring 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 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 are blocked by restrictions or complete travel bans. 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. Details of measures to mitigate and control this risk can be found in the chapter "COVID-19 / Expectations" on page 4 of this report.

### COMPLIANCE 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:

- 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 5\*, 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 are all geared towards creating a transparent and efficient business operation while forging solid bonds with the local community. In order to foster further growth and set high corporate governance standards, the Company adopted its own Corporate Governance Code in 2008 and the Management Board fully complies with its provisions. 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 is in the process of harmonization of its corporate governance acts with the new Corporate Governance Code in the applicable extent.

The major direct shareholders according to the Central Depository and Clearing Company data are presented in the overview in the "Valamar Share" section. 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". Due to the current special circumstances in the wake of the COVID-19 pandemic, the Company temporarily suspended adjusting corporate governance records to the new Corporate Governance Code.

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 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 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.

Due to special circumstances caused by the COVID-19 pandemic and restrictions imposed by the National Civil Protection Authority banning travel outside permanent places of residence and prescribing strict social distancing, the General Assembly (scheduled on 21 April 2020) was cancelled. The reconvoction depends on the duration of extraordinary measures, i.e. the circumstances that led to the decision to cancel the Assembly.

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 programme 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 2020 the Company wasn't involved in treasury shares acquisition.

### THE COMPANY'S CORPORATE BODIES ARE:

**Management Board:** Mr. Željko Kukurin, President of the Management Board, and Mr. Marko Čižmek, 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 senior management, consisting of the key company management: four vice presidents: Alen Benković, Davor Brenko, Ivana Budin Arhanić and David Poropat; and 20 sector directors: Ines Damjanić Šturman, Tomislav Dumančić, Ljubica Grbac, Flavio Gregorović, Marin Gulan, Vlastimir Ivančić, Željko Jurcan, Ivan Karlić, Dario Kinkela, David Manojlović, Mile Pavlica, Tomislav Poljuha, Mirella Premeru, Bruno Radoš, Sandi Sinožić, Martina Šolić, Andrea Štifanić, Mauro Teković, Dragan Vlahović and Ivica Vrkić.

**Supervisory Board:** Mr. Gustav Wurmböck - Chairman, Mr. Franz Lanschützer - Deputy Chairman, Mr. Mladen Markoč - Deputy Chairman, and members: Mr. Georg Eltz, Mr. Hans Dominik Turnovszky, Mr. Vicko Ferić, and Mr. Valter Knapić (employee representative).

In order to perform efficiently its function and duties as prescribed by the Audit Act, the Supervisory Board has formed the following bodies:

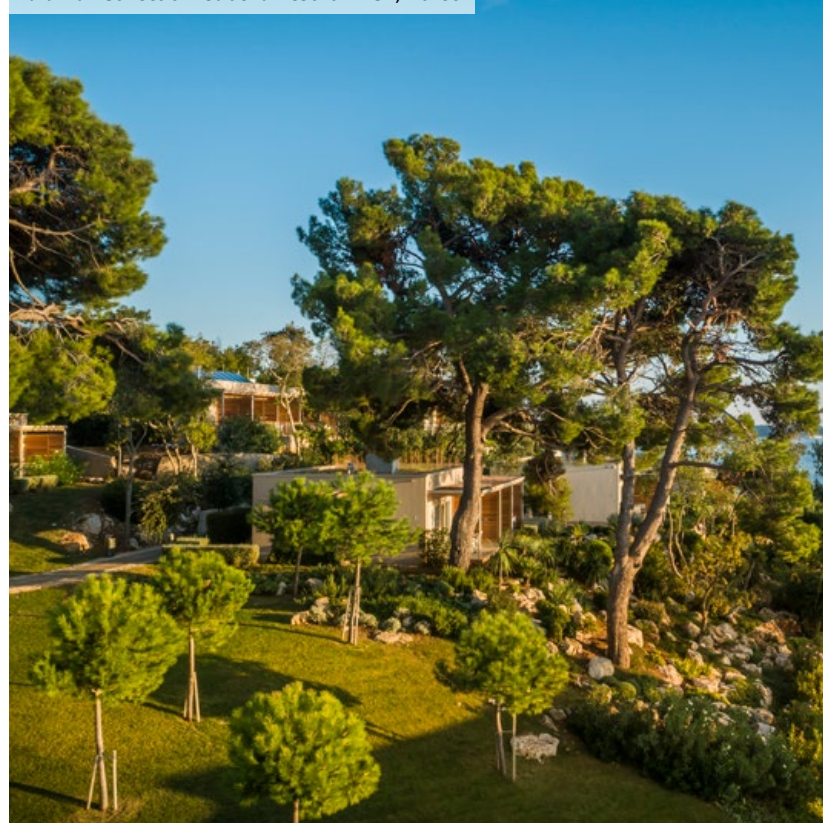
**Presidium of the Supervisory Board:** Mr. Gustav Wurmböck - Chairman, and members: Mr. Franz Lanschützer and Mr. Mladen Markoč.

**Audit Committee:** Mr. Georg Eltz - Chairman, and members: Mr. Franz Lanschützer, Mr. Mladen Markoč, Mr. Vicko Ferić, Mr. Gustav Wurmböck and Mr. Hans Dominik Turnovszky.

**Investment Committee:** Mr. Franz Lanschützer - Chairman and members: Mr. Georg Eltz, Mr. Vicko Ferić, Mr. Hans Dominik Turnovszky, 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.

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



Valamar Collection Dubrovnik President Hotel 5\*, Dubrovnik



# Related-party Transactions & Branch Offices

## RELATED-PARTY TRANSACTIONS

Transactions between related parties within the Group are conducted under standard commercial terms and conditions and at current market prices.

In the reviewed period, revenues from related party transactions totaled HRK 5.2 million<sup>19</sup> (2019: HRK 5.3 million) for the Company, and HRK 208 (2019: HRK 340) for the Group. Costs were HRK 267 thousand (2019: HRK 234 thousand) for the Company, and HRK 28 thousand for the Group (2019: HRK 58 thousand).

As at 31 March 2020, related-party receivables and payables were as follows: receivables totaled HRK 309 thousand for the Company (year-end 2019: HRK 2.6 million), and HRK 81 for the Group (year-end 2019: HRK 24 thousand). Payables totaled HRK 216 thousand (year-end 2019: HRK 241 thousand) for the Company, and HRK 7 thousand for the Group (year-end 2019: HRK 18 thousand).

<sup>19</sup> The most part represents the fee regarding the management of Imperial Riviera's and Valamar Obertauern's properties and services.

## BRANCH OFFICES OF THE COMPANY

The following branch offices 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, Dr. Ante Starčevića 45. 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 branch offices 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 and in Makarska to increase the efficiency and streamline the management of operations as determined by the provisions of the concluded Hotel management contracts with Imperial d.d. and Hoteli Makarska d.d.

Valamar Collection Marea Suites 5\*, Poreč

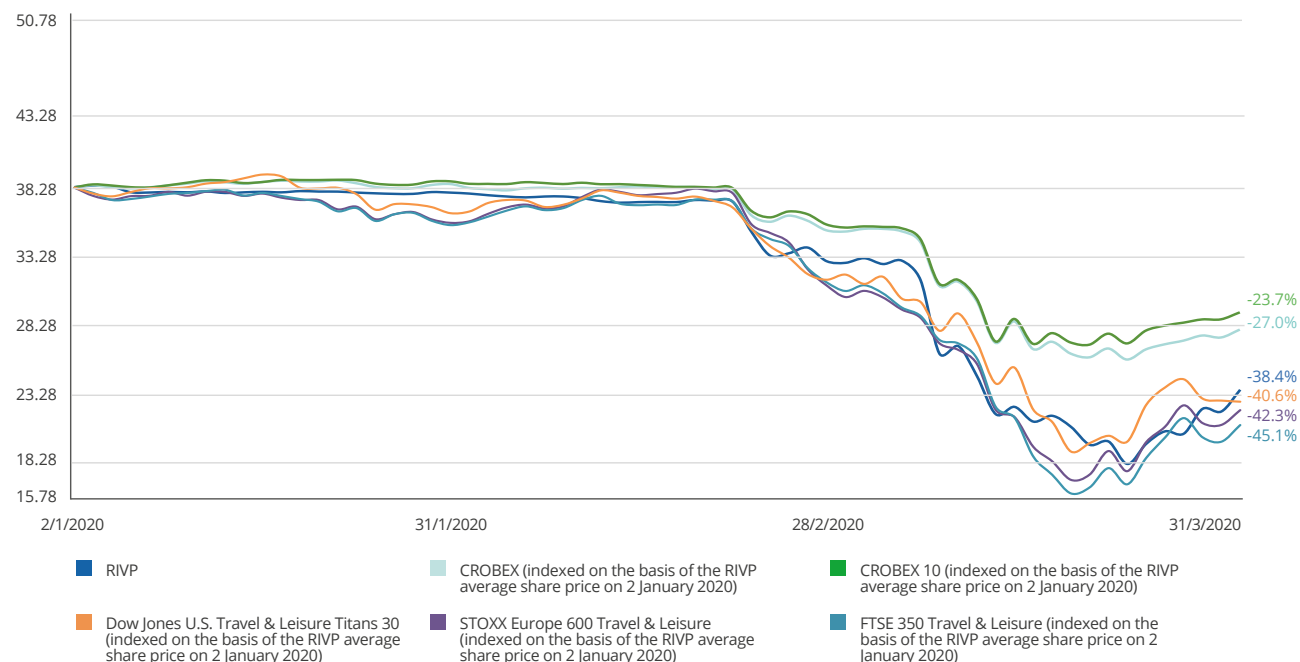


# Valamar Share

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

### Average RIVP share price

(in HRK)



Valamar Riviera has not acquired or released its treasury shares in the first quarter of 2020. On 31 March 2020, the Company held in total 4,139,635 treasury shares, or 3.28% of the share capital.

During the first three months of 2020, the highest achieved share price in regular trading on the regulated market was HRK 39.00, while the lowest was HRK 18.00. Simultaneously with strong negative trends arisen in the global capital markets in the wake of the COVID-19 pandemic, Valamar Riviera share price fell by 38% and proved to be slightly more resilient than other world's tourism indexes (Dow Jones U.S. Travel & Leisure Titans 30 -41%; STOXX Europe 600 Travel & Leisure -42%; FTSE 350 Travel &

Leisure -45%). In the period between 1 January 2020 and 31 March 2020 Valamar Riviera was the second most traded share on the Zagreb Stock Exchange with the average regular turnover of HRK 2.4 million per day<sup>20</sup>.

Apart from the Zagreb Stock Exchange indices and ADRIAprime joint Zagreb and Ljubljana Stock Exchanges equity index, the share is also part of the Vienna Stock Exchange indices (CROX<sup>21</sup> and SETX<sup>22</sup>) and Warsaw Stock Exchange index (CEEplus<sup>23</sup>), the regional SEE Link indices (SEELinX and SEELinX EWI)<sup>24</sup> and the world's MSCI Frontier Markets Index. Zagrebačka banka d.d. and Interkapital vrijednosni papiri d.o.o. are responsible for the market making in ordinary Valamar Riviera shares listed on the Prime Market of the Zagreb Stock Exchange. They provide support to Valamar Riviera's share turnover, which in the period under review averaged 24.4%<sup>25</sup>.

<sup>20</sup> Block transactions are excluded from the calculation.

<sup>21</sup> 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.

<sup>22</sup> 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).

<sup>23</sup> 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.

<sup>24</sup> 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.

<sup>25</sup> Block transactions are excluded from the calculation. Data refers to the period 1/1 - 31/3/2020.

Valamar Riviera is active in holding meetings, presentations and conference calls with domestic and foreign investors. This approach supports high-level transparency, creates additional liquidity, increases share value and the involvement of potential investors. Valamar Riviera will continue with this active approach to grow further value for all its stakeholders so the Company's share can be recognized as one of the market leaders on the Croatian capital market and in the CEE region.

2<sup>nd</sup>  
MOST ACTIVE  
TRADED SHARE  
ON ZAGREB STOCK  
EXCHANGE

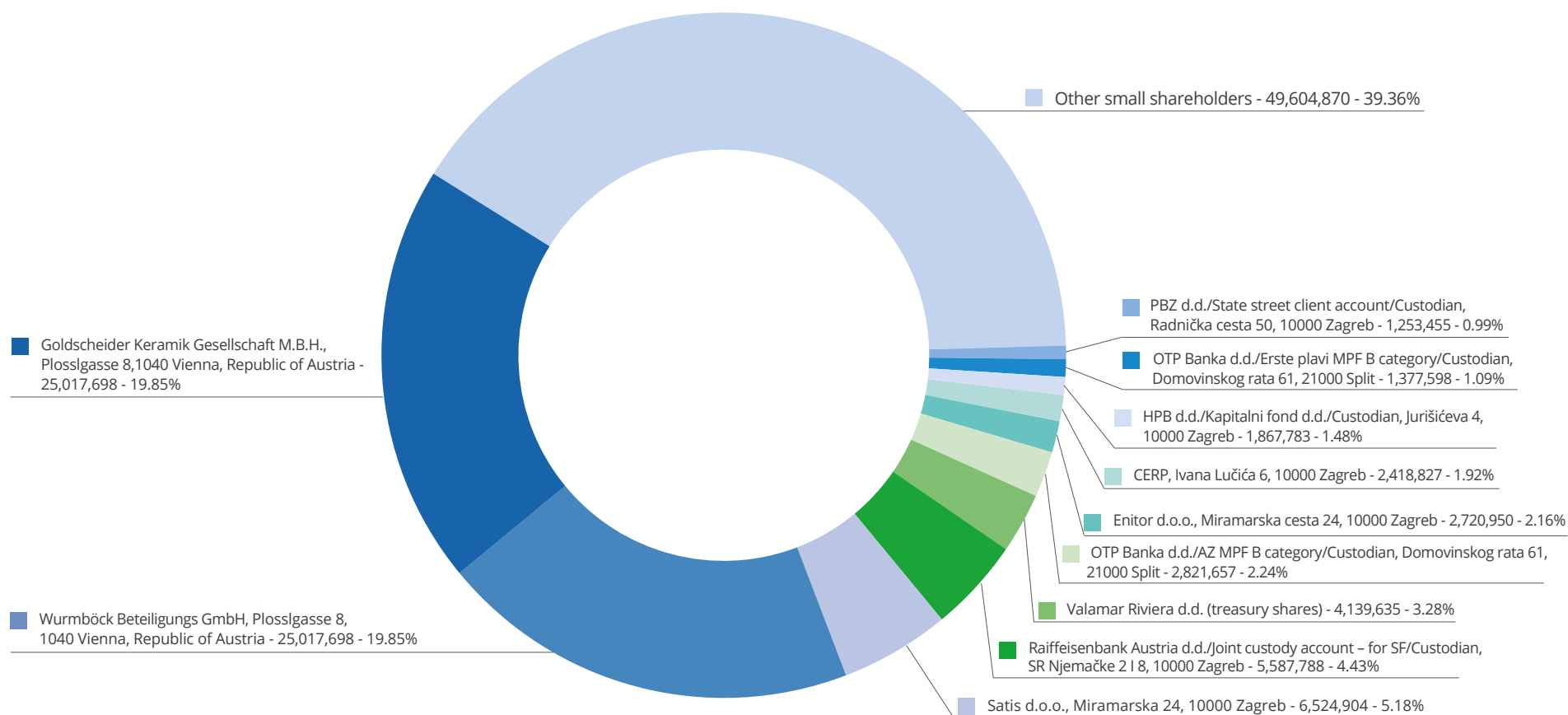
The analytical coverage of Valamar Riviera is provided by:

- 1) ERSTE bank d.d., Zagreb;
- 2) FIMA vrijednosnice d.o.o., Varaždin;
- 3) Interkapital vrijednosni papiri d.o.o., Zagreb;
- 4) Raiffeisenbank Austria d.d., Zagreb.

Valamar Obertauern Hotel 4\*, Obertauern



## OVERVIEW OF MAJOR SHAREHOLDERS AS AT 31 MARCH 2020:



*Padova Premium Camping Resort 4\*, Rab island*



# Additional Information

Lanterna Premium Camping Resort 4\*, 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

As one of the largest employers in Croatia (as at 31 March 2020, the Group employed 3,001 people of which 2,044 were permanent employees; the Company employed 2,614 people of which 1,702 were permanent employees), the Company and the Group systematically and continuously invest in the development of human resources. An integral strategic approach to human resources management and top practices applied include transparent hiring processes, clear objectives and employees' performance measurement, rewarding systems, opportunities for career advancement, investment in employees' development and encouraging two-way communication.

In the course of the first quarter of 2020 the Company's Management Board managed and represented the company pursuant to regulations and the provisions of the Company Statute, 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 first quarter of 2020 were adopted by the by the Management Board on 29 April 2020.

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**  
Predsjednik Uprave

**Marko Čižmek**  
Član Uprave

 **VALAMAR**  
VALAMAR RIVIERA D.D.  
POREČ  
(4)

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



# Disclaimer

Valamar Riviera 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 Valamar Riviera, 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.

Our outlook is based on a) results achieved in the first three months of 2020; b) operating results achieved by 29 April 2020; c) current booking status; d) April-May business results forecast; e) temporary business suspension up to end of May; f) currently adopted set of aid 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 not limited to:

- Recall of aid measures currently 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, 29 April 2020

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 quarterly financial reports of the company VALAMAR RIVIERA d.d. seated in Poreč, Stancija Kaligari 1, OIB 36201212847 (hereinafter: Company), hereby make the following

## STATEMENT

According to our best knowledge:

- consolidated and unconsolidated financial statements for the first quarter of 2020 are prepared in accordance with applicable standards of financial reporting and give a 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;
- Report of the Company's Management board for the period from 1 January to 31 March 2020 contains a 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 the consolidation are exposed.



**Marko Čižmek**  
Član Uprave



**Ljubica Grbac**  
Direktor Sektora / Prokurist



**Reporting period: from 1.1.2020 to 31.3.2020**

## Quarterly financial statements

|                                                       |                                               |                                       |                      |
|-------------------------------------------------------|-----------------------------------------------|---------------------------------------|----------------------|
| Year:                                                 | 2020                                          |                                       |                      |
| Quarter:                                              | 1                                             |                                       |                      |
| 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<br>(end of the reporting period): | 3001                                          |                                       |                      |
| Consolidated report:                                  | KD                                            | (KN-not consolidated/KD-consolidated) |                      |
| Audited:                                              | RN                                            | (RN-not audited/RD-audited)           |                      |
| Names of subsidiaries<br>(according to IFRS):         | Registered office:                            | MB:                                   |                      |
| Valamar Obertauern GmbH                               | Obertauern                                    | 195893 D                              |                      |
| Valamar A GmbH                                        | Tamsweg                                       | 486431 S                              |                      |
| Hoteli Makarska d.d.                                  | Makarska                                      | 3324877                               |                      |
| 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)                            |                                       |                      |



M.P.

(signature of the representative person)

**BALANCE SHEET** (balance as at 31.3.2020 )**Submitter: Valamar Riviera d.d.**

in HRK

| Item<br>1                                                                                   | ADP<br>code<br>2 | Last day of the<br>preceding business<br>year<br>3 | At the reporting date<br>of the current period<br>4 |
|---------------------------------------------------------------------------------------------|------------------|----------------------------------------------------|-----------------------------------------------------|
| <b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>                                         | <b>001</b>       | <b>0</b>                                           | <b>0</b>                                            |
| <b>B) FIXED ASSETS</b> (ADP 003+010+020+031+036)                                            | <b>002</b>       | <b>5.856.396.314</b>                               | <b>6.021.927.707</b>                                |
| <b>I INTANGIBLE ASSETS</b> (ADP 004 to 009)                                                 | <b>003</b>       | <b>56.189.081</b>                                  | <b>52.210.835</b>                                   |
| 1 Research and development                                                                  | 004              | 0                                                  | 0                                                   |
| 2 Concessions, patents, licences, trademarks, software and other rights                     | 005              | 48.975.762                                         | 42.651.454                                          |
| 3 Goodwill                                                                                  | 006              | 6.567.609                                          | 6.567.609                                           |
| 4 Advances for the purchase of intangible assets                                            | 007              | 0                                                  | 0                                                   |
| 5 Intangible assets in preparation                                                          | 008              | 645.710                                            | 2.991.772                                           |
| 6 Other intangible assets                                                                   | 009              | 0                                                  | 0                                                   |
| <b>II TANGIBLE ASSETS</b> (ADP 011 to 019)                                                  | <b>010</b>       | <b>5.558.203.413</b>                               | <b>5.728.240.599</b>                                |
| 1 Land                                                                                      | 011              | 977.452.631                                        | 977.536.668                                         |
| 2 Buildings                                                                                 | 012              | 3.587.267.668                                      | 3.505.732.889                                       |
| 3 Plant and equipment                                                                       | 013              | 516.603.969                                        | 493.467.477                                         |
| 4 Tools, working inventory and transportation assets                                        | 014              | 145.663.553                                        | 137.520.889                                         |
| 5 Biological assets                                                                         | 015              | 0                                                  | 0                                                   |
| 6 Advances for the purchase of tangible assets                                              | 016              | 2.947.521                                          | 59.651.009                                          |
| 7 Tangible assets in preparation                                                            | 017              | 247.269.828                                        | 472.792.580                                         |
| 8 Other tangible assets                                                                     | 018              | 74.548.777                                         | 75.089.621                                          |
| 9 Investment property                                                                       | 019              | 6.449.466                                          | 6.449.466                                           |
| <b>III FIXED FINANCIAL ASSETS</b> (ADP 021 to 030)                                          | <b>020</b>       | <b>48.171.781</b>                                  | <b>47.532.954</b>                                   |
| 1 Investments in holdings (shares) of undertakings within the group                         | 021              | 0                                                  | 0                                                   |
| 2 Investments in other securities of undertakings within the group                          | 022              | 0                                                  | 0                                                   |
| 3 Loans, deposits, etc. to undertakings within the group                                    | 023              | 0                                                  | 0                                                   |
| 4 Investments in holdings (shares) of companies linked by virtue of participating interests | 024              | 47.667.787                                         | 47.093.868                                          |
| 5 Investment in other securities of companies linked by virtue of participating interests   | 025              | 0                                                  | 0                                                   |
| 6 Loans, deposits etc. to companies linked by virtue of participating interests             | 026              | 0                                                  | 0                                                   |
| 7 Investments in securities                                                                 | 027              | 220.656                                            | 140.930                                             |
| 8 Loans, deposits, etc. given                                                               | 028              | 113.338                                            | 158.156                                             |
| 9 Other investments accounted for using the equity method                                   | 029              | 0                                                  | 0                                                   |
| 10 Other fixed financial assets                                                             | 030              | 170.000                                            | 140.000                                             |
| <b>IV RECEIVABLES</b> (ADP 032 to 035)                                                      | <b>031</b>       | <b>0</b>                                           | <b>0</b>                                            |
| 1 Receivables from undertakings within the group                                            | 032              | 0                                                  | 0                                                   |
| 2 Receivables from companies linked by virtue of participating interests                    | 033              | 0                                                  | 0                                                   |
| 3 Customer receivables                                                                      |                  | 0                                                  | 0                                                   |
| 4 Other receivables                                                                         | 035              | 0                                                  | 0                                                   |
| <b>V DEFERRED TAX ASSETS</b>                                                                | <b>036</b>       | <b>193.832.039</b>                                 | <b>193.943.319</b>                                  |
| <b>C) CURRENT ASSETS</b> (ADP 038+046+053+063)                                              | <b>037</b>       | <b>618.567.076</b>                                 | <b>687.988.437</b>                                  |
| <b>I INVENTORIES</b> (ADP 039 to 045)                                                       | <b>038</b>       | <b>25.825.011</b>                                  | <b>31.071.108</b>                                   |
| 1 Raw materials and consumables                                                             | 039              | 25.557.290                                         | 30.799.837                                          |
| 2 Work in progress                                                                          | 040              | 0                                                  | 0                                                   |
| 3 Finished goods                                                                            | 041              | 0                                                  | 0                                                   |
| 4 Merchandise                                                                               | 042              | 221.443                                            | 230.178                                             |
| 5 Advances for inventories                                                                  | 043              | 46.278                                             | 41.093                                              |
| 6 Fixed assets held for sale                                                                | 044              | 0                                                  | 0                                                   |
| 7 Biological assets                                                                         | 045              | 0                                                  | 0                                                   |
| <b>II RECEIVABLES</b> (ADP 047 to 052)                                                      | <b>046</b>       | <b>41.771.516</b>                                  | <b>33.330.802</b>                                   |
| 1 Receivables from undertakings within the group                                            | 047              | 383                                                | 26.267                                              |
| 2 Receivables from companies linked by virtue of participating interests                    | 048              | 2.382.857                                          | 349.530                                             |
| 3 Customer receivables                                                                      | 049              | 18.474.596                                         | 11.962.747                                          |
| 4 Receivables from employees and members of the undertaking                                 | 050              | 936.299                                            | 455.324                                             |
| 5 Receivables from government and other institutions                                        | 051              | 18.377.083                                         | 16.047.581                                          |
| 6 Other receivables                                                                         | 052              | 1.600.298                                          | 4.489.353                                           |
| <b>III CURRENT FINANCIAL ASSETS</b> (ADP 054 to 062)                                        | <b>053</b>       | <b>827.911</b>                                     | <b>693.455</b>                                      |
| 1 Investments in holdings (shares) of undertakings within the group                         | 054              | 0                                                  | 0                                                   |
| 2 Investments in other securities of undertakings within the group                          | 055              | 0                                                  | 0                                                   |
| 3 Loans, deposits, etc. to undertakings within the group                                    | 056              | 0                                                  | 0                                                   |
| 4 Investments in holdings (shares) of companies linked by virtue of participating interests | 057              | 0                                                  | 0                                                   |
| 5 Investment in other securities of companies linked by virtue of participating interests   | 058              | 0                                                  | 0                                                   |
| 6 Loans, deposits etc. to companies linked by virtue of participating interests             | 059              | 0                                                  | 0                                                   |
| 7 Investments in securities                                                                 | 060              | 0                                                  | 0                                                   |
| 8 Loans, deposits, etc. given                                                               | 061              | 687.761                                            | 693.455                                             |
| 9 Other financial assets                                                                    | 062              | 140.150                                            | 0                                                   |
| <b>IV CASH AT BANK AND IN HAND</b>                                                          | <b>063</b>       | <b>550.142.638</b>                                 | <b>622.893.072</b>                                  |
| <b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>                                               | <b>064</b>       | <b>20.339.193</b>                                  | <b>18.245.376</b>                                   |
| <b>E) TOTAL ASSETS</b> (ADP 001+002+037+064)                                                | <b>065</b>       | <b>6.495.302.583</b>                               | <b>6.728.161.520</b>                                |
| <b>F) OFF-BALANCE SHEET ITEMS</b>                                                           | <b>066</b>       | <b>54.355.927</b>                                  | <b>54.322.557</b>                                   |

**BALANCE SHEET** (as at 31.3.2020) (continued)

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                                           |
| <b>LIABILITIES</b>                                                                              |            |                                         |                                             |
| <b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+081+084+087)                             | <b>067</b> | <b>3.219.069.759</b>                    | <b>2.906.247.447</b>                        |
| <b>I INITIAL (SUBSCRIBED) CAPITAL</b>                                                           | <b>068</b> | <b>1.672.021.210</b>                    | <b>1.672.021.210</b>                        |
| <b>II CAPITAL RESERVES</b>                                                                      | <b>069</b> | <b>5.223.432</b>                        | <b>5.223.432</b>                            |
| <b>III RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)                                       | <b>070</b> | <b>95.998.078</b>                       | <b>97.804.616</b>                           |
| 1 Legal reserves                                                                                | 071        | 83.601.061                              | 83.601.061                                  |
| 2 Reserves for treasury shares                                                                  | 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        | 0                                       | 0                                           |
| 5 Other reserves                                                                                | 075        | 0                                       | 1.806.538                                   |
| <b>IV REVALUATION RESERVES</b>                                                                  | <b>076</b> | <b>0</b>                                | <b>0</b>                                    |
| <b>V FAIR VALUE RESERVE</b> (ADP 078 to 080)                                                    | <b>077</b> | <b>61.474</b>                           | <b>-14.688</b>                              |
| 1 Fair value of financial assets available for sale                                             | 078        | 61.474                                  | -14.688                                     |
| 2 Cash flow hedge - effective portion                                                           | 079        | 0                                       | 0                                           |
| 3 Hedge of a net investment in a foreign operation - effective portion                          | 080        | 0                                       | 0                                           |
| <b>VI RETAINED PROFIT OR LOSS BROUGHT FORWARD</b> (ADP 082-083)                                 | <b>081</b> | <b>430.206.412</b>                      | <b>715.075.970</b>                          |
| 1 Retained profit                                                                               | 082        | 430.206.412                             | 715.075.970                                 |
| 2 Loss brought forward                                                                          | 083        | 0                                       | 0                                           |
| <b>VII PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 085-086)                                   | <b>084</b> | <b>284.535.940</b>                      | <b>-289.721.413</b>                         |
| 1 Profit for the business year                                                                  | 085        | 284.535.940                             | 0                                           |
| 2 Loss for the business year                                                                    | 086        | 0                                       | 289.721.413                                 |
| <b>VIII MINORITY (NON-CONTROLLING) INTEREST</b>                                                 | <b>087</b> | <b>731.023.213</b>                      | <b>705.858.320</b>                          |
| <b>B) PROVISIONS</b> (ADP 089 to 094)                                                           | <b>088</b> | <b>125.529.523</b>                      | <b>129.326.385</b>                          |
| 1 Provisions for pensions, termination benefits and similar obligations                         | 089        | 13.875.517                              | 13.875.517                                  |
| 2 Provisions for tax liabilities                                                                | 090        | 0                                       | 0                                           |
| 3 Provisions for ongoing legal cases                                                            | 091        | 51.607.209                              | 51.571.516                                  |
| 4 Provisions for renewal of natural resources                                                   | 092        | 0                                       | 0                                           |
| 5 Provisions for warranty obligations                                                           | 093        | 0                                       | 0                                           |
| 6 Other provisions                                                                              | 094        | 60.046.797                              | 63.879.352                                  |
| <b>C) LONG-TERM LIABILITIES</b> (ADP 096 to 106)                                                | <b>095</b> | <b>2.546.866.358</b>                    | <b>2.699.959.469</b>                        |
| 1 Liabilities to undertakings within the group                                                  | 096        | 0                                       | 0                                           |
| 2 Liabilities for loans, deposits, etc. of undertakings within the group                        | 097        | 0                                       | 0                                           |
| 3 Liabilities to companies linked by virtue of participating interests                          | 098        | 0                                       | 0                                           |
| 4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests | 099        | 0                                       | 0                                           |
| 5 Liabilities for loans, deposits etc.                                                          | 100        | 2.652.000                               | 2.652.000                                   |
| 6 Liabilities to banks and other financial institutions                                         | 101        | 2.443.662.677                           | 2.591.656.479                               |
| 7 Liabilities for advance payments                                                              | 102        | 0                                       | 0                                           |
| 8 Liabilities to suppliers                                                                      | 103        | 0                                       | 0                                           |
| 9 Liabilities for securities                                                                    | 104        | 0                                       | 0                                           |
| 10 Other long-term liabilities                                                                  | 105        | 37.505.640                              | 42.564.464                                  |
| 11 Deferred tax liability                                                                       | 106        | 63.046.041                              | 63.086.526                                  |
| <b>D) SHORT-TERM LIABILITIES</b> (ADP 108 to 121)                                               | <b>107</b> | <b>526.341.998</b>                      | <b>955.634.980</b>                          |
| 1 Liabilities to undertakings within the group                                                  | 108        | 23.725                                  | 0                                           |
| 2 Liabilities for loans, deposits, etc. of undertakings within the group                        | 109        | 0                                       | 0                                           |
| 3 Liabilities to companies linked by virtue of participating interests                          | 110        | 0                                       | 0                                           |
| 4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests | 111        | 0                                       | 0                                           |
| 5 Liabilities for loans, deposits etc.                                                          | 112        | 2.755.000                               | 2.703.500                                   |
| 6 Liabilities to banks and other financial institutions                                         | 113        | 285.262.246                             | 568.516.847                                 |
| 7 Liabilities for advance payments                                                              | 114        | 38.363.694                              | 113.827.198                                 |
| 8 Liabilities to suppliers                                                                      | 115        | 145.722.270                             | 193.756.480                                 |
| 9 Liabilities for securities                                                                    | 116        | 0                                       | 0                                           |
| 10 Liabilities to employees                                                                     | 117        | 29.133.042                              | 24.240.688                                  |
| 11 Taxes, contributions and similar liabilities                                                 | 118        | 12.309.349                              | 14.432.212                                  |
| 12 Liabilities arising from the share in the result                                             | 119        | 389.276                                 | 389.276                                     |
| 13 Liabilities arising from fixed assets held for sale                                          | 120        | 0                                       | 0                                           |
| 14 Other short-term liabilities                                                                 | 121        | 12.383.396                              | 37.768.779                                  |
| <b>E) ACCRUALS AND DEFERRED INCOME</b>                                                          | <b>122</b> | <b>77.494.945</b>                       | <b>36.993.239</b>                           |
| <b>F) TOTAL - LIABILITIES</b> (ADP 067+088+095+107+122)                                         | <b>123</b> | <b>6.495.302.583</b>                    | <b>6.728.161.520</b>                        |
| <b>G) OFF-BALANCE SHEET ITEMS</b>                                                               | <b>124</b> | <b>54.355.927</b>                       | <b>54.322.557</b>                           |

**STATEMENT OF PROFIT OR LOSS** (for the period 1.1.2020 to 31.3.2020)**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                   |
| <b>I OPERATING INCOME</b> (ADP 126 to 130)                                                                | <b>125</b> | <b>50.087.220</b>                | <b>50.087.220</b>   | <b>44.980.050</b>   | <b>44.980.050</b>   |
| 1 Income from sales with undertakings within the group                                                    | 126        | 0                                | 0                   | 0                   | 0                   |
| 2 Income from sales (outside group)                                                                       | 127        | 46.172.102                       | 46.172.102          | 41.384.174          | 41.384.174          |
| 3 Income from the use of own products, goods and services                                                 | 128        | 192.872                          | 192.872             | 224.405             | 224.405             |
| 4 Other operating income with undertakings within the group                                               | 129        | 0                                | 0                   | 0                   | 0                   |
| 5 Other operating income (outside the group)                                                              | 130        | 3.722.246                        | 3.722.246           | 3.371.471           | 3.371.471           |
| <b>II OPERATING EXPENSES</b> (ADP 132+133+137+141+142+143+146+153)                                        | <b>131</b> | <b>281.835.718</b>               | <b>281.835.718</b>  | <b>275.156.624</b>  | <b>275.156.624</b>  |
| 1 Changes in inventories of work in progress and finished goods                                           | 132        | 0                                | 0                   | 0                   | 0                   |
| 2 Material costs (ADP 134 to 136)                                                                         | 133        | 48.817.383                       | 48.817.383          | 48.540.715          | 48.540.715          |
| a) Costs of raw materials and consumables                                                                 | 134        | 25.598.303                       | 25.598.303          | 22.563.650          | 22.563.650          |
| b) Costs of goods sold                                                                                    | 135        | 30.285                           | 30.285              | 41.570              | 41.570              |
| c) Other external costs                                                                                   | 136        | 23.188.795                       | 23.188.795          | 25.935.495          | 25.935.495          |
| 3 Staff costs (ADP 138 to 140)                                                                            | 137        | 80.970.990                       | 80.970.990          | 68.952.553          | 68.952.553          |
| a) Net salaries and wages                                                                                 | 138        | 50.747.428                       | 50.747.428          | 44.376.439          | 44.376.439          |
| b) Tax and contributions from salary costs                                                                | 139        | 20.188.187                       | 20.188.187          | 16.010.002          | 16.010.002          |
| c) Contributions on salaries                                                                              | 140        | 10.035.375                       | 10.035.375          | 8.566.112           | 8.566.112           |
| 4 Depreciation                                                                                            | 141        | 118.002.721                      | 118.002.721         | 125.476.175         | 125.476.175         |
| 5 Other costs                                                                                             | 142        | 29.915.901                       | 29.915.901          | 29.240.902          | 29.240.902          |
| 6 Value adjustments (ADP 144+145)                                                                         | 143        | 957                              | 957                 | 203.808             | 203.808             |
| a) fixed assets other than financial assets                                                               | 144        | 0                                | 0                   | 0                   | 0                   |
| b) current assets other than financial assets                                                             | 145        | 957                              | 957                 | 203.808             | 203.808             |
| 7 Provisions (ADP 147 to 152)                                                                             | 146        | 0                                | 0                   | 0                   | 0                   |
| a) Provisions for pensions, termination benefits and similar obligations                                  | 147        | 0                                | 0                   | 0                   | 0                   |
| b) Provisions for tax liabilities                                                                         | 148        | 0                                | 0                   | 0                   | 0                   |
| c) Provisions for ongoing legal cases                                                                     | 149        | 0                                | 0                   | 0                   | 0                   |
| d) Provisions for renewal of natural resources                                                            | 150        | 0                                | 0                   | 0                   | 0                   |
| e) Provisions for warranty obligations                                                                    | 151        | 0                                | 0                   | 0                   | 0                   |
| f) Other provisions                                                                                       | 152        | 0                                | 0                   | 0                   | 0                   |
| 8 Other operating expenses                                                                                | 153        | 4.127.766                        | 4.127.766           | 2.742.471           | 2.742.471           |
| <b>III. FINANCIAL INCOME</b> (ADP 155 to 164)                                                             | <b>154</b> | <b>1.863.536</b>                 | <b>1.863.536</b>    | <b>4.448.573</b>    | <b>4.448.573</b>    |
| 1 Income from investments in holdings (shares) of undertakings within the group                           | 155        | 0                                | 0                   | 0                   | 0                   |
| 2 Income from investments in holdings (shares) of companies linked by virtue of participating interests   | 156        | 0                                | 0                   | 0                   | 0                   |
| 3 Income from other long-term financial investment and loans granted to undertakings within the group     | 157        | 0                                | 0                   | 0                   | 0                   |
| 4 Other interest income from operations with undertakings within the group                                | 158        | 0                                | 0                   | 0                   | 0                   |
| 5 Exchange rate differences and other financial income from operations with undertakings within the group | 159        | 0                                | 0                   | 0                   | 0                   |
| 6 Income from other long-term financial investments and loans                                             | 160        | 0                                | 0                   | 0                   | 0                   |
| 7 Other interest income                                                                                   | 161        | 89.124                           | 89.124              | 44.383              | 44.383              |
| 8 Exchange rate differences and other financial income                                                    | 162        | 201.564                          | 201.564             | 2.193.508           | 2.193.508           |
| 9 Unrealised gains (income) from financial assets                                                         | 163        | 0                                | 0                   | 0                   | 0                   |
| 10 Other financial income                                                                                 | 164        | 1.572.848                        | 1.572.848           | 2.210.682           | 2.210.682           |
| <b>IV FINANCIAL EXPENSES</b> (ADP 166 to 172)                                                             | <b>165</b> | <b>22.517.090</b>                | <b>22.517.090</b>   | <b>88.554.386</b>   | <b>88.554.386</b>   |
| 1 Interest expenses and similar expenses with undertakings within the group                               | 166        | 0                                | 0                   | 0                   | 0                   |
| 2 Exchange rate differences and other expenses from operations with undertakings within the group         | 167        | 0                                | 0                   | 0                   | 0                   |
| 3 Interest expenses and similar expenses                                                                  | 168        | 12.496.097                       | 12.496.097          | 5.914.754           | 5.914.754           |
| 4 Exchange rate differences and other expenses                                                            | 169        | 2.497.984                        | 2.497.984           | 61.804.791          | 61.804.791          |
| 5 Unrealised losses (expenses) from financial assets                                                      | 170        | 6.995.924                        | 6.995.924           | 19.277.964          | 19.277.964          |
| 6 Value adjustments of financial assets (net)                                                             | 171        | 0                                | 0                   | 0                   | 0                   |
| 7 Other financial expenses                                                                                | 172        | 527.085                          | 527.085             | 1.556.877           | 1.556.877           |
| <b>V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS</b>                    | <b>173</b> | <b>0</b>                         | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| <b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>                                                             | <b>174</b> | <b>0</b>                         | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| <b>VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>                         | <b>175</b> | <b>0</b>                         | <b>0</b>            | <b>603.919</b>      | <b>603.919</b>      |
| <b>VIII SHARE IN LOSS OF JOINT VENTURES</b>                                                               | <b>176</b> | <b>0</b>                         | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| <b>IX TOTAL INCOME</b> (ADP 125+154+173+174)                                                              | <b>177</b> | <b>51.950.756</b>                | <b>51.950.756</b>   | <b>49.428.623</b>   | <b>49.428.623</b>   |
| <b>X TOTAL EXPENDITURE</b> (ADP 131+165+175+176)                                                          | <b>178</b> | <b>304.352.808</b>               | <b>304.352.808</b>  | <b>364.314.929</b>  | <b>364.314.929</b>  |
| <b>XI PRE-TAX PROFIT OR LOSS</b> (ADP 177-178)                                                            | <b>179</b> | <b>-252.402.052</b>              | <b>-252.402.052</b> | <b>-314.886.306</b> | <b>-314.886.306</b> |
| 1 Pre-tax profit (ADP 177-178)                                                                            | 180        | 0                                | 0                   | 0                   | 0                   |
| 2 Pre-tax loss (ADP 178-177)                                                                              | 181        | -252.402.052                     | -252.402.052        | -314.886.306        | -314.886.306        |
| <b>XII INCOME TAX</b>                                                                                     | <b>182</b> | <b>0</b>                         | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| <b>XIII PROFIT OR LOSS FOR THE PERIOD</b> (ADP 179-182)                                                   | <b>183</b> | <b>-252.402.052</b>              | <b>-252.402.052</b> | <b>-314.886.306</b> | <b>-314.886.306</b> |
| 1. Profit for the period (ADP 179-182)                                                                    | 184        | 0                                | 0                   | 0                   | 0                   |
| 2. Loss for the period (ADP 182-179)                                                                      | 185        | -252.402.052                     | -252.402.052        | -314.886.306        | -314.886.306        |

**STATEMENT OF PROFIT OR LOSS** (for the period 1.1.2020 to 31.3.2020) (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)**

|                                                                               |            |          |          |          |          |
|-------------------------------------------------------------------------------|------------|----------|----------|----------|----------|
| <b>XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS</b><br>(ADP 187-188) | <b>186</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| 1 Pre-tax profit from discontinued operations                                 | 187        | 0        | 0        | 0        | 0        |
| 2 Pre-tax loss on discontinued operations                                     | 188        | 0        | 0        | 0        | 0        |
| <b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>                               | <b>189</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| 1 Discontinued operations profit for the period (ADP 186-189)                 | 190        | 0        | 0        | 0        | 0        |
| 2 Discontinued operations loss for the period (ADP 189-186)                   | 191        | 0        | 0        | 0        | 0        |

**TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)**

|                                                          |            |          |          |          |          |
|----------------------------------------------------------|------------|----------|----------|----------|----------|
| <b>XVI PRE-TAX PROFIT OR LOSS</b> (ADP 179+186)          | <b>192</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| 1 Pre-tax profit (ADP 192)                               | 193        | 0        | 0        | 0        | 0        |
| 2 Pre-tax loss (ADP 192)                                 | 194        | 0        | 0        | 0        | 0        |
| <b>XVII INCOME TAX</b> (ADP 182+189)                     | <b>195</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| <b>XVIII PROFIT OR LOSS FOR THE PERIOD</b> (ADP 192-195) | <b>196</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| 1 Profit for the period (ADP 192-195)                    | 197        | 0        | 0        | 0        | 0        |
| 2 Loss for the period (ADP 195-192)                      | 198        | 0        | 0        | 0        | 0        |

**APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)**

|                                                        |            |                     |                     |                     |                     |
|--------------------------------------------------------|------------|---------------------|---------------------|---------------------|---------------------|
| <b>XIX PROFIT OR LOSS FOR THE PERIOD</b> (ADP 200+201) | <b>199</b> | <b>-252.402.052</b> | <b>-252.402.052</b> | <b>-314.886.306</b> | <b>-314.886.306</b> |
| 1 Attributable to owners of the parent                 | 200        | -235.027.407        | -235.027.407        | -289.721.413        | -289.721.413        |
| 2 Attributable to minority (non-controlling) interest  | 201        | -17.374.645         | -17.374.645         | -25.164.893         | -25.164.893         |

**STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)**

|                                                                                                     |            |                     |                     |                     |                     |
|-----------------------------------------------------------------------------------------------------|------------|---------------------|---------------------|---------------------|---------------------|
| <b>I PROFIT OR LOSS FOR THE PERIOD</b>                                                              | <b>202</b> | <b>-252.402.052</b> | <b>-252.402.052</b> | <b>-314.886.306</b> | <b>-314.886.306</b> |
| <b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX</b><br>(ADP 204 to 211)                            | <b>203</b> | <b>212.023</b>      | <b>212.023</b>      | <b>38.775</b>       | <b>38.775</b>       |
| 1 Exchange rate differences from translation of foreign operations                                  | 204        | 0                   | 0                   | 131.655             | 131.655             |
| 2 Changes in revaluation reserves of fixed tangible and intangible assets                           | 205        | 0                   | 0                   | 0                   | 0                   |
| 3 Profit or loss arising from subsequent measurement of financial assets available for sale         | 206        | 212.023             | 212.023             | -92.880             | -92.880             |
| 4 Profit or loss arising from effective cash flow hedging                                           | 207        | 0                   | 0                   | 0                   | 0                   |
| 5 Profit or loss arising from effective hedge of a net investment in a foreign operation            | 208        | 0                   | 0                   | 0                   | 0                   |
| 6 Share in other comprehensive income/loss of companies linked by virtue of participating interests | 209        | 0                   | 0                   | 0                   | 0                   |
| 7 Actuarial gains/losses on the defined benefit obligation                                          | 210        | 0                   | 0                   | 0                   | 0                   |
| 8 Other changes in equity unrelated to owners                                                       | 211        | 0                   | 0                   | 0                   | 0                   |
| <b>III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>                                         | <b>212</b> | <b>42.404</b>       | <b>42.404</b>       | <b>-16.718</b>      | <b>-16.718</b>      |
| <b>IV NET OTHER COMPREHENSIVE INCOME OR LOSS</b> (ADP 203-212)                                      | <b>213</b> | <b>169.619</b>      | <b>169.619</b>      | <b>55.493</b>       | <b>55.493</b>       |
| <b>V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b> (ADP 202+213)                                  | <b>214</b> | <b>-252.232.433</b> | <b>-252.232.433</b> | <b>-314.830.813</b> | <b>-314.830.813</b> |

**APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)**

|                                                                     |            |                     |                     |                     |                     |
|---------------------------------------------------------------------|------------|---------------------|---------------------|---------------------|---------------------|
| <b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b> (ADP 216+217) | <b>215</b> | <b>-252.232.433</b> | <b>-252.232.433</b> | <b>-314.830.813</b> | <b>-314.830.813</b> |
| 1 Attributable to owners of the parent                              | 216        | -234.857.788        | -234.857.788        | -289.665.920        | -289.665.920        |
| 2 Attributable to minority (non-controlling) interest               | 217        | -17.374.645         | -17.374.645         | -25.164.893         | -25.164.893         |

**STATEMENT OF CASH FLOWS - indirect method** (for the period 1.1.2020 to 31.3.2020)**Submitter: Valamar Riviera d.d.**

in HRK

| Item<br>1                                                                                                         | ADP<br>code<br>2 | Same period of the<br>previous year<br>3 | Current<br>period<br>4 |
|-------------------------------------------------------------------------------------------------------------------|------------------|------------------------------------------|------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                                                        |                  |                                          |                        |
| 1 Pre-tax profit                                                                                                  | 001              | -252.402.052                             | -314.886.306           |
| 2 Adjustments (ADP 003 to 010):                                                                                   | 002              | 139.451.883                              | 212.245.512            |
| a) Depreciation                                                                                                   | 003              | 118.002.721                              | 125.476.175            |
| b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets                        | 004              | -34.198                                  | -325.923               |
| c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets            | 005              | 0                                        | -13.959                |
| d) Interest and dividend income                                                                                   | 006              | -80.628                                  | -21.094                |
| e) Interest expenses                                                                                              | 007              | 12.804.955                               | 7.264.827              |
| f) Provisions                                                                                                     | 008              | -38.927                                  | -35.692                |
| g) Exchange rate differences (unrealised)                                                                         | 009              | 2.467.378                                | 61.872.012             |
| h) Other adjustments for non-cash transactions and unrealised gains and losses                                    | 010              | 6.330.582                                | 18.029.166             |
| <b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>                           | <b>011</b>       | <b>-112.950.169</b>                      | <b>-102.640.794</b>    |
| 3 Changes in the working capital (ADP 013 to 016)                                                                 | 012              | 180.082.484                              | 103.617.365            |
| a) Increase or decrease in short-term liabilities                                                                 | 013              | 163.669.536                              | 98.140.228             |
| b) Increase or decrease in short-term receivables                                                                 | 014              | 7.587.430                                | 10.208.309             |
| c) Increase or decrease in inventories                                                                            | 015              | -2.415.550                               | -5.246.097             |
| d) Other increase or decrease in working capital                                                                  | 016              | 11.241.068                               | 514.925                |
| <b>II Cash from operations (ADP 011+012)</b>                                                                      | <b>017</b>       | <b>67.132.315</b>                        | <b>976.571</b>         |
| 4 Interest paid                                                                                                   | 018              | -11.846.292                              | -6.088.673             |
| 5 Income tax paid                                                                                                 | 019              | -1.206.115                               | -682.617               |
| <b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>                                                | <b>020</b>       | <b>54.079.908</b>                        | <b>-5.794.719</b>      |
| <b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>                                                                       |                  |                                          |                        |
| 1 Cash receipts from sales of fixed tangible and intangible assets                                                | 021              | 1.338.717                                | 0                      |
| 2 Cash receipts from sales of financial instruments                                                               | 022              | 0                                        | 12.621                 |
| 3 Interest received                                                                                               | 023              | 78.303                                   | 23.867                 |
| 4 Dividends received                                                                                              | 024              | 0                                        | 0                      |
| 5 Cash receipts from repayment of loans and deposits                                                              | 025              | 30.339                                   | 6.087                  |
| 6 Other cash receipts from investment activities                                                                  | 026              | 0                                        | 0                      |
| <b>III Total cash receipts from investment activities (ADP 021 to 026)</b>                                        | <b>027</b>       | <b>1.447.359</b>                         | <b>42.575</b>          |
| 1 Cash payments for the purchase of fixed tangible and intangible assets                                          | 028              | -254.058.015                             | -291.535.115           |
| 2 Cash payments for the acquisition of financial instruments                                                      | 029              | 0                                        | 0                      |
| 3 Cash payments for loans and deposits for the period                                                             | 030              | -218.433                                 | -55.486                |
| 4 Acquisition of a subsidiary, net of cash acquired                                                               | 031              | 0                                        | 0                      |
| 5 Other cash payments from investment activities                                                                  | 032              | -12.237.013                              | 0                      |
| <b>IV Total cash payments from investment activities (ADP 028 to 032)</b>                                         | <b>033</b>       | <b>-266.513.461</b>                      | <b>-291.590.601</b>    |
| <b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>                                                  | <b>034</b>       | <b>-265.066.102</b>                      | <b>-291.548.026</b>    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                                                        |                  |                                          |                        |
| 1 Cash receipts from the increase in initial (subscribed) capital                                                 | 035              | 0                                        | 0                      |
| 2 Cash receipts from the issue of equity financial instruments and debt financial instruments                     | 036              | 0                                        | 0                      |
| 3 Cash receipts from credit principals, loans and other borrowings                                                | 037              | 216.279.806                              | 371.558.876            |
| 4 Other cash receipts from financing activities                                                                   | 038              | 169.618                                  | 1.598.722              |
| <b>V Total cash receipts from financing activities (ADP 035 to 038)</b>                                           | <b>039</b>       | <b>216.449.424</b>                       | <b>373.157.598</b>     |
| 1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments | 040              | -37.599.761                              | -2.115.264             |
| 2 Cash payments for dividends                                                                                     | 041              | 0                                        | 0                      |
| 3 Cash payments for finance lease                                                                                 | 042              | 0                                        | 0                      |
| 4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital                | 043              | -6.403.433                               | 0                      |
| 5 Other cash payments from financing activities                                                                   | 044              | 0                                        | -949.155               |
| <b>VI Total cash payments from financing activities (ADP 040 to 044)</b>                                          | <b>045</b>       | <b>-44.003.194</b>                       | <b>-3.064.419</b>      |
| <b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)</b>                                                   | <b>046</b>       | <b>172.446.230</b>                       | <b>370.093.179</b>     |
| 1 Unrealised exchange rate differences in respect of cash and cash equivalents                                    | 047              | 0                                        | 0                      |
| <b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)</b>                                            | <b>048</b>       | <b>-38.539.964</b>                       | <b>72.750.434</b>      |
| <b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>                                                | <b>049</b>       | <b>261.842.353</b>                       | <b>550.142.638</b>     |
| <b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)</b>                                        | <b>050</b>       | <b>223.302.389</b>                       | <b>622.893.072</b>     |

STATEMENT OF CHANGES IN EQUITY (for the period 1.1.2020 to 31.3.2020)  
Submitter: Valamar Riviera d.d.

in HRK

| Item                                                                                                                                                          | Attributable to owners of the parent |                              |                  |                |                              |                                                |                    |                |                      |                                                    |                                     |                                                                      |                                        |                                   |                                            |                                     |                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------|------------------|----------------|------------------------------|------------------------------------------------|--------------------|----------------|----------------------|----------------------------------------------------|-------------------------------------|----------------------------------------------------------------------|----------------------------------------|-----------------------------------|--------------------------------------------|-------------------------------------|----------------------------|
|                                                                                                                                                               | ADP code                             | Initial (subscribed) capital | Capital reserves | Legal reserves | Reserves for treasury shares | Treasury shares and holdings (deductible item) | Statutory reserves | Other reserves | Revaluation reserves | Fair value of financial as-sets available for sale | Cash flow hedge - effective portion | Hedge of a net investment in a foreign operation - effective portion | Retained profit / loss brought forward | Profit/loss for the business year | Total attributable to owners of the parent | Minority (non-controlling) interest | Total capital and reserves |
| 1                                                                                                                                                             | 2                                    | 3                            | 4                | 5              | 6                            | 7                                              | 8                  | 9              | 10                   | 11                                                 | 12                                  | 13                                                                   | 14                                     | 15                                | 16 (3 to 6 - 7 + 8 to 15)                  | 17                                  | 18 (16+17)                 |
| Previous period                                                                                                                                               |                                      |                              |                  |                |                              |                                                |                    |                |                      |                                                    |                                     |                                                                      |                                        |                                   |                                            |                                     |                            |
| 1 Balance on the first day of the previous business year                                                                                                      | 01                                   | 1.672.021.210                | 5.304.283        | 83.601.061     | 96.815.284                   | 86.119.149                                     | 0                  | 0              | 0                    | 905.282                                            | 0                                   | 0                                                                    | 348.674.430                            | 235.337.282                       | 2.356.539.683                              | 231.125.940                         | 2.587.665.623              |
| 2 Changes in accounting policies                                                                                                                              | 02                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 3 Correction of errors                                                                                                                                        | 03                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)                                                                            | 04                                   | 1.672.021.210                | 5.304.283        | 83.601.061     | 96.815.284                   | 86.119.149                                     | 0                  | 0              | 0                    | 905.282                                            | 0                                   | 0                                                                    | 348.674.430                            | 235.337.282                       | 2.356.539.683                              | 231.125.940                         | 2.587.665.623              |
| 5 Profit/loss of the period                                                                                                                                   | 05                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 284.535.940                       | 284.535.940                                | 21.315.740                          | 305.851.680                |
| 6 Exchange rate differences from translation of foreign operations                                                                                            | 06                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 7 Changes in revaluation reserves of fixed tangible and intangible assets                                                                                     | 07                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 8 Profit or loss arising from subsequent measurement of financial assets available for sale                                                                   | 08                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | -1.060.800                                         | 0                                   | 0                                                                    | 0                                      | 0                                 | -1.060.800                                 | 0                                   | -1.060.800                 |
| 9 Profit or loss arising from effective cash flow hedge                                                                                                       | 09                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 10 Profit or loss arising from effective hedge of a net investment in a foreign operation                                                                     | 10                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 11 Share in other comprehensive income/loss of companies linked by virtue of participating interests                                                          | 11                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 12 Actuarial gains/losses on the defined benefit obligation                                                                                                   | 12                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 13 Other changes in equity unrelated to owners                                                                                                                | 13                                   | 0                            | -487.131         | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 487.131                                | 0                                 | 0                                          | 0                                   | 0                          |
| 14 Tax on transactions recognised directly in equity                                                                                                          | 14                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 216.992                                            | 0                                   | 0                                                                    | 0                                      | 0                                 | 216.992                                    | 0                                   | 216.992                    |
| 15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure) | 15                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 16 Increase in initial (subscribed) capital arising from the reinvestment of profit                                                                           | 16                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure                                                              | 17                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 18 Redemption of treasury shares/holdings                                                                                                                     | 18                                   | 0                            | 0                | 0              | 0                            | 39.396.090                                     | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | -39.396.090                                | 0                                   | -39.396.090                |
| 19 Payment of share in profit/dividend                                                                                                                        | 19                                   | 0                            | 406.280          | 0              | 0                            | -1.096.972                                     | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | -122.586.614                           | 0                                 | -121.083.362                               | 0                                   | -121.083.362               |
| 20 Other distribution to owners                                                                                                                               | 20                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 21 Transfer to reserves according to the annual schedule                                                                                                      | 21                                   | 0                            | 0                | 0              | 40.000.000                   | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 203.631.465                            | -235.337.282                      | 8.294.183                                  | 478.581.533                         | 486.875.716                |
| 22 Increase in reserves arising from the pre-bankruptcy settlement procedure                                                                                  | 22                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 23 Balance on the last day of the previous business year reporting period (ADP 04 to 22)                                                                      | 23                                   | 1.672.021.210                | 5.223.432        | 83.601.061     | 136.815.284                  | 124.418.267                                    | 0                  | 0              | 0                    | 61.474                                             | 0                                   | 0                                                                    | 430.206.412                            | 284.535.940                       | 2.488.046.546                              | 731.023.213                         | 3.219.069.759              |
| 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)                                                                                | 24                                   | 0                            | -487.131         | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | -843.808                                           | 0                                   | 0                                                                    | 487.131                                | 0                                 | -843.808                                   | 0                                   | -843.808                   |
| II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)                                                                                           | 25                                   | 0                            | -487.131         | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | -843.808                                           | 0                                   | 0                                                                    | 487.131                                | 284.535.940                       | 283.692.132                                | 21.315.740                          | 305.007.872                |
| III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)                                                              | 26                                   | 0                            | 406.280          | 0              | 40.000.000                   | 38.299.118                                     | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 81.044.851                             | -235.337.282                      | -152.185.269                               | 478.581.533                         | 326.396.264                |
| Current period                                                                                                                                                |                                      |                              |                  |                |                              |                                                |                    |                |                      |                                                    |                                     |                                                                      |                                        |                                   |                                            |                                     |                            |
| 1 Balance on the first day of the current business year                                                                                                       | 27                                   | 1.672.021.210                | 5.223.432        | 83.601.061     | 136.815.284                  | 124.418.267                                    | 0                  | 0              | 0                    | 61.474                                             | 0                                   | 0                                                                    | 430.206.412                            | 284.535.940                       | 2.488.046.546                              | 731.023.213                         | 3.219.069.759              |
| 2 Changes in accounting policies                                                                                                                              | 28                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 3 Correction of errors                                                                                                                                        | 29                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 4 Balance on the first day of the current business year (restated) (ADP 27 to 29)                                                                             | 30                                   | 1.672.021.210                | 5.223.432        | 83.601.061     | 136.815.284                  | 124.418.267                                    | 0                  | 0              | 0                    | 61.474                                             | 0                                   | 0                                                                    | 430.206.412                            | 284.535.940                       | 2.488.046.546                              | 731.023.213                         | 3.219.069.759              |
| 5 Profit/loss of the period                                                                                                                                   | 31                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | -289.721.413                      | -289.721.413                               | 0                                   | -289.721.413               |
| 6 Exchange rate differences from translation of foreign operations                                                                                            | 32                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 131.655        | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 131.655                                    | 0                                   | 131.655                    |
| 7 Changes in revaluation reserves of fixed tangible and intangible assets                                                                                     | 33                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 8 Profit or loss arising from subsequent measurement of financial assets available for sale                                                                   | 34                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | -92.880                                            | 0                                   | 0                                                                    | 0                                      | 0                                 | -92.880                                    | 0                                   | -92.880                    |
| 9 Profit or loss arising from effective cash flow hedge                                                                                                       | 35                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 10 Profit or loss arising from effective hedge of a net investment in a foreign operation                                                                     | 36                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 11 Share in other comprehensive income/loss of companies linked by virtue of participating interests                                                          | 37                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 12 Actuarial gains/losses on the defined benefit obligation                                                                                                   | 38                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 13 Other changes in equity unrelated to owners                                                                                                                | 39                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 14 Tax on transactions recognised directly in equity                                                                                                          | 40                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 16.718                                             | 0                                   | 0                                                                    | 0                                      | 0                                 | 16.718                                     | 0                                   | 16.718                     |
| 15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure) | 41                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 16 Increase in initial (subscribed) capital arising from the reinvestment of profit                                                                           | 42                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure                                                              | 43                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 18 Redemption of treasury shares/holdings                                                                                                                     | 44                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 19 Payment of share in profit/dividend                                                                                                                        | 45                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 20 Other distribution to owners                                                                                                                               | 46                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 1.674.883      | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 1.674.883                                  | 0                                   | 1.674.883                  |
| 21 Transfer to reserves according to the annual schedule                                                                                                      | 47                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 284.869.558                            | -284.535.940                      | 333.618                                    | -25.164.893                         | -24.831.275                |
| 22 Increase in reserves arising from the pre-bankruptcy settlement procedure                                                                                  | 48                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                  | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0                                   | 0                          |
| 23. Balance as at 31 December of the current period (ADP 30 to 48)                                                                                            | 49                                   | 1.672.021.210                | 5.223.432        | 83.601.061     | 136.815.284                  | 124.418.267                                    | 0                  | 1.806.538      | 0                    | -14.688                                            | 0                                   | 0                                                                    | 715.075.970                            | -289.721.413                      | 2.200.389.127                              | 705.858.320                         | 2.906.247.447              |
| 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 32 to 40)                                                                                | 50                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 131.655        | 0                    | -76.162                                            | 0                                   | 0                                                                    | 0                                      | 0                                 | 55.493                                     | 0                                   | 55.493                     |
| II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31 + 50)                                                                                          | 51                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 131.655        | 0                    | -76.162                                            | 0                                   | 0                                                                    | 0                                      | -289.721.413                      | -289.665.920                               | 0                                   | -289.665.920               |
| III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)                                                               | 52                                   | 0                            | 0                | 0              | 0                            | 0                                              | 0                  | 1.674.883      | 0                    | 0                                                  | 0                                   | 0                                                                    | 284.869.558                            | -284.535.940                      | 2.008.501                                  | -25.164.893                         | -23.156.392                |

## 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:

**1.1.2020 to 31.3.2020**

Notes to financial statements for quarterly periods include:

- a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly reporting 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
- 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 quarterly reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly 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
- d) a description of the financial performance in the case of the issuer whose business is seasonal.

Detailed information on financial statements are available in PDF document „Business results 1/1/2020 – 31/3/2020“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

The same accounting policies have been applied in the preparation of the financial statements for the quarterly reporting period as in the most recent annual financial statements.

Group Valamar Riviera d.d. below presents comparison table of items in TFI POD financial statements according to net methodology for the first quarter of 2019.

## Summary of adjustments of TFI-POD income statement for the first quarter of 2019 GROUP

in thousands of HRK

| TFI-POD INCOME STATEMENT for the period from<br>1 January 2019 to 31 March 2019                                                                                   | ADP<br>code     | TFI-POD<br>Cumulative and<br>quarter<br>published | TFI-POD<br>Cumulative and<br>quarter<br>reclassified | Difference  | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------------------|------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>OPERATING INCOME (ADP 126+127+128+129+130)</b>                                                                                                                 | <b>125</b>      | <b>50.458</b>                                     | <b>50.087</b>                                        | <b>-371</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| I. Revenues from sales with undertakings in a Group and sales revenues (outside the Group)                                                                        | 127             | 46.172                                            | 46.172                                               | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| II. Revenues from use of own products, goods and services, other operating revenues with undertakings in a Group and other operating revenues (outside the Group) | 128+129<br>+130 | 4.286                                             | 3.915                                                | -371        | HRK 371 thous. represents presenting of income/costs from sales of assets included in the item "Other operating revenues (outside the Group)" (ADP 130) according to the net methodology.<br>Comment: Previously presented in the amount of HRK 371 thous. under gross methodology with counter item of "Other operating expenses" (ADP 153).                                                                                                      |
| <b>OPERATING EXPENSES<br/>(ADP 133+137+141+142+143+146+153)</b>                                                                                                   | <b>131</b>      | <b>282.207</b>                                    | <b>281.836</b>                                       | <b>-371</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| I. Material costs                                                                                                                                                 | 133             | 48.817                                            | 48.817                                               | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| II. Staff costs                                                                                                                                                   | 137             | 80.971                                            | 80.971                                               | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| III. Depreciation and amortisation                                                                                                                                | 141             | 118.003                                           | 118.003                                              | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| IV. Other expenditures                                                                                                                                            | 142             | 29.916                                            | 29.916                                               | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| V. Value adjustment                                                                                                                                               | 143             | 1                                                 | 1                                                    | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| VI. Provisions                                                                                                                                                    | 146             | 0                                                 | 0                                                    | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| VIII. Other operating expenses                                                                                                                                    | 153             | 4.499                                             | 4.128                                                | -371        | HRK 371 thous. represents presenting of income/costs from sales of assets according to the net methodology.<br>Comment: Previously presented under gross methodology with counter item of "Other operating revenues (outside the Group)" (ADP 130).                                                                                                                                                                                                |
| <b>FINANCIAL INCOME</b>                                                                                                                                           | <b>154</b>      | <b>2.142</b>                                      | <b>1.864</b>                                         | <b>-278</b> | HRK 278 thous. represents presenting items according to net methodology "Exchange rate differences and other financial income" (ADP 162; HRK 103 thous.) and "Unrealised gains (income) from financial assets" (ADP 163; HRK 175 thous.).<br>Comment: Previously presented under gross methodology with counter items "Exchange rate differences and other expenses" (ADP 169) and "Unrealised losses (expenses) from financial assets" (ADP 170). |
| <b>FINANCIAL COSTS</b>                                                                                                                                            | <b>165</b>      | <b>22.795</b>                                     | <b>22.517</b>                                        | <b>-278</b> | HRK 278 thous. represents presenting items according to net methodology "Exchange rate differences and other expenses" (ADP 169; HRK 103 thous.) and "Unrealised losses (expenses) from financial assets" (ADP 170; HRK 175 thous.).<br>Comment: Previously presented under gross methodology with counter items "Exchange rate differences and other financial income" (ADP 162) and "Unrealised gains (income) from financial assets" (ADP 163). |
| <b>TOTAL INCOME (ADP 125+154)</b>                                                                                                                                 | <b>177</b>      | <b>52.600</b>                                     | <b>51.951</b>                                        | <b>-649</b> | HRK 649 thous. represents presenting of certain items according to the net methodology (previously explained in detail).                                                                                                                                                                                                                                                                                                                           |
| <b>TOTAL COSTS (ADP 131+165)</b>                                                                                                                                  | <b>178</b>      | <b>305.002</b>                                    | <b>304.353</b>                                       | <b>-649</b> | HRK 649 thous. represents presenting of certain items according to the net methodology (previously explained in detail).                                                                                                                                                                                                                                                                                                                           |
| <b>PROFIT OR LOSS BEFORE TAX (ADP 177-178)</b>                                                                                                                    | <b>179</b>      | <b>-252.402</b>                                   | <b>-252.402</b>                                      | <b>0</b>    |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>INCOME TAX EXPENSE</b>                                                                                                                                         | <b>182</b>      | <b>0</b>                                          | <b>0</b>                                             | <b>0</b>    |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>                                                                                                                | <b>184</b>      | <b>-252.402</b>                                   | <b>-252.402</b>                                      | <b>0</b>    |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

**Reporting period: from 1.1.2020 to 31.3.2020**

## Quarterly financial statements

[illegible]

M.P.

(signatures of the responsible person)

**BALANCE SHEET** (balance as at 31.3.2020)**Submitter: Valamar Riviera d.d.**

in HRK

| Item<br>1                                                                                   | ADP<br>code<br>2 | Last day of the<br>preceding business<br>year<br>3 | At the reporting date<br>of the current period<br>4 |
|---------------------------------------------------------------------------------------------|------------------|----------------------------------------------------|-----------------------------------------------------|
| <b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>                                         | <b>001</b>       | <b>0</b>                                           | <b>0</b>                                            |
| <b>B) FIXED ASSETS</b> (ADP 003+010+020+031+036)                                            | <b>002</b>       | <b>5.186.667.284</b>                               | <b>5.311.432.707</b>                                |
| <b>I INTANGIBLE ASSETS</b> (ADP 004 to 009)                                                 | <b>003</b>       | <b>54.104.271</b>                                  | <b>50.058.558</b>                                   |
| 1 Research and development                                                                  | 004              | 0                                                  | 0                                                   |
| 2 Concessions, patents, licences, trademarks, software and other rights                     | 005              | 46.920.962                                         | 40.647.429                                          |
| 3 Goodwill                                                                                  | 006              | 6.567.609                                          | 6.567.609                                           |
| 4 Advances for the purchase of intangible assets                                            | 007              | 0                                                  | 0                                                   |
| 5 Intangible assets in preparation                                                          | 008              | 615.700                                            | 2.843.520                                           |
| 6 Other intangible assets                                                                   | 009              | 0                                                  | 0                                                   |
| <b>II TANGIBLE ASSETS</b> (ADP 011 to 019)                                                  | <b>010</b>       | <b>4.247.236.790</b>                               | <b>4.376.134.272</b>                                |
| 1 Land                                                                                      | 011              | 630.175.338                                        | 630.175.338                                         |
| 2 Buildings                                                                                 | 012              | 2.765.966.791                                      | 2.702.734.429                                       |
| 3 Plant and equipment                                                                       | 013              | 441.226.355                                        | 421.039.439                                         |
| 4 Tools, working inventory and transportation assets                                        | 014              | 112.390.110                                        | 106.428.901                                         |
| 5 Biological assets                                                                         | 015              | 0                                                  | 0                                                   |
| 6 Advances for the purchase of tangible assets                                              | 016              | 1.957.700                                          | 56.746.714                                          |
| 7 Tangible assets in preparation                                                            | 017              | 217.024.655                                        | 380.995.213                                         |
| 8 Other tangible assets                                                                     | 018              | 72.046.375                                         | 71.564.772                                          |
| 9 Investment property                                                                       | 019              | 6.449.466                                          | 6.449.466                                           |
| <b>III FIXED FINANCIAL ASSETS</b> (ADP 021 to 030)                                          | <b>020</b>       | <b>774.968.081</b>                                 | <b>774.881.735</b>                                  |
| 1 Investments in holdings (shares) of undertakings within the group                         | 021              | 727.328.038                                        | 727.328.038                                         |
| 2 Investments in other securities of undertakings within the group                          | 022              | 0                                                  | 0                                                   |
| 3 Loans, deposits, etc. to undertakings within the group                                    | 023              | 0                                                  | 0                                                   |
| 4 Investments in holdings (shares) of companies linked by virtue of participating interests | 024              | 47.191.530                                         | 47.191.530                                          |
| 5 Investment in other securities of companies linked by virtue of participating interests   | 025              | 0                                                  | 0                                                   |
| 6 Loans, deposits etc. to companies linked by virtue of participating interests             | 026              | 0                                                  | 0                                                   |
| 7 Investments in securities                                                                 | 027              | 195.175                                            | 114.916                                             |
| 8 Loans, deposits, etc. given                                                               | 028              | 113.338                                            | 107.251                                             |
| 9 Other investments accounted for using the equity method                                   | 029              | 0                                                  | 0                                                   |
| 10 Other fixed financial assets                                                             | 030              | 140.000                                            | 140.000                                             |
| <b>IV RECEIVABLES</b> (ADP 032 to 035)                                                      | <b>031</b>       | <b>0</b>                                           | <b>0</b>                                            |
| 1 Receivables from undertakings within the group                                            | 032              | 0                                                  | 0                                                   |
| 2 Receivables from companies linked by virtue of participating interests                    | 033              | 0                                                  | 0                                                   |
| 3 Customer receivables                                                                      | 034              | 0                                                  | 0                                                   |
| 4 Other receivables                                                                         | 035              | 0                                                  | 0                                                   |
| <b>V DEFERRED TAX ASSETS</b>                                                                | <b>036</b>       | <b>110.358.142</b>                                 | <b>110.358.142</b>                                  |
| <b>C) CURRENT ASSETS</b> (ADP 038+046+053+063)                                              | <b>037</b>       | <b>299.370.071</b>                                 | <b>420.933.990</b>                                  |
| <b>I INVENTORIES</b> (ADP 039 to 045)                                                       | <b>038</b>       | <b>22.384.906</b>                                  | <b>27.396.293</b>                                   |
| 1 Raw materials and consumables                                                             | 039              | 22.202.305                                         | 27.204.738                                          |
| 2 Work in progress                                                                          | 040              | 0                                                  | 0                                                   |
| 3 Finished goods                                                                            | 041              | 0                                                  | 0                                                   |
| 4 Merchandise                                                                               | 042              | 182.601                                            | 191.555                                             |
| 5 Advances for inventories                                                                  | 043              | 0                                                  | 0                                                   |
| 6 Fixed assets held for sale                                                                | 044              | 0                                                  | 0                                                   |
| 7 Biological assets                                                                         | 045              | 0                                                  | 0                                                   |
| <b>II RECEIVABLES</b> (ADP 047 to 052)                                                      | <b>046</b>       | <b>28.464.473</b>                                  | <b>18.261.257</b>                                   |
| 1 Receivables from undertakings within the group                                            | 047              | 2.556.854                                          | 226.192                                             |
| 2 Receivables from companies linked by virtue of participating interests                    | 048              | 23.688                                             | 0                                                   |
| 3 Customer receivables                                                                      | 049              | 13.342.394                                         | 8.866.984                                           |
| 4 Receivables from employees and members of the undertaking                                 | 050              | 911.253                                            | 398.208                                             |
| 5 Receivables from government and other institutions                                        | 051              | 10.124.258                                         | 4.517.292                                           |
| 6 Other receivables                                                                         | 052              | 1.506.026                                          | 4.252.581                                           |
| <b>III CURRENT FINANCIAL ASSETS</b> (ADP 054 to 062)                                        | <b>053</b>       | <b>671.420</b>                                     | <b>586.755</b>                                      |
| 1 Investments in holdings (shares) of undertakings within the group                         | 054              | 0                                                  | 0                                                   |
| 2 Investments in other securities of undertakings within the group                          | 055              | 0                                                  | 0                                                   |
| 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 interests | 057              | 0                                                  | 0                                                   |
| 5 Investment in other securities of companies linked by virtue of participating interests   | 058              | 0                                                  | 0                                                   |
| 6 Loans, deposits etc. to companies linked by virtue of participating interests             | 059              | 0                                                  | 0                                                   |
| 7 Investments in securities                                                                 | 060              | 0                                                  | 0                                                   |
| 8 Loans, deposits, etc. given                                                               | 061              | 502.970                                            | 558.455                                             |
| 9 Other financial assets                                                                    | 062              | 140.150                                            | 0                                                   |
| <b>IV CASH AT BANK AND IN HAND</b>                                                          | <b>063</b>       | <b>247.849.272</b>                                 | <b>374.689.685</b>                                  |
| <b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>                                               | <b>064</b>       | <b>17.874.753</b>                                  | <b>17.137.329</b>                                   |
| <b>E) TOTAL ASSETS</b> (ADP 001+002+037+064)                                                | <b>065</b>       | <b>5.503.912.108</b>                               | <b>5.749.504.026</b>                                |
| <b>F) OFF-BALANCE SHEET ITEMS</b>                                                           | <b>066</b>       | <b>54.355.927</b>                                  | <b>54.322.557</b>                                   |

**BALANCE SHEET** (balance as at 31.3.2020) (continued)  
**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                                           |
| <b>LIABILITIES</b>                                                                              |            |                                         |                                             |
| <b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+081+084+087)                             | <b>067</b> | <b>2.690.444.302</b>                    | <b>2.418.589.980</b>                        |
| <b>I INITIAL (SUBSCRIBED) CAPITAL</b>                                                           | <b>068</b> | <b>1.672.021.210</b>                    | <b>1.672.021.210</b>                        |
| <b>II CAPITAL RESERVES</b>                                                                      | <b>069</b> | <b>5.710.563</b>                        | <b>5.710.563</b>                            |
| <b>III RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)                                       | <b>070</b> | <b>95.998.079</b>                       | <b>97.672.962</b>                           |
| 1 Legal reserves                                                                                | 071        | 83.601.061                              | 83.601.061                                  |
| 2 Reserves for treasury shares                                                                  | 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        | 0                                       | 0                                           |
| 5 Other reserves                                                                                | 075        | 0                                       | 1.674.883                                   |
| <b>IV REVALUATION RESERVES</b>                                                                  | <b>076</b> | <b>0</b>                                | <b>0</b>                                    |
| <b>V FAIR VALUE RESERVE</b> (ADP 078 to 080)                                                    | <b>077</b> | <b>61.473</b>                           | <b>-14.688</b>                              |
| 1 Fair value of financial assets available for sale                                             | 078        | 61.473                                  | -14.688                                     |
| 2 Cash flow hedge - effective portion                                                           | 079        | 0                                       | 0                                           |
| 3 Hedge of a net investment in a foreign operation - effective portion                          | 080        | 0                                       | 0                                           |
| <b>VI RETAINED PROFIT OR LOSS BROUGHT FORWARD</b> (ADP 082-083)                                 | <b>081</b> | <b>539.646.072</b>                      | <b>916.652.977</b>                          |
| 1 Retained profit                                                                               | 082        | 539.646.072                             | 916.652.977                                 |
| 2 Loss brought forward                                                                          | 083        | 0                                       | 0                                           |
| <b>VII PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 085-086)                                   | <b>084</b> | <b>377.006.905</b>                      | <b>-273.453.044</b>                         |
| 1 Profit for the business year                                                                  | 085        | 377.006.905                             | 0                                           |
| 2 Loss for the business year                                                                    | 086        | 0                                       | 273.453.044                                 |
| <b>VIII MINORITY (NON-CONTROLLING) INTEREST</b>                                                 | <b>087</b> | <b>0</b>                                | <b>0</b>                                    |
| <b>B) PROVISIONS</b> (ADP 089 to 094)                                                           | <b>088</b> | <b>99.091.523</b>                       | <b>103.067.634</b>                          |
| 1 Provisions for pensions, termination benefits and similar obligations                         | 089        | 11.847.096                              | 11.847.096                                  |
| 2 Provisions for tax liabilities                                                                | 090        | 0                                       | 0                                           |
| 3 Provisions for ongoing legal cases                                                            | 091        | 30.791.013                              | 30.755.320                                  |
| 4 Provisions for renewal of natural resources                                                   | 092        | 0                                       | 0                                           |
| 5 Provisions for warranty obligations                                                           | 093        | 0                                       | 0                                           |
| 6 Other provisions                                                                              | 094        | 56.453.414                              | 60.465.218                                  |
| <b>C) LONG-TERM LIABILITIES</b> (ADP 096 to 106)                                                | <b>095</b> | <b>2.199.023.800</b>                    | <b>2.334.920.925</b>                        |
| 1 Liabilities to undertakings within the group                                                  | 096        | 0                                       | 0                                           |
| 2 Liabilities for loans, deposits, etc. of undertakings within the group                        | 097        | 0                                       | 0                                           |
| 3 Liabilities to companies linked by virtue of participating interests                          | 098        | 0                                       | 0                                           |
| 4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests | 099        | 0                                       | 0                                           |
| 5 Liabilities for loans, deposits etc.                                                          | 100        | 0                                       | 0                                           |
| 6 Liabilities to banks and other financial institutions                                         | 101        | 2.146.746.486                           | 2.278.830.717                               |
| 7 Liabilities for advance payments                                                              | 102        | 0                                       | 0                                           |
| 8 Liabilities to suppliers                                                                      | 103        | 0                                       | 0                                           |
| 9 Liabilities for securities                                                                    | 104        | 0                                       | 0                                           |
| 10 Other long-term liabilities                                                                  | 105        | 38.086.903                              | 41.916.516                                  |
| 11 Deferred tax liability                                                                       | 106        | 14.190.411                              | 14.173.692                                  |
| <b>D) SHORT-TERM LIABILITIES</b> (ADP 108 to 121)                                               | <b>107</b> | <b>463.253.429</b>                      | <b>859.254.987</b>                          |
| 1 Liabilities to undertakings within the group                                                  | 108        | 218.328                                 | 52.340                                      |
| 2 Liabilities for loans, deposits, etc. of undertakings within the group                        | 109        | 0                                       | 0                                           |
| 3 Liabilities to companies linked by virtue of participating interests                          | 110        | 0                                       | 0                                           |
| 4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests | 111        | 0                                       | 0                                           |
| 5 Liabilities for loans, deposits etc.                                                          | 112        | 0                                       | 0                                           |
| 6 Liabilities to banks and other financial institutions                                         | 113        | 257.433.437                             | 547.007.831                                 |
| 7 Liabilities for advance payments                                                              | 114        | 31.610.147                              | 98.292.879                                  |
| 8 Liabilities to suppliers                                                                      | 115        | 127.477.774                             | 149.212.279                                 |
| 9 Liabilities for securities                                                                    | 116        | 0                                       | 0                                           |
| 10 Liabilities to employees                                                                     | 117        | 24.837.226                              | 20.202.854                                  |
| 11 Taxes, contributions and similar liabilities                                                 | 118        | 10.114.318                              | 8.475.920                                   |
| 12 Liabilities arising from the share in the result                                             | 119        | 9.600                                   | 9.600                                       |
| 13 Liabilities arising from fixed assets held for sale                                          | 120        | 0                                       | 0                                           |
| 14 Other short-term liabilities                                                                 | 121        | 11.552.599                              | 36.001.284                                  |
| <b>E) ACCRUALS AND DEFERRED INCOME</b>                                                          | <b>122</b> | <b>52.099.054</b>                       | <b>33.670.500</b>                           |
| <b>F) TOTAL - LIABILITIES</b> (ADP 067+088+095+107+122)                                         | <b>123</b> | <b>5.503.912.108</b>                    | <b>5.749.504.026</b>                        |
| <b>G) OFF-BALANCE SHEET ITEMS</b>                                                               | <b>124</b> | <b>54.355.927</b>                       | <b>54.322.557</b>                           |

**STATEMENT OF PROFIT OR LOSS** (for the period 1.1.2020 to 31.3.2020)**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                   |
| <b>I OPERATING INCOME</b> (ADP 126 to 130)                                                                | <b>125</b> | <b>41.744.785</b>                | <b>41.744.785</b>   | <b>33.666.486</b>   | <b>33.666.486</b>   |
| 1 Income from sales with undertakings within the group                                                    | 126        | 6.941.520                        | 6.941.520           | 5.624.519           | 5.624.519           |
| 2 Income from sales (outside group)                                                                       | 127        | 31.528.374                       | 31.528.374          | 25.830.574          | 25.830.574          |
| 3 Income from the use of own products, goods and services                                                 | 128        | 57.527                           | 57.527              | 51.374              | 51.374              |
| 4 Other operating income with undertakings within the group                                               | 129        | 36.040                           | 36.040              | 11.862              | 11.862              |
| 5 Other operating income (outside the group)                                                              | 130        | 3.181.324                        | 3.181.324           | 2.148.157           | 2.148.157           |
| <b>II OPERATING EXPENSES</b> (ADP 132+133+137+141+142+143+146+153)                                        | <b>131</b> | <b>240.700.940</b>               | <b>240.700.940</b>  | <b>229.821.965</b>  | <b>229.821.965</b>  |
| 1 Changes in inventories of work in progress and finished goods                                           | 132        | 0                                | 0                   | 0                   | 0                   |
| 2 Material costs (ADP 134 to 136)                                                                         | 133        | 42.750.217                       | 42.750.217          | 42.286.760          | 42.286.760          |
| a) Costs of raw materials and consumables                                                                 | 134        | 22.326.592                       | 22.326.592          | 20.065.489          | 20.065.489          |
| b) Costs of goods sold                                                                                    | 135        | 25.000                           | 25.000              | 22.401              | 22.401              |
| c) Other external costs                                                                                   | 136        | 20.398.625                       | 20.398.625          | 22.198.870          | 22.198.870          |
| 3 Staff costs (ADP 138 to 140)                                                                            | 137        | 71.224.208                       | 71.224.208          | 59.343.367          | 59.343.367          |
| a) Net salaries and wages                                                                                 | 138        | 43.753.083                       | 43.753.083          | 37.839.985          | 37.839.985          |
| b) Tax and contributions from salary costs                                                                | 139        | 18.354.143                       | 18.354.143          | 13.939.013          | 13.939.013          |
| c) Contributions on salaries                                                                              | 140        | 9.116.982                        | 9.116.982           | 7.564.369           | 7.564.369           |
| 4 Depreciation                                                                                            | 141        | 95.605.025                       | 95.605.025          | 99.632.860          | 99.632.860          |
| 5 Other costs                                                                                             | 142        | 27.218.782                       | 27.218.782          | 25.830.895          | 25.830.895          |
| 6 Value adjustments (ADP 144+145)                                                                         | 143        | 958                              | 958                 | 109.971             | 109.971             |
| a) fixed assets other than financial assets                                                               | 144        | 0                                | 0                   | 0                   | 0                   |
| b) current assets other than financial assets                                                             | 145        | 958                              | 958                 | 109.971             | 109.971             |
| 7 Provisions (ADP 147 to 152)                                                                             | 146        | 0                                | 0                   | 0                   | 0                   |
| a) Provisions for pensions, termination benefits and similar obligations                                  | 147        | 0                                | 0                   | 0                   | 0                   |
| b) Provisions for tax liabilities                                                                         | 148        | 0                                | 0                   | 0                   | 0                   |
| c) Provisions for ongoing legal cases                                                                     | 149        | 0                                | 0                   | 0                   | 0                   |
| d) Provisions for renewal of natural resources                                                            | 150        | 0                                | 0                   | 0                   | 0                   |
| e) Provisions for warranty obligations                                                                    | 151        | 0                                | 0                   | 0                   | 0                   |
| f) Other provisions                                                                                       | 152        | 0                                | 0                   | 0                   | 0                   |
| 8 Other operating expenses                                                                                | 153        | 3.901.750                        | 3.901.750           | 2.618.112           | 2.618.112           |
| <b>III. FINANCIAL INCOME</b> (ADP 155 to 164)                                                             | <b>154</b> | <b>1.657.493</b>                 | <b>1.657.493</b>    | <b>4.185.235</b>    | <b>4.185.235</b>    |
| 1 Income from investments in holdings (shares) of undertakings within the group                           | 155        | 0                                | 0                   | 0                   | 0                   |
| 2 Income from investments in holdings (shares) of companies linked by virtue of participating interests   | 156        | 0                                | 0                   | 0                   | 0                   |
| 3 Income from other long-term financial investment and loans granted to undertakings within the group     | 157        | 0                                | 0                   | 0                   | 0                   |
| 4 Other interest income from operations with undertakings within the group                                | 158        | 0                                | 0                   | 0                   | 0                   |
| 5 Exchange rate differences and other financial income from operations with undertakings within the group | 159        | 0                                | 0                   | 0                   | 0                   |
| 6 Income from other long-term financial investments and loans                                             | 160        | 0                                | 0                   | 0                   | 0                   |
| 7 Other interest income                                                                                   | 161        | 80.798                           | 80.798              | 39.318              | 39.318              |
| 8 Exchange rate differences and other financial income                                                    | 162        | 187.322                          | 187.322             | 1.943.833           | 1.943.833           |
| 9 Unrealised gains (income) from financial assets                                                         | 163        | 0                                | 0                   | 0                   | 0                   |
| 10 Other financial income                                                                                 | 164        | 1.389.373                        | 1.389.373           | 2.202.084           | 2.202.084           |
| <b>IV FINANCIAL EXPENSES</b> (ADP 166 to 172)                                                             | <b>165</b> | <b>20.738.558</b>                | <b>20.738.558</b>   | <b>81.482.800</b>   | <b>81.482.800</b>   |
| 1 Interest expenses and similar expenses with undertakings within the group                               | 166        | 0                                | 0                   | 0                   | 0                   |
| 2 Exchange rate differences and other expenses from operations with undertakings within the group         | 167        | 0                                | 0                   | 0                   | 0                   |
| 3 Interest expenses and similar expenses                                                                  | 168        | 10.888.291                       | 10.888.291          | 4.500.161           | 4.500.161           |
| 4 Exchange rate differences and other expenses                                                            | 169        | 2.353.371                        | 2.353.371           | 57.284.316          | 57.284.316          |
| 5 Unrealised losses (expenses) from financial assets                                                      | 170        | 6.994.234                        | 6.994.234           | 18.168.522          | 18.168.522          |
| 6 Value adjustments of financial assets (net)                                                             | 171        | 0                                | 0                   | 0                   | 0                   |
| 7 Other financial expenses                                                                                | 172        | 502.662                          | 502.662             | 1.529.801           | 1.529.801           |
| <b>V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS</b>                    | <b>173</b> | <b>0</b>                         | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| <b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>                                                             | <b>174</b> | <b>0</b>                         | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| <b>VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>                         | <b>175</b> | <b>0</b>                         | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| <b>VIII SHARE IN LOSS OF JOINT VENTURES</b>                                                               | <b>176</b> | <b>0</b>                         | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| <b>IX TOTAL INCOME</b> (ADP 125+154+173+174)                                                              | <b>177</b> | <b>43.402.278</b>                | <b>43.402.278</b>   | <b>37.851.721</b>   | <b>37.851.721</b>   |
| <b>X TOTAL EXPENDITURE</b> (ADP 131+165+175+176)                                                          | <b>178</b> | <b>261.439.498</b>               | <b>261.439.498</b>  | <b>311.304.765</b>  | <b>311.304.765</b>  |
| <b>XI PRE-TAX PROFIT OR LOSS</b> (ADP 177-178)                                                            | <b>179</b> | <b>-218.037.220</b>              | <b>-218.037.220</b> | <b>-273.453.044</b> | <b>-273.453.044</b> |
| 1 Pre-tax profit (ADP 177-178)                                                                            | 180        | 0                                | 0                   | 0                   | 0                   |
| 2 Pre-tax loss (ADP 178-177)                                                                              | 181        | -218.037.220                     | -218.037.220        | -273.453.044        | -273.453.044        |
| <b>XII INCOME TAX</b>                                                                                     | <b>182</b> | <b>0</b>                         | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| <b>XIII PROFIT OR LOSS FOR THE PERIOD</b> (ADP 179-182)                                                   | <b>183</b> | <b>-218.037.220</b>              | <b>-218.037.220</b> | <b>-273.453.044</b> | <b>-273.453.044</b> |
| 1. Profit for the period (ADP 179-182)                                                                    | 184        | 0                                | 0                   | 0                   | 0                   |
| 2. Loss for the period (ADP 182-179)                                                                      | 185        | -218.037.220                     | -218.037.220        | -273.453.044        | -273.453.044        |

**STATEMENT OF PROFIT OR LOSS** (for the period 1.1.2020 to 31.3.2020) (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        |
| <b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b> |            |                                  |          |                |          |
| <b>XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS</b><br>(ADP 187-188)                                      | <b>186</b> | <b>0</b>                         | <b>0</b> | <b>0</b>       | <b>0</b> |
| 1 Pre-tax profit from discontinued operations                                                                      | 187        | 0                                | 0        | 0              | 0        |
| 2 Pre-tax loss on discontinued operations                                                                          | 188        | 0                                | 0        | 0              | 0        |
| <b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>                                                                    | <b>189</b> | <b>0</b>                         | <b>0</b> | <b>0</b>       | <b>0</b> |
| 1 Discontinued operations profit for the period (ADP 186-189)                                                      | 190        | 0                                | 0        | 0              | 0        |
| 2 Discontinued operations loss for the period (ADP 189-186)                                                        | 191        | 0                                | 0        | 0              | 0        |

**TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)**

|                                                          |            |          |          |          |          |
|----------------------------------------------------------|------------|----------|----------|----------|----------|
| <b>XVI PRE-TAX PROFIT OR LOSS</b> (ADP 179+186)          | <b>192</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| 1 Pre-tax profit (ADP 192)                               | 193        | 0        | 0        | 0        | 0        |
| 2 Pre-tax loss (ADP 192)                                 | 194        | 0        | 0        | 0        | 0        |
| <b>XVII INCOME TAX</b> (ADP 182+189)                     | <b>195</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| <b>XVIII PROFIT OR LOSS FOR THE PERIOD</b> (ADP 192-195) | <b>196</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| 1 Profit for the period (ADP 192-195)                    | 197        | 0        | 0        | 0        | 0        |
| 2 Loss for the period (ADP 195-192)                      | 198        | 0        | 0        | 0        | 0        |

**APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)**

|                                                        |            |          |          |          |          |
|--------------------------------------------------------|------------|----------|----------|----------|----------|
| <b>XIX PROFIT OR LOSS FOR THE PERIOD</b> (ADP 200+201) | <b>199</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| 1 Attributable to owners of the parent                 | 200        | 0        | 0        | 0        | 0        |
| 2 Attributable to minority (non-controlling) interest  | 201        | 0        | 0        | 0        | 0        |

**STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)**

|                                                                                                     |            |                     |                     |                     |                     |
|-----------------------------------------------------------------------------------------------------|------------|---------------------|---------------------|---------------------|---------------------|
| <b>I PROFIT OR LOSS FOR THE PERIOD</b>                                                              | <b>202</b> | <b>-218.037.220</b> | <b>-218.037.220</b> | <b>-273.453.044</b> | <b>-273.453.044</b> |
| <b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX</b><br>(ADP 204 to 211)                            | <b>203</b> | <b>212.023</b>      | <b>212.023</b>      | <b>-92.880</b>      | <b>-92.880</b>      |
| 1 Exchange rate differences from translation of foreign operations                                  | 204        | 0                   | 0                   | 0                   | 0                   |
| 2 Changes in revaluation reserves of fixed tangible and intangible assets                           | 205        | 0                   | 0                   | 0                   | 0                   |
| 3 Profit or loss arising from subsequent measurement of financial assets available for sale         | 206        | 212.023             | 212.023             | -92.880             | -92.880             |
| 4 Profit or loss arising from effective cash flow hedging                                           | 207        | 0                   | 0                   | 0                   | 0                   |
| 5 Profit or loss arising from effective hedge of a net investment in a foreign operation            | 208        | 0                   | 0                   | 0                   | 0                   |
| 6 Share in other comprehensive income/loss of companies linked by virtue of participating interests | 209        | 0                   | 0                   | 0                   | 0                   |
| 7 Actuarial gains/losses on the defined benefit obligation                                          | 210        | 0                   | 0                   | 0                   | 0                   |
| 8 Other changes in equity unrelated to owners                                                       | 211        | 0                   | 0                   | 0                   | 0                   |
| <b>III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>                                         | <b>212</b> | <b>42.404</b>       | <b>42.404</b>       | <b>-16.719</b>      | <b>-16.719</b>      |
| <b>IV NET OTHER COMPREHENSIVE INCOME OR LOSS</b> (ADP 203-212)                                      | <b>213</b> | <b>169.619</b>      | <b>169.619</b>      | <b>-76.161</b>      | <b>-76.161</b>      |
| <b>V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b> (ADP 202+213)                                  | <b>214</b> | <b>-217.867.601</b> | <b>-217.867.601</b> | <b>-273.529.205</b> | <b>-273.529.205</b> |

**APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)**

|                                                                     |            |          |          |          |          |
|---------------------------------------------------------------------|------------|----------|----------|----------|----------|
| <b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b> (ADP 216+217) | <b>215</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| 1 Attributable to owners of the parent                              | 216        | 0        | 0        | 0        | 0        |
| 2 Attributable to minority (non-controlling) interest               | 217        | 0        | 0        | 0        | 0        |

**STATEMENT OF CASH FLOWS - indirect method (for the period 1.1.2020 to 31.3.2020)****Submitter: Valamar Riviera d.d.**

in HRK

| Item<br>1                                                                                                         | ADP<br>code<br>2 | Same period of the<br>previous year<br>3 | Current<br>period<br>4 |
|-------------------------------------------------------------------------------------------------------------------|------------------|------------------------------------------|------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                                                        |                  |                                          |                        |
| 1 Pre-tax profit                                                                                                  | 001              | -218.037.220                             | -273.453.044           |
| 2 Adjustments (ADP 003 to 010):                                                                                   | 002              | 115.427.742                              | 179.728.180            |
| a) Depreciation                                                                                                   | 003              | 95.605.025                               | 99.632.860             |
| b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets                        | 004              | -188.969                                 | 20.834                 |
| c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets            | 005              | 0                                        | -107.795               |
| d) Interest and dividend income                                                                                   | 006              | -72.373                                  | -16.030                |
| e) Interest expenses                                                                                              | 007              | 11.390.953                               | 6.029.963              |
| f) Provisions                                                                                                     | 008              | 0                                        | -35.692                |
| g) Exchange rate differences (unrealised)                                                                         | 009              | 2.353.371                                | 57.284.316             |
| h) Other adjustments for non-cash transactions and unrealised gains and losses                                    | 010              | 6.339.735                                | 16.919.724             |
| <b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>                           | <b>011</b>       | <b>-102.609.478</b>                      | <b>-93.724.864</b>     |
| 3 Changes in the working capital (ADP 013 to 016)                                                                 | 012              | 153.560.248                              | 84.889.775             |
| a) Increase or decrease in short-term liabilities                                                                 | 013              | 130.841.594                              | 80.338.497             |
| b) Increase or decrease in short-term receivables                                                                 | 014              | 12.317.760                               | 9.495.027              |
| c) Increase or decrease in inventories                                                                            | 015              | -1.970.490                               | -5.011.387             |
| d) Other increase or decrease in working capital                                                                  | 016              | 12.371.384                               | 67.638                 |
| <b>II Cash from operations (ADP 011+012)</b>                                                                      | <b>017</b>       | <b>50.950.770</b>                        | <b>-8.835.089</b>      |
| 4 Interest paid                                                                                                   | 018              | -10.812.116                              | -4.845.769             |
| 5 Income tax paid                                                                                                 | 019              | 0                                        | 0                      |
| <b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>                                                | <b>020</b>       | <b>40.138.654</b>                        | <b>-13.680.858</b>     |
| <b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>                                                                       |                  |                                          |                        |
| 1 Cash receipts from sales of fixed tangible and intangible assets                                                | 021              | 891.823                                  | 0                      |
| 2 Cash receipts from sales of financial instruments                                                               | 022              | 0                                        | 12.621                 |
| 3 Interest received                                                                                               | 023              | 70.418                                   | 18.803                 |
| 4 Dividends received                                                                                              | 024              | 0                                        | 0                      |
| 5 Cash receipts from repayment of loans and deposits                                                              | 025              | 30.339                                   | 6.087                  |
| 6 Other cash receipts from investment activities                                                                  | 026              | 0                                        | 0                      |
| <b>III Total cash receipts from investment activities (ADP 021 to 026)</b>                                        | <b>027</b>       | <b>992.580</b>                           | <b>37.511</b>          |
| 1 Cash payments for the purchase of fixed tangible and intangible assets                                          | 028              | -182.918.574                             | -224.484.629           |
| 2 Cash payments for the acquisition of financial instruments                                                      | 029              | 0                                        | 0                      |
| 3 Cash payments for loans and deposits for the period                                                             | 030              | -50.065.619                              | -55.486                |
| 4 Acquisition of a subsidiary, net of cash acquired                                                               | 031              | -94.006                                  | 0                      |
| 5 Other cash payments from investment activities                                                                  | 032              | -12.237.013                              | 0                      |
| <b>IV Total cash payments from investment activities (ADP 028 to 032)</b>                                         | <b>033</b>       | <b>-245.315.212</b>                      | <b>-224.540.115</b>    |
| <b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>                                                  | <b>034</b>       | <b>-244.322.632</b>                      | <b>-224.502.604</b>    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                                                        |                  |                                          |                        |
| 1 Cash receipts from the increase in initial (subscribed) capital                                                 | 035              | 0                                        | 0                      |
| 2 Cash receipts from the issue of equity financial instruments and debt financial instruments                     | 036              | 0                                        | 0                      |
| 3 Cash receipts from credit principals, loans and other borrowings                                                | 037              | 202.521.078                              | 364.676.597            |
| 4 Other cash receipts from financing activities                                                                   | 038              | 169.618                                  | 1.598.721              |
| <b>V Total cash receipts from financing activities (ADP 035 to 038)</b>                                           | <b>039</b>       | <b>202.690.696</b>                       | <b>366.275.318</b>     |
| 1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments | 040              | -30.816.468                              | -302.288               |
| 2 Cash payments for dividends                                                                                     | 041              | 0                                        | 0                      |
| 3 Cash payments for finance lease                                                                                 | 042              | 0                                        | 0                      |
| 4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital                | 043              | -6.403.433                               | 0                      |
| 5 Other cash payments from financing activities                                                                   | 044              | 0                                        | -949.155               |
| <b>VI Total cash payments from financing activities (ADP 040 to 044)</b>                                          | <b>045</b>       | <b>-37.219.901</b>                       | <b>-1.251.443</b>      |
| <b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)</b>                                                   | <b>046</b>       | <b>165.470.795</b>                       | <b>365.023.875</b>     |
| 1 Unrealised exchange rate differences in respect of cash and cash equivalents                                    | 047              | 0                                        | 0                      |
| <b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)</b>                                            | <b>048</b>       | <b>-38.713.183</b>                       | <b>126.840.413</b>     |
| <b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>                                                | <b>049</b>       | <b>168.533.146</b>                       | <b>247.849.272</b>     |
| <b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)</b>                                        | <b>050</b>       | <b>129.819.963</b>                       | <b>374.689.685</b>     |

STATEMENT OF CHANGES IN EQUITY (for the period 1.1.2020 to 31.3.2020)  
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 available for sale | Cash flow hedge - effective portion | Hedge of a net investment in a foreign operation - effective portion | 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 (3 to 6 - 7 + 8 to 15)                  | 17 | 18 (16+17)                          |                            |
| Previous period                                                                                                                                               |          |                                      |                  |                |                              |                                                |                    |                |                      |                                                   |                                     |                                                                      |                                        |                                   |                                            |    |                                     |                            |
| 1 Balance on the first day of the previous business year                                                                                                      | 01       | 1.672.021.210                        | 5.304.283        | 83.601.061     | 96.815.284                   | 86.119.149                                     | 0                  | 0              | 0                    | 905.282                                           | 0                                   | 0                                                                    | 462.953.210                            | 239.279.476                       | 2.474.760.657                              | 0  | 2.474.760.657                       |                            |
| 2 Changes in accounting policies                                                                                                                              | 02       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 3 Correction of errors                                                                                                                                        | 03       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)                                                                            | 04       | 1.672.021.210                        | 5.304.283        | 83.601.061     | 96.815.284                   | 86.119.149                                     | 0                  | 0              | 0                    | 905.282                                           | 0                                   | 0                                                                    | 462.953.210                            | 239.279.476                       | 2.474.760.657                              | 0  | 2.474.760.657                       |                            |
| 5 Profit/loss of the period                                                                                                                                   | 05       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 377.006.905                       | 377.006.905                                | 0  | 377.006.905                         |                            |
| 6 Exchange rate differences from translation of foreign operations                                                                                            | 06       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 7 Changes in revaluation reserves of fixed tangible and intangible assets                                                                                     | 07       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 8 Profit or loss arising from subsequent measurement of financial assets available for sale                                                                   | 08       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | -1.060.800                                        | 0                                   | 0                                                                    | 0                                      | 0                                 | -1.060.800                                 | 0  | -1.060.800                          |                            |
| 9 Profit or loss arising from effective cash flow hedge                                                                                                       | 09       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 10 Profit or loss arising from effective hedge of a net investment in a foreign operation                                                                     | 10       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 11 Share in other comprehensive income/loss of companies linked by virtue of participating interests                                                          | 11       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 12 Actuarial gains/losses on the defined benefit obligation                                                                                                   | 12       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 13 Other changes in equity unrelated to owners                                                                                                                | 13       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 14 Tax on transactions recognised directly in equity                                                                                                          | 14       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 216.991                                           | 0                                   | 0                                                                    | 0                                      | 0                                 | 216.991                                    | 0  | 216.991                             |                            |
| 15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure) | 15       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 16 Increase in initial (subscribed) capital arising from the reinvestment of profit                                                                           | 16       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure                                                              | 17       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 18 Redemption of treasury shares/holdings                                                                                                                     | 18       | 0                                    | 0                | 0              | 0                            | 39.396.089                                     | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | -39.396.089                                | 0  | -39.396.089                         |                            |
| 19 Payment of share in profit/dividend                                                                                                                        | 19       | 0                                    | 406.280          | 0              | 0                            | -1.096.972                                     | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | -122.586.614                           | 0                                 | -121.083.362                               | 0  | -121.083.362                        |                            |
| 20 Other distribution to owners                                                                                                                               | 20       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 21 Transfer to reserves according to the annual schedule                                                                                                      | 21       | 0                                    | 0                | 0              | 40.000.000                   | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 199.279.476                            | -239.279.476                      | 0                                          | 0  | 0                                   |                            |
| 22 Increase in reserves arising from the pre-bankruptcy settlement procedure                                                                                  | 22       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 23 Balance on the last day of the previous business year reporting period (ADP 04 to 22)                                                                      | 23       | 1.672.021.210                        | 5.710.563        | 83.601.061     | 136.815.284                  | 124.418.266                                    | 0                  | 0              | 0                    | 61.473                                            | 0                                   | 0                                                                    | 539.646.072                            | 377.006.905                       | 2.690.444.302                              | 0  | 2.690.444.302                       |                            |
| 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)                                                                                | 24       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | -843.809                                          | 0                                   | 0                                                                    | 0                                      | 0                                 | -843.809                                   | 0  | -843.809                            |                            |
| II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)                                                                                           | 25       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | -843.809                                          | 0                                   | 0                                                                    | 0                                      | 377.006.905                       | 376.163.096                                | 0  | 376.163.096                         |                            |
| III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)                                                              | 26       | 0                                    | 406.280          | 0              | 40.000.000                   | 38.299.117                                     | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 76.692.862                             | -239.279.476                      | -160.479.451                               | 0  | -160.479.451                        |                            |
| Current period                                                                                                                                                |          |                                      |                  |                |                              |                                                |                    |                |                      |                                                   |                                     |                                                                      |                                        |                                   |                                            |    |                                     |                            |
| 1 Balance on the first day of the current business year                                                                                                       | 27       | 1.672.021.210                        | 5.710.563        | 83.601.061     | 136.815.284                  | 124.418.266                                    | 0                  | 0              | 0                    | 61.473                                            | 0                                   | 0                                                                    | 539.646.072                            | 377.006.905                       | 2.690.444.302                              | 0  | 2.690.444.302                       |                            |
| 2 Changes in accounting policies                                                                                                                              | 28       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 3 Correction of errors                                                                                                                                        | 29       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 4 Balance on the first day of the current business year (restated) (ADP 27 to 29)                                                                             | 30       | 1.672.021.210                        | 5.710.563        | 83.601.061     | 136.815.284                  | 124.418.266                                    | 0                  | 0              | 0                    | 61.473                                            | 0                                   | 0                                                                    | 539.646.072                            | 377.006.905                       | 2.690.444.302                              | 0  | 2.690.444.302                       |                            |
| 5 Profit/loss of the period                                                                                                                                   | 31       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | -273.453.044                      | -273.453.044                               | 0  | -273.453.044                        |                            |
| 6 Exchange rate differences from translation of foreign operations                                                                                            | 32       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 7 Changes in revaluation reserves of fixed tangible and intangible assets                                                                                     | 33       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 8 Profit or loss arising from subsequent measurement of financial assets available for sale                                                                   | 34       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | -92.880                                           | 0                                   | 0                                                                    | 0                                      | 0                                 | -92.880                                    | 0  | -92.880                             |                            |
| 9 Profit or loss arising from effective cash flow hedge                                                                                                       | 35       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 10 Profit or loss arising from effective hedge of a net investment in a foreign operation                                                                     | 36       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 11 Share in other comprehensive income/loss of companies linked by virtue of participating interests                                                          | 37       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 12 Actuarial gains/losses on the defined benefit obligation                                                                                                   | 38       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 13 Other changes in equity unrelated to owners                                                                                                                | 39       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 14 Tax on transactions recognised directly in equity                                                                                                          | 40       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 16.719                                            | 0                                   | 0                                                                    | 0                                      | 0                                 | 16.719                                     | 0  | 16.719                              |                            |
| 15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure) | 41       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 16 Increase in initial (subscribed) capital arising from the reinvestment of profit                                                                           | 42       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure                                                              | 43       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 18 Redemption of treasury shares/holdings                                                                                                                     | 44       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 19 Payment of share in profit/dividend                                                                                                                        | 45       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 20 Other distribution to owners                                                                                                                               | 46       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 1.674.883      | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 1.674.883                                  | 0  | 1.674.883                           |                            |
| 21 Transfer to reserves according to the annual schedule                                                                                                      | 47       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 377.006.905                            | -377.006.905                      | 0                                          | 0  | 0                                   |                            |
| 22 Increase in reserves arising from the pre-bankruptcy settlement procedure                                                                                  | 48       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | 0                                                 | 0                                   | 0                                                                    | 0                                      | 0                                 | 0                                          | 0  | 0                                   |                            |
| 23. Balance as at 31 December of the current period (ADP 30 to 48)                                                                                            | 49       | 1.672.021.210                        | 5.710.563        | 83.601.061     | 136.815.284                  | 124.418.266                                    | 0                  | 1.674.883      | 0                    | -14.688                                           | 0                                   | 0                                                                    | 916.652.977                            | -273.453.044                      | 2.418.589.980                              | 0  | 2.418.589.980                       |                            |
| 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 32 to 40)                                                                                | 50       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | -76.161                                           | 0                                   | 0                                                                    | 0                                      | 0                                 | -76.161                                    | 0  | -76.161                             |                            |
| II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31 + 50)                                                                                          | 51       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 0              | 0                    | -76.161                                           | 0                                   | 0                                                                    | 0                                      | -273.453.044                      | -273.529.205                               | 0  | -273.529.205                        |                            |
| III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)                                                               | 52       | 0                                    | 0                | 0              | 0                            | 0                                              | 0                  | 1.674.883      | 0                    | 0                                                 | 0                                   | 0                                                                    | 377.006.905                            | -377.006.905                      | 1.674.883                                  | 0  | 1.674.883                           |                            |

## 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:

**1.1.2020 to 31.3.2020**

Notes to financial statements for quarterly periods include:

a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly reporting 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

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 quarterly reporting period

c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly 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

d) a description of the financial performance in the case of the issuer whose business is seasonal.

Detailed information on financial statements are available in PDF document „Business results 1/1/2020 – 31/3/2020“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages

The same accounting policies have been applied in the preparation of the financial statements for the quarterly reporting period as in the most recent annual financial statements.

Company Valamar Riviera d.d. below presents comparison table of items in TFI POD financial statements according to net methodology for the first quarter of 2019.

## Summary of adjustments of TFI-POD income statement for the first quarter of 2019 COMPANY

in thousands of HRK

| TFI-POD INCOME STATEMENT for the period from<br>1 January 2019 to 31 March 2019                                                                                   | ADP<br>code     | TFI-POD<br>Cumulative and<br>quarter<br>published | TFI-POD<br>Cumulative and<br>quarter<br>reclassified | Difference  | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------------------|------------------------------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>OPERATING INCOME (ADP 125+126+127+128+129+130)</b>                                                                                                             | <b>125</b>      | <b>41.745</b>                                     | <b>41.745</b>                                        | <b>0</b>    |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| I. Revenues from sales with undertakings in a Group and sales revenues (outside the Group)                                                                        | 126+127         | 38.470                                            | 38.470                                               | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| II. Revenues from use of own products, goods and services, other operating revenues with undertakings in a Group and other operating revenues (outside the Group) | 128+129<br>+130 | 3.275                                             | 3.275                                                | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>OPERATING EXPENSES<br/>(ADP 133+137+141+142+143+146+153)</b>                                                                                                   | <b>131</b>      | <b>240.701</b>                                    | <b>240.701</b>                                       | <b>0</b>    |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| I. Material costs                                                                                                                                                 | 133             | 42.750                                            | 42.750                                               | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| II. Staff costs                                                                                                                                                   | 137             | 71.224                                            | 71.224                                               | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| III. Depreciation and amortisation                                                                                                                                | 141             | 95.605                                            | 95.605                                               | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| IV. Other expenditures                                                                                                                                            | 142             | 27.219                                            | 27.219                                               | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| V. Value adjustment                                                                                                                                               | 143             | 1                                                 | 1                                                    | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| VI. Provisions                                                                                                                                                    | 146             | 0                                                 | 0                                                    | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| VIII. Other operating expenses                                                                                                                                    | 153             | 3.902                                             | 3.902                                                | 0           |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>FINANCIAL INCOME</b>                                                                                                                                           | <b>154</b>      | <b>1.905</b>                                      | <b>1.658</b>                                         | <b>-247</b> | HRK 247 thous. represents presenting items according to net methodology "Exchange rate differences and other financial income" (ADP 162; HRK 72 thous.) and "Unrealised gains (income) from financial assets" (ADP 163; HRK 175 thous.).<br>Comment: Previously presented under gross methodology with counter items "Exchange rate differences and other expenses" (ADP 169) and "Unrealised losses (expenses) from financial assets" (ADP 170). |
| <b>FINANCIAL COSTS</b>                                                                                                                                            | <b>165</b>      | <b>20.986</b>                                     | <b>20.739</b>                                        | <b>-247</b> | HRK 247 thous. represents presenting items according to net methodology "Exchange rate differences and other expenses" (ADP 169; HRK 72 thous.) and "Unrealised losses (expenses) from financial assets" (ADP 170; HRK 175 thous.).<br>Comment: Previously presented under gross methodology with counter items "Exchange rate differences and other financial income" (ADP 162) and "Unrealised gains (income) from financial assets" (ADP 163). |
| <b>TOTAL INCOME (ADP 125+154)</b>                                                                                                                                 | <b>177</b>      | <b>43.650</b>                                     | <b>43.403</b>                                        | <b>-247</b> | HRK 247 thous. represents presenting of certain items according to the net methodology (previously explained in detail).                                                                                                                                                                                                                                                                                                                          |
| <b>TOTAL COSTS (ADP 131+165)</b>                                                                                                                                  | <b>178</b>      | <b>261.687</b>                                    | <b>261.440</b>                                       | <b>-247</b> | HRK 247 thous. represents presenting of certain items according to the net methodology (previously explained in detail).                                                                                                                                                                                                                                                                                                                          |
| <b>PROFIT OR LOSS BEFORE TAX (ADP 177-178)</b>                                                                                                                    | <b>179</b>      | <b>-218.037</b>                                   | <b>-218.037</b>                                      | <b>0</b>    |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>INCOME TAX EXPENSE</b>                                                                                                                                         | <b>182</b>      | <b>0</b>                                          | <b>0</b>                                             | <b>0</b>    |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>                                                                                                                | <b>184</b>      | <b>-218.037</b>                                   | <b>-218.037</b>                                      | <b>0</b>    |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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