



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

BUSINESS RESULTS 1/1/2022 - 30/9/2022



ABOUT VALAMAR

Valamar is Croatia's leading tourism company operating hotels, resorts and camping resorts in prime destinations – Istria, the islands of Krk, Rab and Hvar, Makarska, Dubrovnik, and Obertauern in Austria. With around 21,000 commercial keys, Valamar's 38 hotels and resorts and 15 camping resorts can welcome around 56,000 guests daily and provide perfect holidays and authentic experiences for each guest. The company believes in a growthdriving strategy focused on investments in high added-value products, talents, innovative services and destinations to maintain business continuity. The active promotion and advancement of these interests make Valamar a responsible and desirable employer and one of the top Croatian and regional investors in tourism with over HRK 6.1 billion invested in the last 18 years.

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

Tourism portfolio of Valamar Group



KEY MESSAGES

Valamar Riviera has achieved results that confirm business recovery after two years of Covid crisis, but also point to a significant impact of the new crisis on operating costs. The Company generated HRK 2.32 billion in operating revenues, an increase of 14% compared to 2019 primarily due to an average price increase of 19.5%. Operating income (adjusted EBITDA) in the first 9 months reached HRK 944 million which is a 7.7% increase. Premium hotels and camps achieved the strongest growth, confirming Valamar's strategy to invest in premium products and services. Northern destinations in Croatia recorded more demand and a higher recovery rate than southern destinations, although hotels in Dubrovnik reached 2019 revenues during the high season.

Operating costs for the first nine months of 2022 increased by 19% compared to 2019 due to a significant increase in energy costs as well as all other operating costs as a result of inflation. Electricity costs increased by HRK 89 million, while other costs increased by a total of HRK 126 million compared to 2019. The triple increase of the electricity price to EUR 230 per MWh had the largest impact on cost increase, which prompted Valamar to close most properties earlier this fall season.

BUSINESS RESULTS

Thanks to the invested properties and an improved service level, Valamar was able to take advantage from the significant increase in demand for travel and leisure following the easement of COVID-19 restrictions.

In the first nine months of 2022, Valamar Group realised 6.1 million overnights, i.e. 33% more than in 2021, and 1.7% less compared to the same period of 2019. Operating revenues increased by 14% compared to 2019, with campsites revenues growing very strongly at 41%. The increase in operating revenues was mainly driven by the increase in average prices,

REVENUES
EXCEEDED THOSE
FROM 2019.
OVERNIGHTS
SLIGHTLY LOWER

ADJUSTED EBITDA
AMOUNTS TO
HRK 944 MILLION;
SIGNIFICANT
INCREASE IN
ELECTRICITY AND
LABOUR COSTS

which are 19.5% higher compared to 2019 (and 11.1% higher compared to 2021). The realisation of the direct sales channel increased to HRK 1.2 billion achieving 63% of the total board revenues compared to 46% in the same period of 2019. It further contributed to good business results. Northern destinations, especially Poreč, continued to enjoy higher demand than southern Croatia. In 2022, the group, allotment and MICE segments also began to recover, as well as the event industry.

The third quarter, the most important quarter for our industry, showed very good performance. Compared to the same quarter of 2019, Valamar premium hotels recorded a revenue increase of 20%, and premium campsites as much as 49%. A positive development was noticed for Dubrovnik destination as well, where 5 hotels achieved 2% higher revenues compared to the same quarter of 2019.

However, a significant increase in electricity costs compared to 1-9 2019 (by HRK 89 million or 172.4%), as well as growth of other costs by an additional HRK 126 million, lowered EBITDA margin by 2.3 percentage points compared to that of 2019. So, the realized growth rate of operating income (adjusted EBITDA) for the first nine months of 2022 compared to 2019 is significantly lower than revenue growth and amounts to 7.7%.

In September the Government of Croatia announced various support measures for the economy aimed at price control of key energy and food goods. For Valamar, as a large company, electricity price is capped at 230 euro per MWh. It is slightly below our contracted price for the period 1 June 2022 – 31 May 2023. The Government measures are in effect until 31 March 2023. We are welcoming possible prolongation of the measures until 31 December 2023. as well as and further discussions in EU towards lowering cap price to 180 euro per MWh.

As of 30 September 2022, the Group's net debt amounts to HRK 1.4 billion and it has been decreased by 27% in the reporting period. Cash and cash equivalents amount to HRK 1.2 billion. On 28 September 2022, a dividend of HRK 1.2 per share, or a total of HRK 146.3 million, was paid.

INVESTMENTS

The value of investments in hotels, resorts and campsites under Valamar's management in the 2021/2022 season amounts to HRK 530 million. These investments represent an important driver for growth and positive expectations. Imperial Riviera's investment in Dalmacija [PLACESHOTEL] by Valamar in Makarska was one of the most significant investments amounting to HRK 67 million, which made the hotel the second Valamar lifestyle hotel under the PLACES brand. Helios Faros investments of HRK 220 million were focused on the construction of the Valamar Amicor Green Resort and Aquamar pool complex on the island of Hvar. Valamar Amicor Green Resort is a new concept of a resort, following the highest standards in green building, sustainable energy use and high energy efficiency level. The resort was opened in July this year. The investments for this season also include renovation and rebranding of the Corinthia Hotel in Baška to the level of the Sunny Plus brand, a certain offer improvement in Valamar Bellevue Hotel in Rabac, the construction of Padova beach on the island of Rab, and the continuation of investments in Istra Premium Camping Resort and Lanterna Premium Camping Resort. A new Valamar Staff Residence for accommodation of seasonal employees was opened in Dubrovnik, which is the fifth Valamar Staff Residence in our destinations.

HUMAN RESOURCES

Valamar is among the TOP 10 most desirable Croatian employers and the best rated employer in tourism industry for five consecutive years, according to research conducted by the Moj posao (My Job) portal.

TOTAL
INVESTMENTS OF
HRK 530 MILLION
IN HOTELS,
RESORTS AND
CAMPS MANAGED
BY VALAMAR
COMPLETED

VALAMAR IS
AMONG THE
TOP 10 MOST
DESIRABLE
CROATIAN
EMPLOYERS

Valamar is also the largest employer in Croatian tourism, employing 7,700 employees this year. In order to improve working conditions and retain local employees, EUR 15 million were invested this year in salary increases and reward programs. The salaries for professional positions, including chefs, waiters, specialist housekeepers and receptionists at Valamar have increased by an average of 14%, bringing their income this season between EUR 1,000 to 1,600 net per month. Valamar's minimum net salary guarantee for housekeepers, assistant chefs, assistant waiters, kitchen workers and others will increase to a monthly amount of EUR 750 to 1,100 net. In addition to raising basic wages, Valamar will continue its programmes awarding excellence. Within these programmes, last year employees received a '13th and 14th' salary of up to EUR 1,500 net, depending on how long and how successfully they had worked. Additional programmes have been created for this season, aiming at attracting seasonal employees, increasing employee satisfaction and performance excellence.

INTERNATIONALIZATION

Following a change in capital, ownership structure and expansion of the Austrian portfolio in Obertauern in December of 2021 to two properties, the Group no longer consolidates the results of the Austrian portfolio where Valamar Riviera holds a minority stake. In July, Valamar A GmbH, the Austrian umbrella entity, finalized the acquisition of the third hotel in Obertauern - Hotel Kesselspitze. This is a 5* category hotel with 66 keys and is planned to be repositioned as Valamar Collection Kesselspitze Hotel for the winter season 2022/2023.

Respective management agreement was concluded mid of July 2022, whereby Valamar undertook the management of Hotel Kesselspitze.

SUSTAINABILITY

Within its integrated report end of June 2022 (available at the link: <https://valamar-riviera.com/media/451419/integrated-annual-report-and-sustainability-2021.pdf>), Valamar presented its new sustainability strategy and 2025 ESG goals. The strategic plan includes 12 key goals in the area of environment (E), society (S) and governance (G), which Valamar plans to realise until 2025 through 6 strategic initiatives. Among other, Valamar will become a carbon neutral company in the next three years in scope 1 & 2. The integrated report for 2021, which includes a non-financial report, has been compiled in line with the Global Reporting Initiative (GRI) Standards and the applicable EU taxonomy regulations. Valamar is the first hospitality company in Croatia that has integrated sustainable development in the management of its business operations and development, and that has published its sustainability goals in line with the ESG framework.

NEW SUSTAINABILITY STRATEGY AND 2025 ESG GOALS

The first nine months of 2022 show excellent growth and recovery of revenues. The introduction of the euro as well as the entry of Croatia to the Schengen Area are planned for 1 January 2023. They have already had a positive impact to Croatia's credit rating and will contribute to the perception of Croatia as a top European tourist destination. However, very high inflationary pressures including enormous increases in energy prices, rising investment in payroll and employee programs, price increases across all categories of goods and services as well global geopolitical tensions are reflecting negatively on business performance. Due to a multifold increase in energy costs and other inflationary pressures, Valamar will shorten the post-season operating days of most hotels, resorts and campsites by 1-2 months in the fall of 2022. During the winter of 2022/2023 5 properties are planned to be in operation – 2 in Obertauern, Austria and 3 in Croatia – 1 hotel in Poreč, 1 hotel in Rabac and 1 campsite on island Krk.

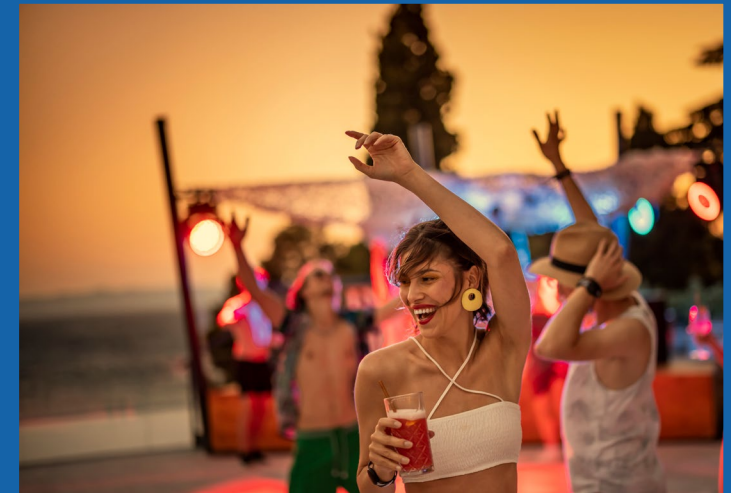
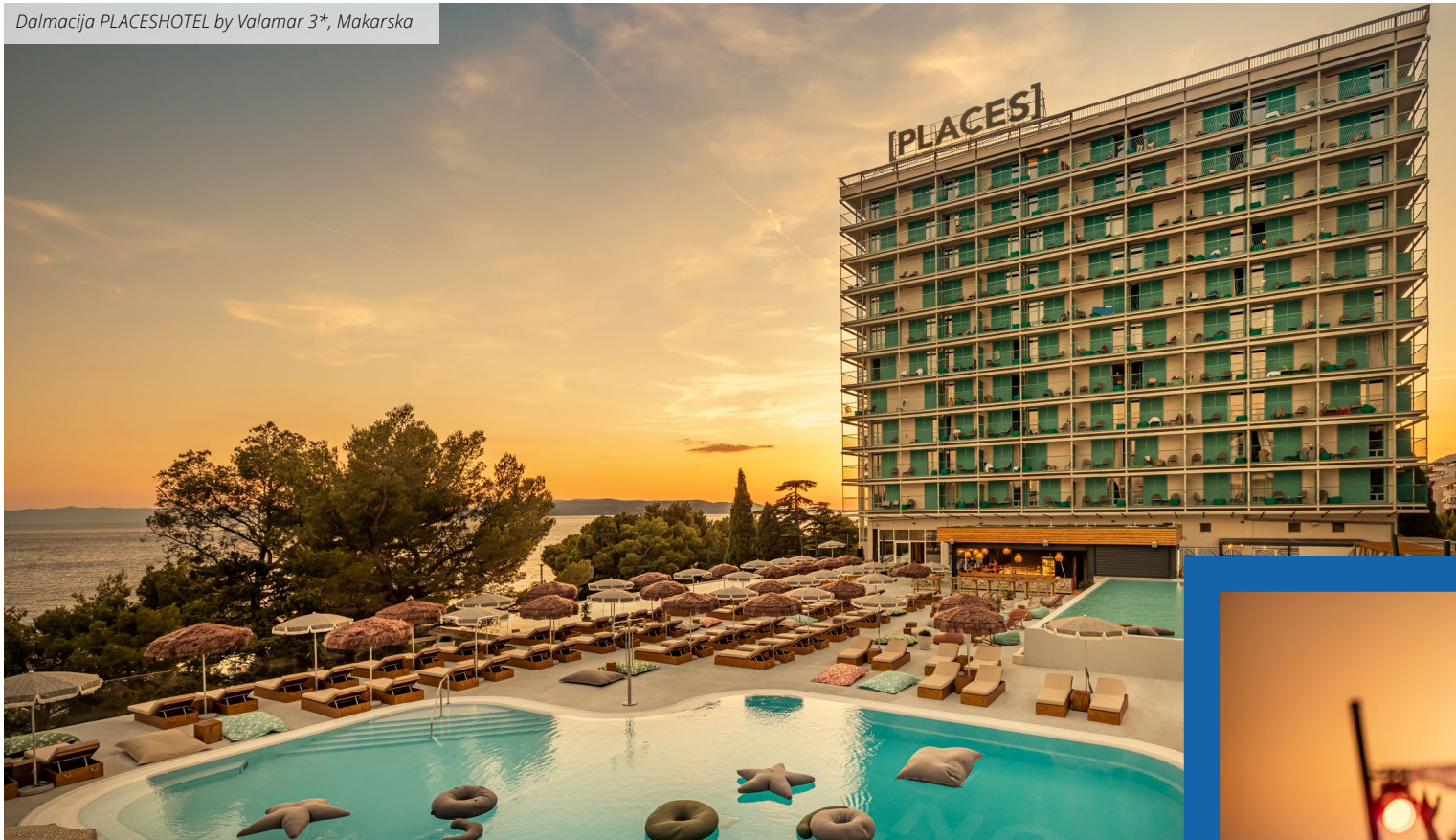
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Ježevac Premium Camping Resort 4*, Krk Island



Dalmacija PLACESHOTEL by Valamar 3*, Makarska



Significant Business Events

NORMALIZATION OF TOURISM BUSINESS

In the first nine months of 2022, COVID-19 pandemic significantly weakened both, globally and in Croatia. Related restrictions in Croatia have been significantly eased and everyday life and business are now running almost completely normally, which contributed to further normalization of tourist business. However, this is not the case with all of our source markets, and the arrivals of guests from distant countries are still somewhat difficult. There is still some uncertainty regarding the development of the global pandemic, which has not completely disappeared. That may have an impact on travel flows and, consequently, on the Group's business results.

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

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

FURTHER
NORMALIZATION
OF TOURISM
BUSINESS DURING
2022

AT THE BEGINNING
OF 2022, THREE
HOTELS IN
DUBROVNIK WERE
TRANSFERRED
FROM VALAMAR
RIVIERA TO
IMPERIAL RIVIERA

stay up to 14 days. Also, the return trip travel expenses for guests infected with COVID-19 will be reimbursed, if the return dates are different than those originally scheduled.

VALAMAR AND PENSION FUNDS JOINT INVESTMENTS

In 2021, Valamar Riviera and AZ pension funds recapitalized Imperial Riviera by increasing the share capital of the Company with a total of HRK 690 million. Valamar Riviera participated in this investment by a contribution in kind, i.e. by investing real estate (land on the Babin Kuk peninsula in Dubrovnik), while AZ pension funds made cash investment. This capital increase is aimed at a further development of the portfolio in Dubrovnik, Makarska and on the island of Rab.

At the beginning of 2022, three hotels (Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar) in Dubrovnik were transferred from Valamar Riviera to Imperial Riviera. The acquisition value of cited hotels amounts to EUR 95.3 million. Financing for this transaction was secured largely by taking over Valamar Riviera's existing loan obligations by Imperial Riviera. These hotels in the area of Babin Kuk in Dubrovnik, together with the real estate contributed to Imperial in the process of the share capital increase represent strategically important asset and the backbone of future development. Imperial Riviera has thus become a multi-destination company present in Istria, Kvarner, Dalmatia and the city of Dubrovnik.

In accordance with a decision of the General Assembly of the company Helios Faros of 14 April 2022, Valamar Riviera and PBZ CO pension funds participated in the recapitalization of Helios Faros by a share capital increase totalling HRK 130 million, out of which Valamar Riviera paid in HRK 26 million.

EXPANSION OF AUSTRIAN PORTFOLIO

Following a change in capital, ownership structure and expansion of the Austrian portfolio in Obertauern in December of 2021 to two properties, the Group no longer consolidates the results of the Austrian portfolio united in Valamar A GmbH, in which Valamar Riviera holds a minority share of 24.54%.

After capital increase in June 2022 (in which Valamar Riviera participated with EUR 1.47 million) the company Valamar A beginning of July finalized the acquisition of the third hotel in Obertauern – Hotel Kesselspitze. Hotel Kesselspitze is a 5* category hotel with 66 keys, a restaurant, a swimming pool and wellness facilities. It is situated on an excellent location with direct access to the ski slopes. Respective management agreement was concluded mid of July 2022, whereby Valamar undertakes the managing of Hotel Kesselspitze, whose repositioning in Valamar Collection brand is scheduled for the winter season 2022/2023.

This acquisition represents a new important step for Valamar in the further internalization of its business, with the aim to expand its portfolio and manage hotels and tourist properties in the best winter holiday destinations in Austria and Italy.

VALAMAR RIVIERA'S GENERAL ASSEMBLY

The General Assembly of the Company was held on 19 May 2022. Except regular decisions on the distribution of profit realized in 2021, giving approval of actions to members of the Management Board and Supervisory Board and appointing auditors for 2022, the General Assembly also passed the decision on amending a provision of the Articles of Association whereby it increased the number of Supervisory Board members from 7 to 9. It also passed the decision on electing two new female Supervisory Board members.

ACQUISITION OF THE THIRD HOTEL IN OBERTAUERN – HOTEL KESSELSPLITZE

Gudrun Kuffner graduated from the University of Vienna, Department of Economics and subsequently obtained her Master of International Affairs from the School of International and Public Affairs at Columbia University, New York. She has extensive business experience in performing leading functions in Austrian companies. Gudrun Kuffner is an independent member of the Supervisory Board and with her rich knowledge and expertise in the field of internal audit and finance, as well as a good knowledge of opportunities in the Company and in tourism, Ms. Kuffner will contribute to the work of the Supervisory Board.

Petra Stolba acquired valuable knowledge through her education at a technical High School followed by a certificate in Marketing and Sales at the Vienna University of Economics and Business and a diploma in business administration (specializing in tourism). In her work so far, she has gained extensive experience in the field of tourism and marketing and she is a member of AIEST, the International Organisation of Scientific Experts in Tourism. Since 2010, she has been a member of Future Mountain, the Alliance for Promoting the Development of Alpine Winter and Summer Tourism and has been appointed SDG Ambassador for Tourism. Petra Stolba is an independent member of the Supervisory Board and she will contribute with her vast experience and expertise in the field of tourism and marketing, to the work of the Supervisory Board.

The General Assembly of the Company, held on 21 September 2022, passed the Decision on the payment of dividends amounting to HRK 1.20 per share or a total of HRK 146.3 million. The dividends were paid out from the retained profits realised in 2018 and 2019.

Istra Premium Camping Resort 5*, Poreč



Results of the Group

QUARTERLY FINANCIAL STATEMENTS

The Management Board hereby presents the unaudited quarterly financial statements for the third quarter and the first nine months of the year 2022.

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

The Group's balance sheets as at 31 December 2021 and 30 September 2022 consolidate the data for the following companies: Valamar Riviera d.d. (Parent Company), Imperial Riviera d.d., Magične stijene d.o.o. and Bugenvilia d.o.o.

The investments in the company Helios Faros d.d. and Valamar A GmbH are reported according to the equity method since Valamar Riviera d.d. does not exercise control but a significant influence over them.

 *The Management Board presents the quarterly financial statements for the third quarter and the first nine months of 2022*

Krk Premium Camping Resort 4*, Krk island



KEY FINANCIAL INDICATORS¹

	1-9/2019	1-9/2021	1-9/2022	22/19	22/21
Total revenues	2.068.003.236	1.563.581.639	2.365.991.262	14,4%	51,3%
Operating income	2.039.740.698	1.537.855.028	2.320.359.909	13,8%	50,9%
Sales revenues	2.017.592.971	1.513.928.186	2.297.984.043	13,9%	51,8%
Board revenues (accommodation and board revenues) ²	1.689.838.504	1.288.144.665	1.918.645.179	13,5%	48,9%
Operating costs ³	1.146.293.269	983.065.550	1.362.962.182	18,9%	38,6%
EBITDA ⁴	880.177.009	818.329.678	951.299.652	8,1%	16,2%
Extraordinary operations result and one-off items ⁵	3.734.670	11.919.567	7.502.323	100,9%	-37,1%
Adjusted EBITDA ⁶	876.442.339	806.410.111	943.797.329	7,7%	17,0%
EBIT	523.239.101	435.791.607	582.936.422	11,4%	33,8%
Adjusted EBIT ⁶	519.504.431	423.872.040	575.434.099	10,8%	35,8%
EBT	482.318.560	410.422.236	575.411.302	19,3%	40,2%

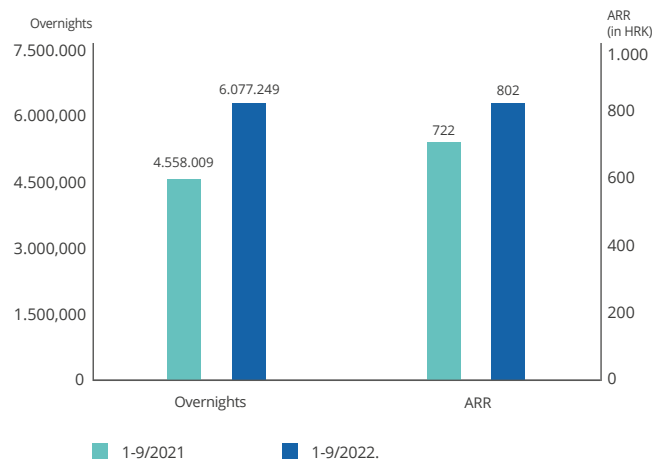
	30/9/2019	31/12/2021	30/9/2022	22/19	22/21
Net debt ⁷	2.234.804.761	1.973.103.640	1.434.701.009	-35,8%	-27,3%
Cash and cash equivalents	374.142.636	1.115.257.824	1.197.856.804	220,2%	7,4%
Market capitalization ⁸	4.584.753.968	4.158.908.886	3.654.798.718	-20,3%	-12,1%
EV ⁹	6.819.558.729	7.175.077.019	6.142.862.808	-9,9%	-14,4%

KEY BUSINESS INDICATORS¹⁰

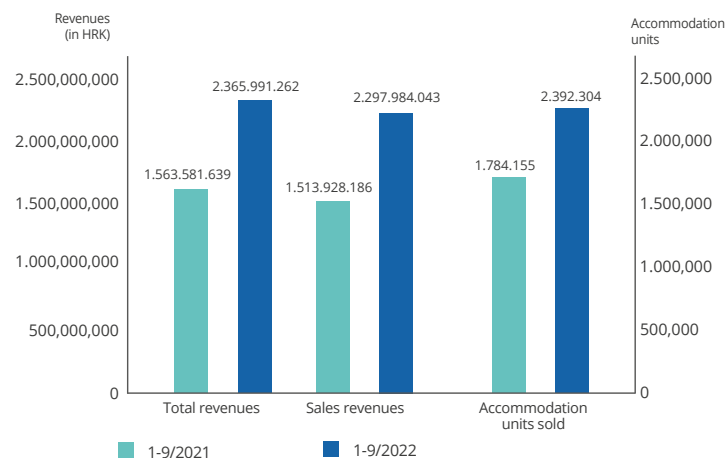
	1-9/2019	1-9/2021	1-9/2022	22/19	22/21
Number of accommodation units (capacity)	20.430	20.159	20.093	-1,6%	-0,3%
Number of beds	56.591	56.027	56.142	-0,8%	0,2%
Accommodation units sold	2.518.360	1.784.155	2.392.304	-5,0%	34,1%
Overnights	6.181.641	4.558.009	6.077.249	-1,7%	33,3%
ARR ¹¹ (in HRK)	671	722	802	19,5%	11,1%

- 1 Classified according to the Annual Financial Statement (GFI POD-RDG). EBIT, EBITDA and their adjusted values and respective margins are recorded on the basis of operating income.
- 2 In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry). Non-commercial properties/data excluded.
- 3 Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.
- 4 EBITDA (eng. earnings before interest, taxes, depreciation and amortization) is calculated as: operating income - total operating costs + depreciation and amortisation + value adjustments.
- 5 Adjustments were made for (i) extraordinary income (in the amount of HRK 13.1 million in 2022, and HRK 19.6 million in 2021), (ii) extraordinary expenses (in the amount of HRK 4,9 million in 2022, and HRK 6,8 million in 2021), and (iii) termination benefit costs (in the amount of HRK 0.7 million in 2022, and HRK 0.9 million in 2021).
- 6 Adjusted by the result of extraordinary operations and one-off items.
- 7 Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other + other liabilities according to IFRS 16 (leases) - cash and cash equivalents - long-term and short-term investments in securities - current loans given, deposits, etc.
- 8 Market capitalization is calculated as the total number of shares multiplied by the last share price at the end of period.
- 9 EV refers to enterprise value; calculated as market capitalization + net debt + minority interest.
- 10 Data for Helios Faros and Valamar Obertauern (after 29 November 2021) are not included. Non-commercial properties/data excluded.
- 11 Average rate is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

Overnights and ARR



Revenues and accommodation units sold



Valamar Padova Hotel 4*, Rab island



Both overnights and revenues are significantly higher than in the first nine months of 2021. Four Group's hotels and two campsites were open during the whole of the first quarter, while additional five hotels opened during February and March. The second quarter saw the opening of all other commercial properties. New Valamar Amicor Green Resort on the island of Hvar was opened mid of July after works had finished.

The beginning of the year was marked by excellent trends in accommodation reservations. However, these trends slowed down after the commencement of the war in Ukraine at the end of February. This situation had lasted for approximately a month. Immediately after that, reservations quite recovered and the markets started again showing a positive sentiment and a strong desire to travel. Pre-season saw an almost complete recovery of operations, while the results of some business segments for the high season were even better than those in 2019.

REVENUES

In the first nine months of 2022, the total revenues amounted to HRK 2,366.0 million, which is an increase of 51.3% (HRK 802.4 million). The realized total revenues have been influenced by:

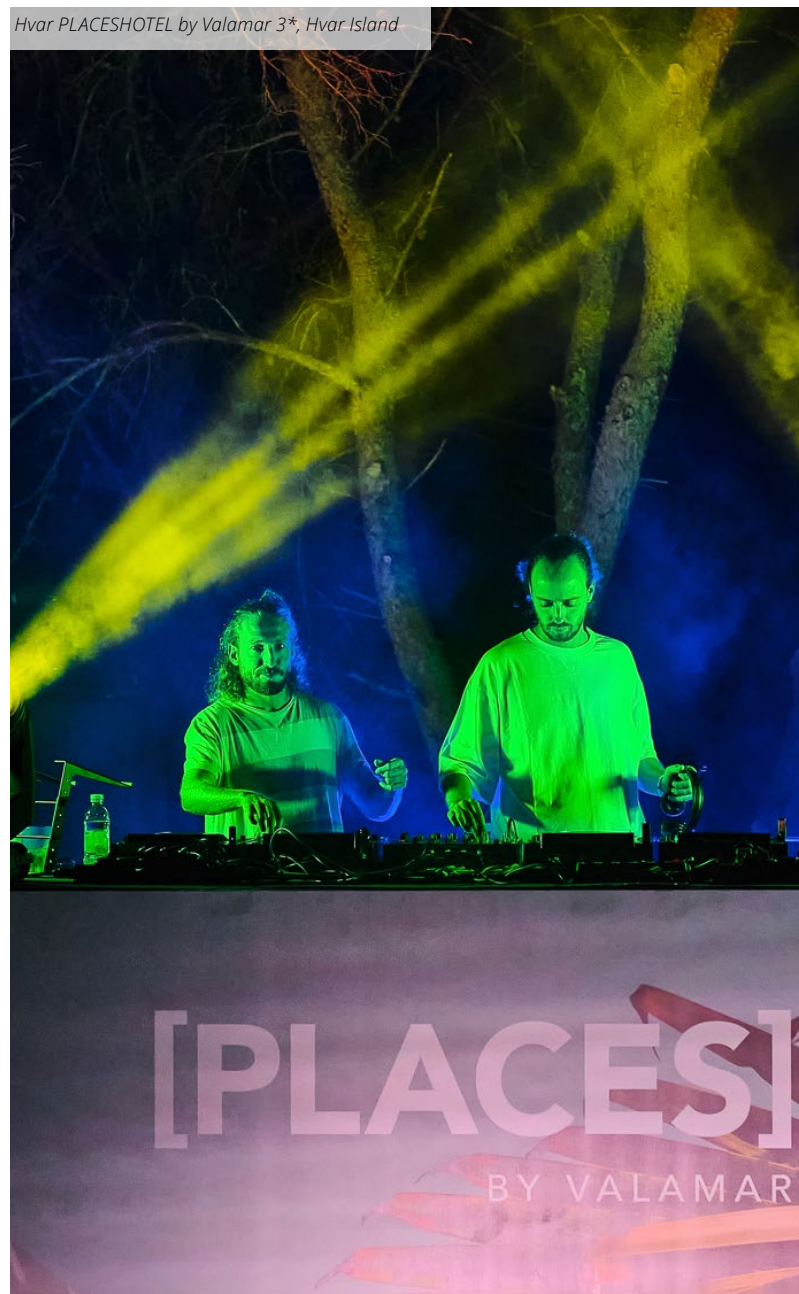
a) increase in sales revenues by 51.8% (HRK 784.1 million) to the amount of HRK 2,298.0 million. This amount primarily consists of board revenues (HRK 1,918.6 million) due to a significant improvement in tourist flows following a significantly smaller impact of the COVID-19 pandemic in the first nine months of 2022.

The revenue structure has changed: the sales revenues on the domestic market amount to HRK 223.0 million and make up 9.7% of sales revenues (vs. 9.1% in the same period of 2021). Compared to the respective period of 2021, they are by HRK 85.8 million higher. With an 90.3% share in sales revenues (vs. 90.9% for the same period of 2021), the sales revenues on foreign markets amount to HRK 2,075.0 million and are by HRK 698.3 million higher.

b) decrease in other operating revenues of 6.7% to HRK 22.1 million compared to the same period in 2021, mainly due to lower revenues from previous years

c) financial income amounts to HRK 45.6 million and is by 80.1% higher than those realized in the same period of 2021 as a result of the increase in unrealized gains on financial assets (positive fair value of interest rate swaps).

Hvar PLACESHOTEL by Valamar 3*, Hvar Island



TOTAL OPERATING EXPENSES OF VALAMAR GROUP¹²

(in HRK)	1-9/2021	1-9/2022	2022/2021
Operating costs ¹³	983.065.550	1.362.962.182	38,6%
Total operating expenses	1.102.063.421	1.737.423.487	57,7%
Material costs	376.333.977	684.529.292	81,9%
Staff cost	240.794.463	527.127.995	118,9%
Depreciation and amortisation	382.519.001	368.363.230	-3,7%
Other costs	95.925.237	151.473.540	57,9%
Provisions and value adjustments	19.070	72.929	282,4%
Other operating expenses	6.471.673	5.856.501	-9,5%

TOTAL OPERATING EXPENSES

The total operating expenses amount to HRK 1,737.4 million and are by 57.7% higher than last year:

a) material costs amount to HRK 684.5 million and are by 81.9% higher as a result of increased raw material costs, electricity, maintenance, promotional costs and other direct costs in accordance with the increased volume of operations

Electricity costs for the first nine months of 2022 amount to HRK 140.9 million and they are HRK 89.2 million higher compared to the first nine months of 2019. The unit price of electricity for Valamar in 2019 was approximately at the same level as in 2021, while in 2022 a new contract for the purchase of electricity was signed for the period from June 1, 2022 to May 31, 2023 with an increase in the price of electricity per kWh of 220% compared to the previous period.

b) staff costs have increased by 118.9% and amount to HRK 527.1 million. This has also been caused by the increased volume of operations and the need for workforce, as well as due to abolishing of the COVID grants for employee

cost subsidies (which in the first nine months of 2021 amounted HRK 101.3 million for the Group and HRK 84.1 million for the Company and were booked as a decrease in labor costs).

Total labour costs for the first nine months of 2022 amount to HRK 616.7 million and are HRK 74.5 million higher than in 2019.

c) depreciation amounts to HRK 368.4 million, which represents a 3.7% decrease

d) other costs have increased by 57.9% to the amount of HRK 151.5 million. The increase is mainly driven by increased employee transportation and accommodation reimbursements, expenses for work through the agency, employee awards, utilities charges and travel expenses reimbursements

e) other business expenses amount to HRK 5.9 million, which represents a 9.5% decrease.

¹² Classified according to Annual Financial Statements standard (GFI POD-RDG).

¹³ Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

EBITDA AND PROFIT FOR THE PERIOD

Operating income increased by 50.9% compared to the first nine months of 2021. Adjusted EBITDA amounts to HRK 943.8 million. Increased costs, especially electricity, labour and foodstuffs, as well as the absence of COVID grants, had a impact on EBITDA.

By comparing these financial results to the first nine months of the last pre-crisis year, i.e. 2019, which had roughly an equal number of overnights, it is evident that our costs have significantly increased (explained in more detail on the previous page). However, due to a significant increase in the average prices of the Group, the adjusted EBITDA for the first nine months of 2022 amounts to HRK 943.8 million, which is a 7.7% increase (HRK 67 million) compared to the first nine months of 2019.

Following 3.7% lower depreciation costs and a somewhat better net financial result (a detailed explanation follows in the section below), earnings before tax (EBT) amount to HRK 575.4 million. This is an improvement of 40.2% compared to the same period last year.

The Group has assessed its tax expense at HRK 108.1 million, the largest part of which is deferred tax and the related utilization of deferred tax assets based on tax losses and tax incentives. Considering seasonality of business and that a net loss is normally expected for the fourth quarter, the Company/Group estimate there will be no obligation to pay profit tax for the full year 2022. The net profit for the period 1-9 2022 amounts to HRK 467.3 million.

Valamar Carolina Hotel & Villas 4*, Krk Island



RESULT FROM FINANCIAL ACTIVITIES

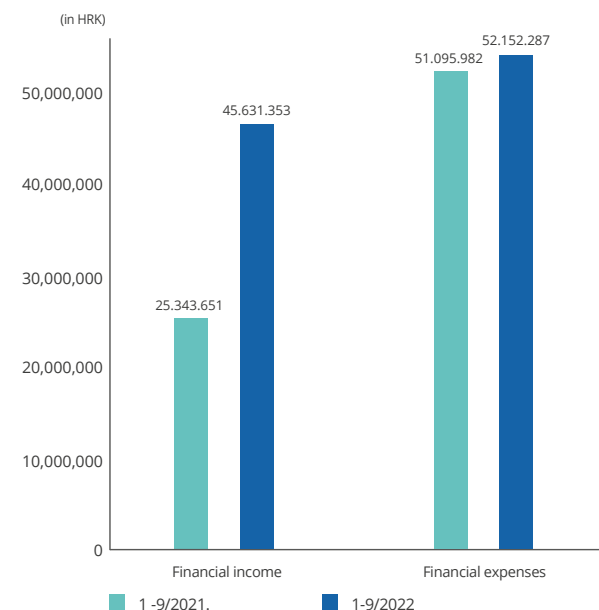
The result from financial activities in the first nine months of 2022 amounts to HRK -6.5 million and is HRK 19.2 million higher compared to the same period of 2021 when it amounted to HRK -25.7 million.

The increase in unrealised gains from financial assets, amounting to HRK 33.8 million, had the biggest impact on the improvement of the net financial result. This was mostly related to positive fair value of interest rate swaps caused by an increase in the reference interest rates on the financial market.

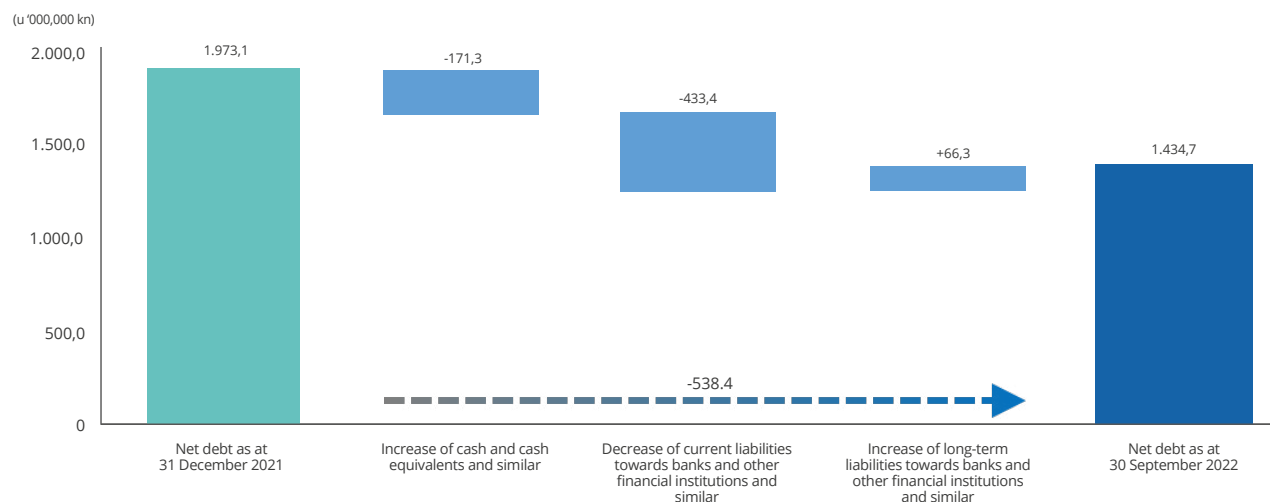
At the same time, exchange rate differences had the biggest negative impact, decreasing thus the financial result by HRK 18.7 million net. This was mainly due to an increase in negative exchange rate differences of almost HRK 28 million, while positive exchange rate differences increased by HRK 9.3 million. The negative exchange rate differences were primarily caused by a decrease in the kuna value in the first quarter of the year, and the positive differences were caused by an increase in its value in the second quarter of the year.

Additionally, lower interest expenses on loans in the amount of HRK 5.9 million have also had an impact on the improvement in the net financial result (lower loan obligations).

Financial income and expenses



Net debt ¹⁴



¹⁴ 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.

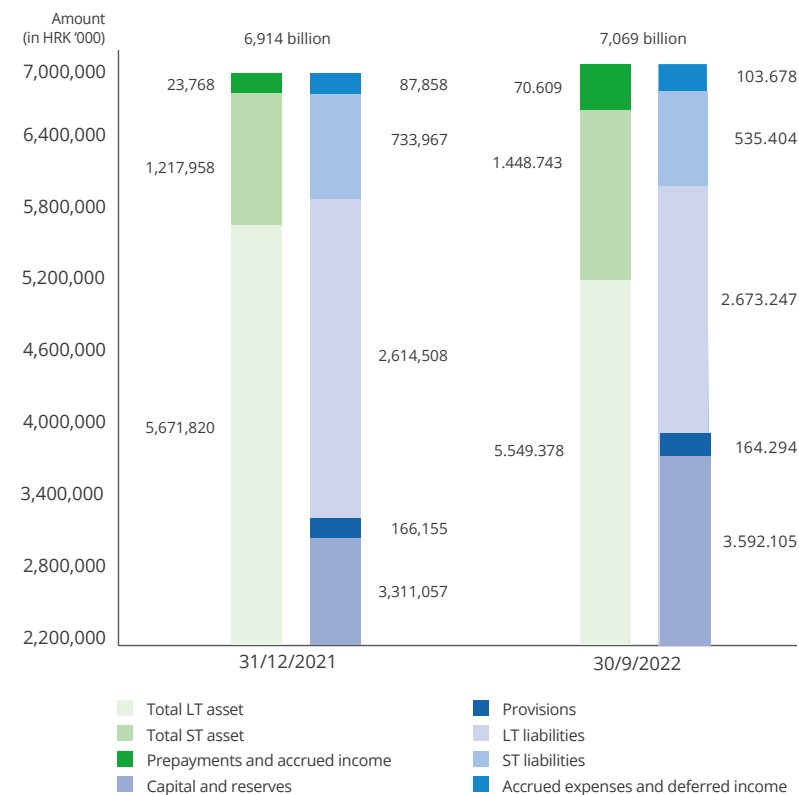
ASSETS AND LIABILITIES

As at 30 September 2022, the total value of the Group's assets increased by 3.1% compared to 31 December 2021, and it amounts to HRK 7,126.2 million. The total share capital and reserves amount to HRK 3,673.7 million and are higher by 11.0% as a result of the realized net profit in the first nine months of 2022.

The total long-term and short-term liabilities to banks and other financial institutions as at 30 September 2022 amount to HRK 2,736.0 million. They are lower by 12.1% compared to 31 December 2021 as a result of loans repayment.

A large part of the credit portfolio (88%) consists of long-term loans with contracted fixed interest rates and loans protected by derivative instruments (IRS) for the purpose of hedging against interest rate risk.

Assets and liabilities



As at 30 September 2022, the Group's cash balance amounted to HRK 1,197.9 million (an increase of 7.4% compared to 31 December 2021), which together with i) contracted credit lines, ii) valuable tourism assets and iii) a strong operational business model make the Group's balance sheet position stable.

Valamar Collection Girandella Resort 4*/5*, Rabac



HOTEL AND CAMPING RESORTS OVERVIEW¹⁵

HOTELS AND RESORTS OVERVIEW	LOCATION		KEYS
Hotels and Resorts			9.077
VALAMAR COLLECTION			1.328
Marea Valamar Collection Suites	5*	Poreč	108
Imperial Valamar Collection Hotel	4*	Island Rab	136
Dubrovnik President Valamar Collection Hotel	5*	Dubrovnik	292
Isabella Valamar Collection Island Resort	4* / 5*	Poreč	334
Girandella Valamar Collection Resort	4* / 5*	Rabac	391
Kesselspitze Valamar Collection Hotel	5*	Austria	67
VALAMAR HOTELS & RESORTS			3.512
Valamar Riviera Hotel & Residence	4*	Poreč	132
Valamar Tamaris Resort	4*	Poreč	507
Valamar Parentino Hotel	4*	Poreč	329
Valamar Bellevue Resort	4*	Rabac	372
Valamar Diamant Hotel & Residence	3*/4*	Poreč	372
Valamar Sanfior Hotel & Casa	4*	Rabac	242
Valamar Atrium Baška Residence & Villa Adria	4* / 5*	Island Krk	92
Valamar Carolina Hotel & Villas	4*	Island Rab	176
Valamar Padova Hotel	4*	Island Rab	175
Valamar Meteor Hotel	4*	Makarska	268
Valamar Argosy Hotel	4*	Dubrovnik	308
Valamar Lacroma Dubrovnik Hotel	4*	Dubrovnik	401
Valamar Obertauern Hotel	4*	Austria	82
Valamar Amicor Green Resort	4*	Island Hvar	56
[PLACES] by Valamar			369
Hvar [PLACESHOTEL] by Valamar	3*	Island Hvar	179
Dalmacija [PLACESHOTEL] by Valamar	3*	Makarska	190
SUNNY BY VALAMAR			3.868
Lanterna Sunny Resort by Valamar	2*	Poreč	606
San Marino Sunny Resort by Valamar	3*	Island Rab	457
Rivijera Sunny Resort by Valamar	2*	Makarska	258
Arkada Sunny Hotel by Valamar	2*	Island Hvar	251
Tirena Sunny Hotel by Valamar	3*	Dubrovnik	208
Club Dubrovnik Sunny Hotel	3*	Dubrovnik	338
Eva Sunny Hotel & Residence	2* / 3*	Island Rab	284
Crystal Sunny Hotel by Valamar	4*	Poreč	223
Rubin Sunny Hotel by Valamar	3*	Poreč	253
Allegro Sunny Hotel & Residence by Valamar	3*	Rabac	180
Miramar Sunny Hotel & Residence by Valamar	3*	Rabac	178
Corinthia Baška Sunny Hotel by Valamar	3*	Island Krk	353
Zvonimir Sunny Hotel by Valamar	4*	Island Krk	85
Koralj Sunny Hotel by Valamar	3*	Island Krk	194
NEW ACQUISITION'S			129
Hotel Marietta	4*	Austria	129

CAMPING RESORTS OVERVIEW	LOCATION		KEYS
Camping Resorts			11.651
CAMPING ADRIATIC BY VALAMAR - PREMIUM RESORTS			5.435
Istra Premium Camping Resort	5*	Poreč	928
Lanterna Premium Camping Resort	4*	Poreč	2.959
Krk Premium Camping Resort	5*	Island Krk	500
Ježevac Premium Camping Resort	4*	Island Krk	632
Padova Premium Camping Resort	4*	Island Rab	416
CAMPING ADRIATIC BY VALAMAR - RESORTS			4.556
Orsera Camping Resort	3*	Poreč	592
Solaris Camping Resort	3*	Poreč	1.824
Marina Camping Resort	4*	Rabac	329
Baška Beach Camping Resort	4*	Island Krk	593
Bunculuka Camping Resort	4*	Island Krk	408
San Marino Camping Resort	4*	Island Rab	810
CAMPING ADRIATIC BY VALAMAR - SUNNY			1.660
Brioni Sunny Camping	2*	Pula	740
Tunarica Sunny Camping	2*	Rabac	160
Škrila Sunny Camping	3*	Island Krk	342
Solitude Sunny Camping	3*	Dubrovnik	418

15 Hotel Marietta in Obertauern, Austria, acquired by Valamar A GmbH in December 2021 and leased to a third party until mid-2023. It is not currently under the management of Valamar Riviera. Hotel Kesselspitze in Obertauern was acquired by Valamar A GmbH at the beginning of July 2022 and is under the management of Valamar Riviera.

Dubrovnik President Valamar Collection Hotel 5*, Dubrovnik



Results of the Company

As stated earlier, at the beginning of 2022, three hotels in Dubrovnik (Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar) were transferred from the company Valamar Riviera to the company Imperial Riviera. Consequently, Valamar Riviera generated net revenues, i.e. profit from the assets' sale in the amount of HRK 471.9 million shown in the item Other operating revenues with entrepreneurs within the group. This transaction had a significant impact on the Company's separate financial reports, while it had no impact on the Group's financial reports as it was an intragroup transaction.

In the first nine months of 2022, total revenues amounted to HRK 2,383.0 million, which is an increase of 82.6% or HRK 795.0 million compared to the same period in 2021 (HRK 1,305.3 million). The increase in total revenues is due to the above-mentioned revenues from the assets' sale and higher sales revenues from the core hospitality business.

Sales revenues amounted to HRK 1,822.0 million, increasing by 44.2% compared to the same period last year. The increase is a result of significant improvements in tourism flows following the considerably lower impact of the COVID-19 pandemic in the first nine months of 2022. Domestic sales revenues were HRK 226.3 million and represented 12.4% of total sales revenues (10.2% in 2021). Foreign sales revenues amount to HRK 1,595.7 million with a share of 87.6% in total revenues (89.8% in 2021).

Material costs amount to HRK 555.1 million and are up by 69.7% as a result of increased raw material costs, electricity, maintenance costs, promotional costs and other direct costs in line with the increased volume of operations. Staff costs amount to HRK 421.4 million and are up by 105.2% compared to last year, also due to increased business volume and the need for labor, as well as due to the abolition of COVID grants related to employee cost subsidies. Depreciation amounts to HRK 273.7 million and is down by 8.7% compared to last year, mainly due to the above-mentioned transfer of assets. Value adjustments and provisions amount to HRK 73 thousand after last year's also low HRK 19 thousand.

The net financial result for the first nine months of 2022 amounts to HRK 26.5 million and is HRK 48.6 million higher compared to the same period in 2021 (when it amounted to HRK -22.1 million). The biggest

HIGH PROFIT
FROM THE SALE OF
THREE HOTELS TO
IMPERIAL RIVIERA
ACHIEVED

STRONG CASH
POSITION OF THE
COMPANY AS AT
30 SEPTEMBER
2022 OF HRK 843
MILLION

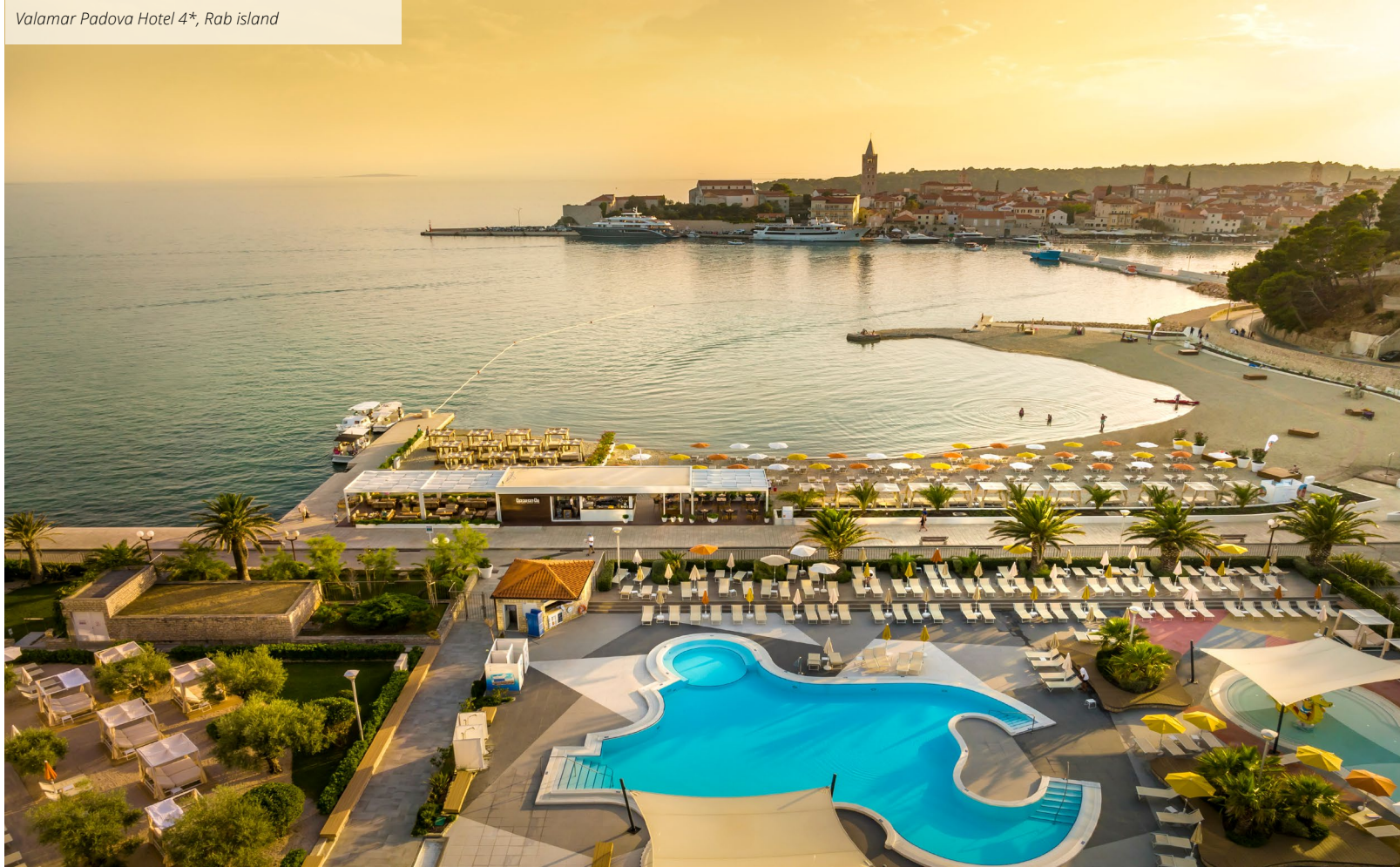
contributor to this increase was the dividend income from Imperial Riviera d.d. amounting to HRK 36.8 million, which was not the case in 2021. The decrease in positive and the increase in negative exchange rate differences had the biggest impact on the decrease in the net financial result, amounting to HRK 18.1 million net. This was primarily related to unrealised exchange rate differences on long-term loans. However, the increase in unrealised gains on financial assets (based on the fair value of interest rate swaps), amounting to HRK 19.1 million net, had an impact on the improvement in the net financial result. This was also true when it comes to HRK 11.5 million lower expenses for interest rates on loans (lower loan obligations).

With respect to a considerably increased volume of operations compared to the first nine months of 2021 and the previously mentioned profit from the sale of assets in the amount of HRK 471.9 million, an EBITDA amounting to HRK 1,207.8 million has been realised. This is an increase of HRK 544.7 million compared to 2021 when an EBITDA of HRK 663.1 million was achieved. The increased costs, especially the costs of electricity, labour and foodstuffs, have had a significant impact on profitability. Following 8.7% lower depreciation costs and the better net financial result as described above, the earnings before tax (EBT) amount to HRK 960.7 million. This is an improvement of HRK 619.6 million compared to the same period last year.

The company has assessed its tax expenses in the amount of HRK 171.1 million, the largest part of which is deferred tax and related utilization of deferred tax assets based on tax losses. Given the seasonality of business and the fact that a net loss is usually expected for the fourth quarter, the Company estimates that there will be no obligation to pay profit tax for the full year 2022. The net profit of the period 1-9 2022 amounts to HRK 789.6 million.

As at 30 September 2022, the total value of the Company's assets amounted to HRK 5,700.2 million a decrease by 2.2% compared to 31 December 2021, primarily as a result of selling three hotels to Imperial Riviera. The total share capital and reserves amount to HRK 3,265.4 million, up by 24.5% as a result of the realized net profit. As at 30 September 2022, the cash balance of the Company amounts to HRK 843.0 million, which represents an increase of 44.8% compared to 31 December 2021.

Valamar Padova Hotel 4*, Rab island



Investments

The success and growth of Valamar Riviera rests on investing in products, employees, and tourist destinations, whereby Valamar Riviera always takes care of ensuring sustainable and socially responsible development. Along with enriching our tourist offer, we have been continually developing Valamar's service concepts with the aim of harmonizing them with the current market demands, especially those relating to trends and guest expectations. With our timely and thorough approach to mitigating and controlling the adverse effects caused by the occurrence of the COVID-19 pandemic, we have implemented an adjusted business plan in all business segments, including investments. We have therefore adapted the planned development of our portfolio towards the high added value offer and services, with an emphasis on the premium resorts and campsites segment, through a respective decrease in investment intensity. Simultaneously, new growth and development projects have been prepared for the time when circumstances allow it.

In accordance with the harmonization of our planned portfolio and development with the tourist flows and based on a proactive approach to cash flow management and financing, we have focused the implementation of our investments in 2021/2022 investment cycle mostly on finishing the commenced projects and realizing new investments aimed at boosting our quality level and guest satisfaction. The total of the approved investments for the 2021/22 investment cycle at the Valamar Group level amounts to HRK 313 million.

As in the last year, the Group has continued with the alignment of its products and with the development of digitalization projects to improve our service quality and guests' safety for the upcoming tourist season. The investments mostly relate to financing the renovation and rebranding of the Corinthia Hotel in Baška, continuing the improvement and quality increase of Istra Premium

Istra Premium Camping Resort 5, Poreč*



Camping Resort and Lanterna Premium Camping Resort, the renovation of the Dalmacija Sunny Hotel by Valamar, and the construction of the Padova beach within the Valamar Padova Hotel. Besides investing in hotels and campsites, Valamar has also been actively investing in safety and digitalization and innovation for the new growth period.

VALAMAR RIVIERA

The Supervisory Board of Valamar Riviera approved the amount of HRK 188.2 million for the 2021/22 investment cycle.

Corinthia Hotel has been the favorite choice of all Valamar's guests in the destination of Baška. The upgrade of the quality of this hotel to the Sunny Plus brand level has been realized through an investment aimed at its renovation and rebranding. It includes the redesign and refurbishment of 340 rooms and the renovation of the current Lobby zone to Sunny Lounge, which will house an additional Chill & Play zone and a digital library. It also covers the redesign of the main restaurant and its upgrade to the Sunny Plus standard. The investment further includes the renovation and upgrade of kids' facilities, the introduction of the multimedia room, renovation and remodeling of the wellness area, the renovation of installations, and the transformation of 78 units into rooms for staff and other employees.

By continuing investments in Istra Premium Camping Resort, one of the best campsites in the Mediterranean, the premium segment accommodation is additionally upgraded and its quality improved. A further upgrade of its products and services includes an additional expansion of the interior of the Grano Duro restaurant which offers a wide selection of Italian cuisine specialties. The Bokoon tavern, which offers authentic traditional Istrian dishes, and which has been recognized and favored by both tourists and the local population, will undergo various improvements. Investments also include the opening of the new Fonte restaurant with a covered terrace, a new multifunctional sports court, additional interactive content for children, an additional beach on the northern side, improvement of

IN 2021/22 CYCLE
VALAMAR RIVIERA'S
INVESTMENTS
AMOUNT TO HRK
188.2 MILLION,
AND IMPERIAL
RIVIERA'S 125.3
MILLION

ALL
INVESTMENTS
WERE RUNNING
ACCORDING TO
PLAN

accommodation, and upgrade of the Sunset & A Zone pitches as well as the expansion of the Orlandin zone with 33 new mobile houses, ten of which luxurious premium villas with a private swimming pool.

The investments in Lanterna Premium Camping Resort ensure a quality level upgrade for all facilities in this campsite as well as additional horticultural landscaping and a general service improvement. The Punto Blue zone was finalized – a completely new, exclusive, and sustainable premium zone consisting of 30 elegant premium camping homes and two swimming pools with a spectacular view of Tar Bay and the city of Novigrad. Solar collectors were placed at the top of the new roof covers, charging stations for electric cars were installed, and two sanitary facilities were completely reconstructed. The Valamar Bellevue Hotel by the sea has proven to be the perfect choice for families due to its numerous kid facilities. Investments enabled the achievement of its repositioning, including F&B upgrade and rebranding, the implementation of the Maro Smart Play, and an upgrade of 26 family accommodation units. The Sunny Plus concept was implemented in the Allegro Sunny Hotel to be able to offer our guests an even more fulfilling experience. It includes a digital library, the Chill & Play zone, and the Valfresco food display cabinet available 24/7. Also, the quality of the restaurant, sunbathing area, and swimming pool has been improved.

Besides investing in hotels and campsites, Valamar has been actively investing in maintenance, furniture as well as in IT maintenance and equipment. Within other investments, Valamar is also investing in the digitalization and business transformation for the new growth period and in the implementation of digital and innovative projects. Investments also includes an upgrade of the beaches in its destinations, brand implementation and updating of the Valamar's web for the year 2022.

IMPERIAL RIVIERA

Imperial Riviera d.d. 2021/22 investment cycle amount to HRK 125.3 million.

An investment amounting to HRK 67.1 million in the existing Dalmacija Sunny Hotel by Valamar in the destination of Makarska is completed, which was repositioned to Dalmacija [PLACESHOTEL] by Valamar. This investment includes the reconstruction of the existing and the construction of a new swimming pool, the arrangement of sun decks and a new swimming pool bar, the renovation of 190 accommodation units and other joint spaces at the level of lifestyle design with an emphasis on digitalization and quality, as well as the renovation of bathrooms. The renovation of the existing main restaurant, which makes part of the Lobby zone (Flexi board concept), is also underway. The ground floor and Lobby have been designed as one unit, thematically separated by zones (Lobby Bar/Reception, Digital Library, Pop Up Store, and Game Room). The existing Wellness is branded into Places Spa. The idea behind this new concept is to be able to offer to our guests, via the new [PLACES] hotel concept, a wider range of services as well as the possibility to truly get to know the local Mediterranean lifestyle of this destination. The works on the hotel renovation were finalized and executed according to the planned dynamics. The hotel was opened in mid-May. The beach restaurant below the Dalmacija [PLACESHOTEL] by Valamar, currently named Il Golfo, is being repositioned and rebranded to Mannana. The key interventions are the renovation and arrangement of the terrace, new bar and counter, the arrangement of the interior and kitchen, furnishing with new seating furniture and beach amenities, and installing sunshades. The northern Valamar Padova Sandy Beach and the southern entrance is being branded and marked, and new signaling is installed on the promenade and the beach.

Additional investment in the Valamar Meteor Hotel was also finalized, including new sun decks with attractions for kids in front of the Mediterraneo

restaurant where the works will be realized in autumn and will be finished by the end of the year, while on the Lobby terrace a sun deck has been added. Likewise, there was an upgrade of the existing family rooms, restaurant, swimming pool and sun deck, sports facilities and animation, which were all completed. In the destination of Rab, the construction and furnishing of the Padova I beach has been completed, as well as the construction and furnishing of the associated hospitality facility called The Beat Beach Club and the sanitary facilities. The purpose of this investment is to increase service quality and expand business activities on the future Padova beach.

Besides investing in facilities, Imperial Riviera d.d. has been actively investing in maintenance, furniture, IT maintenance and equipment as well as in energy efficiency increase projects.



Valamar Amicor Green Resort 4*, Hvar island



ESG & Human resources

Within its integrated report, at the end of June 2022 Valamar presented its new sustainability strategy and 2025 ESG goals. The strategic plan includes 12 key goals in the area of environment (E), society (S) and governance (G), which Valamar plans to realize until 2025 through 6 strategic initiatives.

A comprehensive sustainability strategy focuses on six strategic initiatives to reach 2025 ESG goals and position Valamar as a sustainability leader among European hospitality companies. The ESG strategy involves the entire Valamar value chain from suppliers, employees and operations to guests and our destinations. Valamar is committed to the sustainable use of natural resources and to making a positive impact on destinations and society.

As the leading hospitality company in Croatia, Valamar has invested nearly 65 mn euro in various sustainability, social and development programs since 2015. These programs include investments in renewable energy and energy efficiency, tourism infrastructure, as well numerous of employee, social and philanthropic programs. Since 2015, Valamar has reduced its carbon footprint by 70%. More than 90% of our electricity comes from renewables and the solar power plants installed at our properties cover 6% of our total annual electricity consumption.

Our results have been noticed at the global level – the Financial Times has thus recognised Valamar as one of the European climate leaders for 2022. Valamar is one of the two companies from Croatia and one of only six tourism companies on that list.

In June 2022, Valamar Riviera and E.ON Croatia have won 2022 Green Prix National environmental award in the Decarbonize the Community category for natural and legal persons whose project activities have contributed to achieving climate goals in the wider community from 2021 to 2022.

ESG strategic initiatives until 2025



At Croatian Tourism Days held in October 2022, Valamar received a special Excellence Award for its implementation of sustainable tourism principles.

2025 ESG GOALS

1. CARBON NEUTRALITY BY 2025 (Scope 1 & 2)

Valamar will continue to reduce its greenhouse gas emissions and reach carbon neutrality by 2025 on company level and on the entire owned and managed portfolio level.

2. 15% OF SOLAR ELECTRICITY

Valamar will significantly increase the share of solar-based renewable electricity that is produced at Valamar properties and will continue to invest in renewable energy sources through long-term partnerships.

3. HIGHEST SEA QUALITY IN ALL DESTINATIONS

Valamar will continue to protect and manage the sea quality in all its destinations as measured by Blue Flag, a world-renowned label which ensures the ecological management of beaches and marinas.

4. REFORESTATION AND 80.000 TREES PROGRAM

Valamar is committed to reforestation and the sustainable management of 80,000 trees and hundreds of hectares of greenery in and around Valamar properties, especially on the Adriatic coast.

5. WASTE RECYCLING RATE > EU AVERAGE

Valamar will continue to achieve higher than EU average waste recycling rates.

6. LOW WATER WITHDRAWAL

Valamar will keep the intensity of water withdrawal under 0.55 m3 per occupied room and focus on utilizing treated wastewater and optimising water consumption.

ESG STRATEGIC
PLAN INCLUDES
12 KEY GOALS
IN THE AREA OF
ENVIRONMENT (E),
SOCIETY (S) AND
GOVERNANCE (G)
TO BE REALIZED
UNTIL 2025

FINANCIAL TIMES
LISTED VALAMAR
AS ONE OF THE
CLIMATE LEADERS
IN EUROPE FOR
2022

7. ZERO SINGLE-USE PLASTICS

Valamar strives to replace and avoid single-use plastics in all its properties.

8. 70% OF DOMESTIC EMPLOYEES

Valamar is hiring and retaining local employees. The company provides numerous opportunities for employees' personal and professional growth and development through education and training programs.

9. 80% OF LOCAL FOOD

Valamar has a high share of domestic production and local products in the food and beverage segment. By promoting autochthonous products, Valamar provides authentic experiences and develops long-term partnerships with local producers.

10. EUR 50 MIL. INVESTED IN ESG

Valamar will continue to invest in carbon neutrality, biodiversity, employees, destination development, tourism infrastructure and local communities to the benefit of all stakeholders.

11. 80% OF RESPONSIBLE SUPPLIERS

In order to have a greater positive impact on the environment and its destinations, Valamar engages and motivates its strategic suppliers to transition towards sustainable business practices.

12. 100% OF PROPERTIES WITH SUSTAINABILITY CERTIFICATES

The Company's dedication to sustainability is acknowledged by respected professional organizations and a large number of Valamar properties hold these certificates.

In 2022, Valamar has already made progress in achieving its ESG goals. 15 Blue Flag labels have been awarded to Valamar destinations and 78% of Valamar food and beverages come from local producers. By mid of December, with the help of donations from its guests, Valamar will plant almost three thousand trees in the Split-Dalmatia and Karlovac Counties. 100% of Valamar properties earned the ISO

14001 and 50001 certificates this year as well and a total of 34 Valamar properties have been awarded sustainability certificates.

HUMAN RESOURCES

Valamar is one of the biggest employers in Croatia. As at 30 September 2022, the Group had a total of 5,988 employees, of which 2,413 were permanent, and the Company had 4,481 employees, out of which 1,889 were permanent. As such large employers, the Company and the Group have been systematically and continuously investing in human resources development. This includes an integrated strategic approach to HR management with a transparent recruitment process, clear goals, employee performance monitoring, investing in employee development and their career path and encouraging two-way communication.

Despite the crisis which had marked the two preceding years, in 2022, Valamar significantly increased salaries and rewards for all of its employees. As the first tourism company in Croatia, it started the process of aligning salaries with the level of salaries in the European tourism industry. Aiming to ensure a year-round income to as many employees as possible, in 2022, Valamar offered more than 200 new permanent contracts to its employees. Its additional portfolio expansion in Austria increases the number of employees to whom Valamar is able to offer the opportunity to work in its winter destinations.

IN 2022, VALAMAR SIGNIFICANTLY INCREASED SALARIES AND REWARDS FOR ALL OF ITS EMPLOYEES. AS THE FIRST TOURISM COMPANY IN CROATIA, IT STARTED THE PROCESS OF ALIGNING SALARIES WITH THE LEVEL OF SALARIES IN THE EUROPEAN TOURISM INDUSTRY.

Except for the increase in salaries, Valamar has started several initiatives to improve the working conditions in the tourism industry and to align the jobs in Valamar to new trends and requirements. Along with ensuring high-quality housing and food for all employees who come to work in Valamar from all parts of Croatia, the new Live the Destination programme offers numerous other benefits to best support the life-work balance of Valamar's employees. These include discounts at more than three hundred points of sale and flexible forms of work.

Valamar has implemented numerous education and development programmes for employees at all jobs. Through its umbrella programme for lifelong learning – Valamar Excellence – which has continued to run this year, Valamar employees have been acquiring top knowledge about the tourism and catering business via Valamar Training (V-Academy, V-Lead, V-Start and V-Intern programmes).

In the high season, i.e. as at 31 July 2022, Valamar Group had 7,447 employees, 87% of whom were domestic employees.

Bunculuka Camping Resort 4*, Krk island



The Risks of the Company and the Group

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

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

5 KEY STEPS IN RISK MANAGEMENT PROCESS

There are five key steps in a risk management process:

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

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

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



FINANCIAL RISKS

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

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

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

1) Foreign exchange risk

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

accordance with the current state and future assessment of the Company's and the Group's foreign exchange position, expectations of movements in the value of the kuna/euro currency pair as well as other intercurrent relationships among world currencies.

2) Interest rate risk

Variable rate loans expose the Company and Group to cash flow interest rate risk. Actively, the Company and Group resort to derivative instruments in order to hedge cash flow and interest rate by applying interest rate swaps. The economic effect of such swaps is the conversion of variable interest rate loans into fixed interest rate loans for a precommitted hedged part of the loan principal. Therefore, a major part of the loan portfolio (over 80%) is comprised of long-term fixed interest loans or, respectively, loans hedged by a derivative instruments (IRS). The Company and Group have interest-bearing assets (cash assets and deposits) so their revenue and cash flow depend on changes in market interest rates. This becomes evident especially during the season when the Company and Group have significant cash surpluses at their disposal. The Company and the Group expect a limited impact from the increased interest rate volatility consequent to the recent coronavirus pandemic, since a large portion of the Group's loan portfolio (88%) is made up of long-term fixed-rate loans, i.e. loans protected by derivative instruments (IRS).

3) Credit risk

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

4) Price risk

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

5) Liquidity risk

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

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

6) Share-related risks

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

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

COVID-19 pandemic and related movement restrictions as well as supply disruptions, along with strong rising energy prices and the war in Ukraine, have induced global inflation and rising prices at the end of 2021 and in the first nine months of 2022.

The Croatian Bureau of Statistics (DZS) announced that, in September, consumer prices in Croatia increased by 12.8% compared to the same month in the previous year. This is the highest inflation level ever since the beginning of monitoring. According to the Croatian National Bank (HNB), the annual consumer price inflation accelerated in September primarily due to the acceleration of the annual price increase of industrial products, especially clothing and footwear, personal hygiene products and books and, to a lower extent, increase in the prices of services, especially catering and insurance services as well as energy.

Inflation and rising prices of purchased goods may have an effect on the purchasing power of foreign and domestic guests, as well as on the level of our selling prices. The Company and the Group have also been exposed to the impact of the changes in the purchase prices for energy products (especially electrical energy) as well as prices for food and beverages and consumables. The Company and the Group have been continually making considerable investments in energy efficiency and renewables in order to mitigate the impact of a possible increase in energy prices as well as to decrease their dependence on suppliers. The Company and the Group have

a very high share of direct channels and other online channels in total sales, and sales prices are largely formed dynamically, during the year. Accordingly, the Company and the Group have the flexibility to manage selling price levels.

BUSINESS RISK

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

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

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

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

OPERATIONAL RISKS

Operational risks are risks connected with direct or indirect losses that arise from inadequate or wrong internal or external processes within the Company and the Group. They include the creation and analysis of financial reporting data (also known as "financial reporting risk") and also the potential insufficient and inadequate internal and external information sharing. When implementing the system of operational risk management, the Company and Group focused on its continuity and complexity due to the size of the organization. The benefits of the system include i) defining and identifying the Company and Group risk profile in relation to the operating risk ii) identifying and managing the known risk occurrences in order to decrease the Company and Group costs and iii) data analysis which indicates the business trends for the Company and Group and trends in the domestic economy. The Company and Group are aware of the reliability of IT business solutions and safety in the cyber world. Hence, they continually upgrade, develop and implement new technologies in everyday business operations. A special focus is given to providing sufficient resources for the development and implementation of new technologies related to ICT, data protection, and upgrade of the current business systems and implementation of new ones.

GLOBAL RISKS

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

- Periods of global financial crisis which reduce the purchasing power of the travelling-prone population;
- Security and political issues related to globally escalating terrorism threats;
- Security and political instability in the immediate environment of the neighbouring countries.
- geopolitical risks connected with the Russian invasion of Ukraine in February 2022.

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 as excessive urbanization and the introduction of plant and animal invasive species should also be taken into consideration. Likewise, disease outbreaks and pandemics can adversely affect Valamar's business results. In order to minimize their impact, Valamar is actively tracking pandemic and health risk levels worldwide, especially on its source markets, and taking proactive steps in their management. The COVID-19 pandemic is a recent example of the operational and financial disruption to the global economy, especially tourism flows, since almost all global destinations were blocked by travel restrictions. The emergence of exceptional circumstances in the Republic of Croatia and the introduction of extraordinary measures to prohibit gatherings, movements and the operation of restaurants and shops, all with the primary objective of protecting the population from the risk of contagion, resulted in the expected consequential and immediate disruption of the Company's and the Group's

operations, cancellation of accommodation and other contracted services by partner agencies and guests.

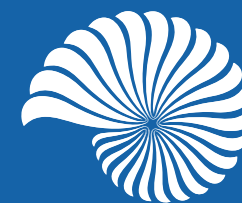
The source Russian and Ukrainian markets historically made up a maximum of 2% of Valamar's turnover so their disappearance in 2022 has been compensated by other source markets.

REGULATORY RISKS

Changes in tax laws and other regulations pose a very serious threat and represent a demanding segment in risk management because in this particular situation the possibilities for the Company and Group are limited.

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

Valamar Collection Imperial Hotel 4*, Rab island



Corporate Governance

The Company and the Group continuously strive to develop and operate according to good practices of corporate governance. The business strategy, corporate policy, key corporate regulations and business practice have set a high standard of corporate governance and are all geared towards creating a transparent and efficient business operation while forging solid bonds with the local community. The Management Board fully complies with the provisions of the adopted Corporate Governance Act. After the company was listed on the regulated market of the Zagreb Stock Exchange, the Company has also complied with the Zagreb Stock Exchange Governance Code (Compliance questionnaire for 2021 is available at <https://valamar-riviera.com/media/451413/compliance-questionnaire-2021-pdf.pdf>).

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 adopted its Code of Business Conduct and appertaining policies, available at the corporate website (<https://valamar-riviera.com/media/441964/valamar-riviera-dd-code-of-business-conduct-and-policies.pdf>). The Company has thus aligned its internal corporate governance rules with the Corporate Governance Code.

To ensure a safe consumer environment and enable a reliable and transparent introduction of the euro in the Republic of Croatia, on 19 October 2022, the Company joined the Code of Ethics – Euro – an initiative of the Ministry of Economy and Sustainable Development.

The major direct Valamar Riviera's shareholders according to the Central Depository and Clearing Company data and the shareholders whom are Valamar Riviera's Management Board and Supervisory Board members are as follows: the Chairman of the Supervisory Board, Mr. Gustav Wurmboeck, holds a 100% stake in Wurmböck Beteiligungs GmbH, which holds 25,017,698 RIVP-R-A shares; the Deputy Chairman of the Supervisory Board, Mr. Franz Lanschuetzer, holds 4,437,788 RIVP-R-A shares; the Deputy Chairman of the Supervisory Board, Mr. Mladen Markoč, holds 30,618 RIVP-R-A shares; the Member of the Supervisory Board Mr. Georg Eltz holds a total of 6,545,367 RIVP-R-A shares, of which directly 20,463 RIVP-R-A shares, and indirectly through a 100% stake in company Satis d.o.o. 6,524,904 RIVP-R-A shares; the Member of the Supervisory Board Mr. Boris Galić holds a total of 10,000 RIVP-R-A shares, the President of the Management Board, Mr. Željko Kukurin, holds 139,360

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

RIVP-R-A shares; the Member of the Management Board Mr. Marko Čižmek holds 68,251 RIVP-R-A shares and the Member of the Management Board Ms. Ivana Budin Arhanić holds 35,529 RIVP-R-A shares. The Company defined the process of preparing and disclosing financial reports in a detailed internal document. With this, the financial reporting procedure is set within a system of internal review and risk management. Moreover, in order to monitor and mitigate the financial reporting risk, the Company uses the measures described in "The Risks of the Company and the Group".

The Companies Act and the Company Statute define the General Assembly's authority and prescribe how it meets and works. The meeting invitation, proposals and the adopted resolutions are made public according to the provisions of the Companies Act, Capital Market Act and the Zagreb Stock

Exchange Rules. There is a time limit related to the voting right at the General Assembly: according to the provisions of the Croatian Companies Act, shareholders are required to register their participation within the prescribed time limit in order to attend the General Assembly. Under no circumstances can the financial right arising from securities be separated from holding the securities. There are no securities with special control rights nor are there any limitations to voting rights at the Company (one share, one vote).

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

The Company acquires treasury shares based on and in accordance with the conditions determined by the General Assembly's decision on acquisition of treasury shares dated on 9 May 2019 which is in force as of 17 November 2019. The Company does not have a share-buyback program or an employee share ownership plan. The Company holds and acquires treasury shares as a form of rewarding the Management and key managers pursuant to the Company acts on the long-term reward plan and for the purpose of dividend payout in rights - Company share to the equity holders. During first nine months of 2022 the Company wasn't involved in treasury shares acquisition neither disposal of its own shares.

THE COMPANY'S CORPORATE BODIES ARE:

Management Board: Mr. Željko Kukurin, CEO, and Mr. Marko Čížmek and Ms. Ivana Budin Arhanić, members.

The Company appointed senior executives, who are the Company's key management, in accordance with the provisions of the Capital Markets Acts and the EU Regulation No. 596/2014. The Company's senior executives are the following – 3 Senior Vice Presidents: Alen Benković, Davor Brenko and David Poropat; 2 Vice Presidents: Ines Damjanić and Sebastian Palma; and 26 Sector Directors and Heads: Tomislav Dumančić, Mauro Teković, Bruno Radoš, Sandi Sinožić, Andrea Štifanić, Željko Jurcan, Ivan Karlić, Mario Skopljaković, Dario Kinkela, Mile Pavlica, Tomislav Poljuha, Dragan Vlahović, Flavio Gregorović, Martina Šolić, Vedrana Ambrosi Barbalić, Mirella Premeru, Ivica Vrkić, Giorgio Cadum, Vlastimir Ivančić, Lea Sošić, Roberto Gobo, Ivan Polak, Karmela Višković, Denis Prevolšek, Marko Vusić and Vlatka Kocijan.

Supervisory Board: Mr. Gustav Wurmböck, president, Mr. Franz Lanschützer and Mr. Mladen Markoč, deputy presidents and members: Mr. Georg Eltz, Mr. Daniel Goldscheider, Mr. Boris Galić, Mr. Ivan Ergović (employee representative), and from 23 June 2022, Mrs. Gudrun Kuffner and Mrs. Peter Stolb

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

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

Audit Committee: Mr. Georg Eltz - Chairman, and members: Mr. Mladen Markoč, Mr. Boris Galić and Mrs. Gudrun Kuffner from 29 June 2022.

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

Committee on Digitization and Sustainability: Mr Daniel Goldscheider,

Chairman and members: Mr Franz Lanschützer, Mr Gustav Wurmböck and Mrs. Petar Stolba from 29 June 2022.

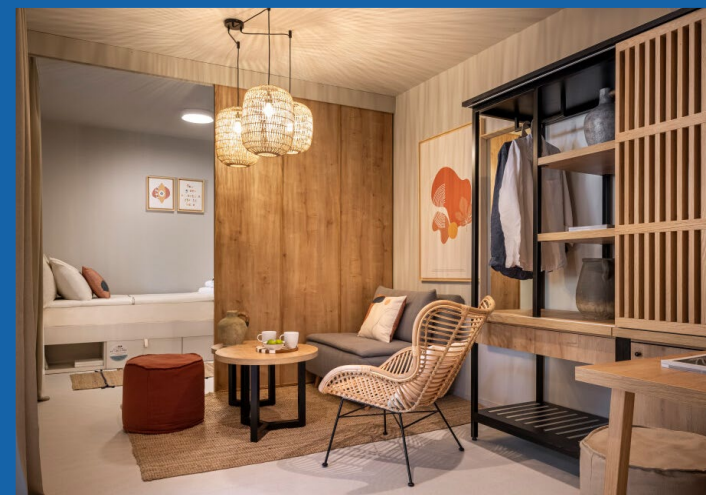
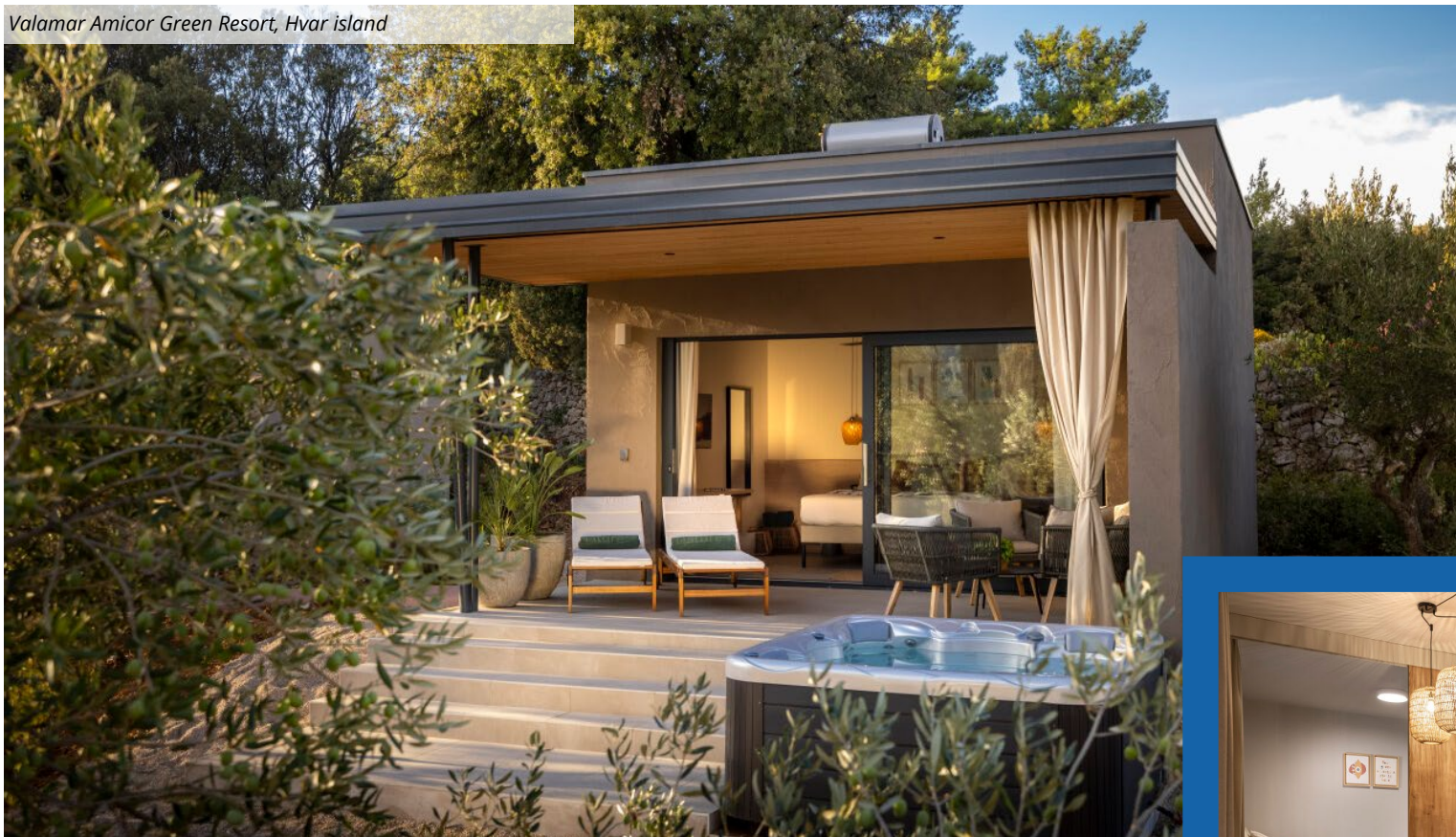
Compliant to effective regulations and Company by laws, the Management and Supervisory Board primarily act through meetings and by correspondence in their decision-making.

The Company has concluded Employment contracts with the President and a member of the Management Board for the duration of the term for which they were appointed (until 31 December 2026), and a member of the Supervisory Board, employee representative, has an employment contract for an indefinite period.

Valamar Collection Isabella Resort 4*/5*, Poreč



Valamar Amicor Green Resort, Hvar island



Related-party Transactions & Branch Offices

RELATED-PARTY TRANSACTIONS

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

In the first nine months of 2022, HRK 544.5 million of revenue from transactions with related parties was generated (HRK 17.5 million first nine months of 2021) for the Company and HRK 6.6 million (HRK 2.2 million in first nine months of 2021) for the Group. Expenses amounted to HRK 10.2 million (first nine months of 2021: HRK 3.7 million) for the Company and HRK 919 thousand for the Group (first nine months 2021: HRK 535 thousand).

As at 30 September 2022, receivables and liabilities toward related parties are as follows: company's receivables amount to HRK 11.0 million (vs. HRK 27.0 million EO 2021), and Group's receivables amount to HRK 529 thousand (vs. HRK 7.3 million EO 2021). Company's liabilities amount to HRK 3.1 million (vs. HRK 131 thousand EO 2021), and Group's receivables amount to HRK 225 thousand (vs. HRK 63 thousand EO 2021).

The most significant transaction of the Company in the first nine months of 2022 relates to the sale of three hotels to the related party Imperial Riviera d.d. Valamar Lacroma Dubrovnik Hotel, Dubrovnik Club Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar were sold with an acquisition value of HRK 717,766 thousand.

TRANSACTIONS
WITH RELATED
PARTIES
UNDER USUAL
COMMERCIAL
TERMS AND
CONDITIONS

BRANCH OFFICES OF THE COMPANY

The Company has several branch offices, where it performs its business activities outside of its headquarters: Branch Office for Tourism RABAC, with the seat in Rabac, Slobode 80; Branch Office for Tourism ZLATNI OTOK, with the seat in Krk, Vršanska 8; Branch Office for Tourism DUBROVNIK-BABIN KUK, with the seat in Dubrovnik, Vatroslava Lisinskog 15a; Branch Office for Business and Administration Consulting ZAGREB, with the seat in Zagreb, Miramarska cesta 24; Branch Office for Tourism BRIONI, with the seat in Pula, Puntičela 155 and from 28 June 2022, the Austria Branch Office, with headquarters in Austria, Obertauern, Gamsleitenstrasse 6.

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

In addition to branch offices based in Croatia, the Company established a branch office in Austria and offices on the island of Rab, in Makarska and in Stari Grad on the island of Hvar for more efficient management of hotel and tourist properties and facilities of the companies Imperial Riviera, Helios Faros, Valamar Obertauern, and from 12 July 2022 of the company Kesselspitze, all in accordance with the provisions of the concluded hotel management contracts.

Hvar [PLACESHOTEL] by Valamar 3*, Hvar island



Valamar Share

Performance of Valamar Riviera's share and Zagreb Stock Exchange and travel and leisure indices in the first nine months of 2022



During the first nine months of 2022, the highest achieved share price in regular trading on the regulated market was HRK 36.00, and the lowest HRK 28.60. On 30 September 2022 the price was HRK 29.00 which represents a decrease of 12.1% compared to the last price in 2021. With a total turnover of HRK 134.7 million¹⁶, Valamar Riviera share was the second share on the Zagreb Stock Exchange in terms of turnover during the first nine months of 2022.

In addition to the Zagreb Stock Exchange index, the joint stock index of the Zagreb and Ljubljana stock exchanges ADRIAprime, the stock is also a component of the Vienna Stock Exchange index (CROX¹⁷ and SETX¹⁸) and the Warsaw Stock Exchange (CEEplus¹⁹),

the SEE Link regional platform index (SEELinX and SEELinX EWI)²⁰ and the MSCI Frontier Markets Index. Zagrebačka banka d.d. and Interkapital vrijednosni papiri d.o.o. perform the activities of market makers with ordinary shares of Valamar Riviera listed on the Leading Market of the Zagreb Stock Exchange d.d.

The Company did not acquire or dispose of its own shares in the period from 1 January 2022 to 30 September 2022. As of 30 September 2022 the Company holds 4,139,635 treasury shares, which is 3.28% of the share capital.

Valamar Riviera actively holds meetings and conference calls with domestic and foreign investors, as well as presentations for investors, providing support for the highest possible level of transparency, creating additional liquidity, increasing share value and involving potential

¹⁶ Block transactions are excluded from the calculation.

¹⁷ 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.

¹⁸ 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).

¹⁹ 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.

²⁰ 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.

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

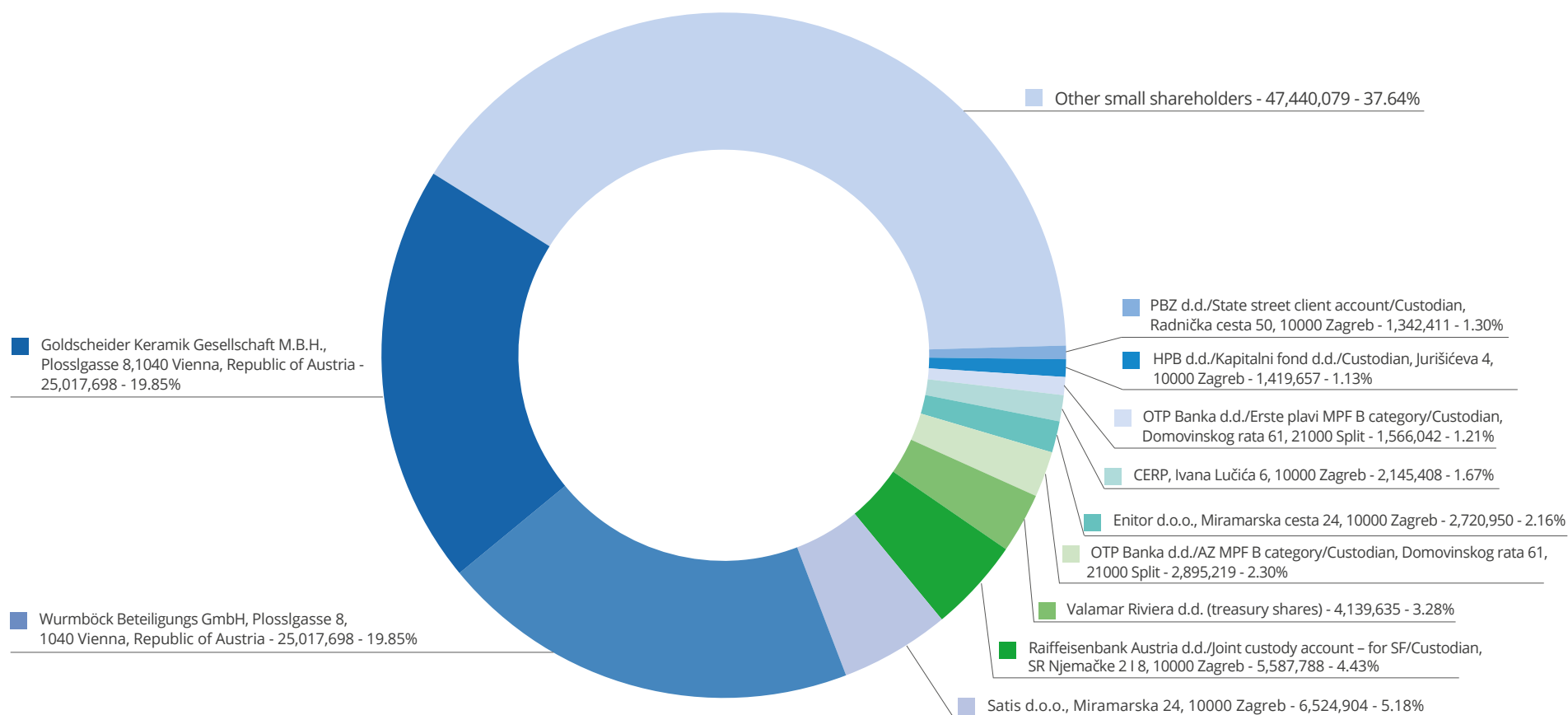
2nd
MOST ACTIVELY
TRADED SHARE
BY REGULAR
TURNOVER ON THE
ZAGREB STOCK
EXCHANGE IN
THE FIRST NINE
MONTHS OF 2022

Analytical coverage of Valamar Riviera is provided by: 1) ERSTE bank d.d., Zagreb; 2) Interkapital vrijednosni papiri d.o.o., Zagreb; 3) Raiffeisenbank Austria d.d., Zagreb; 4) Zagrebačka banka d.d., Zagreb.

Lanterna Premium Camping Resort 4*, Poreč



OVERVIEW OF MAJOR SHAREHOLDERS AS AT 30 SEPTEMBER 2022:



Hotel Kesselspitze 5*, Obertauern



Additional Information

Marea Valamar Collection Suites 5*, Poreč



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

ADDITIONAL INFORMATION

As one of the largest employers in Croatia (as of 30 September 2022, the Group employed a total of 5.988 employees, of which 2,413 permanent, and the Company 4.481 employees, of which 1,889 permanent), the Company and the Group systematically and continuously invest in the development of their human resources through a comprehensive strategic approach to their management that includes a transparent recruitment process, clear goals, measuring employee performance and investing in employee development, as well as their careers, and encouraging two-way communication.

In the course of the first nine months of 2022 the Company's Management Board performed the actions provided by law and the Articles of Association and regarding the management and representation of the Company and planned a business policy that was implemented with prudent care. The Company's Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth. The quarterly separate and consolidated financial statements for the first nine months of 2022 were adopted by the by the Management Board on 31 October 2022.

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

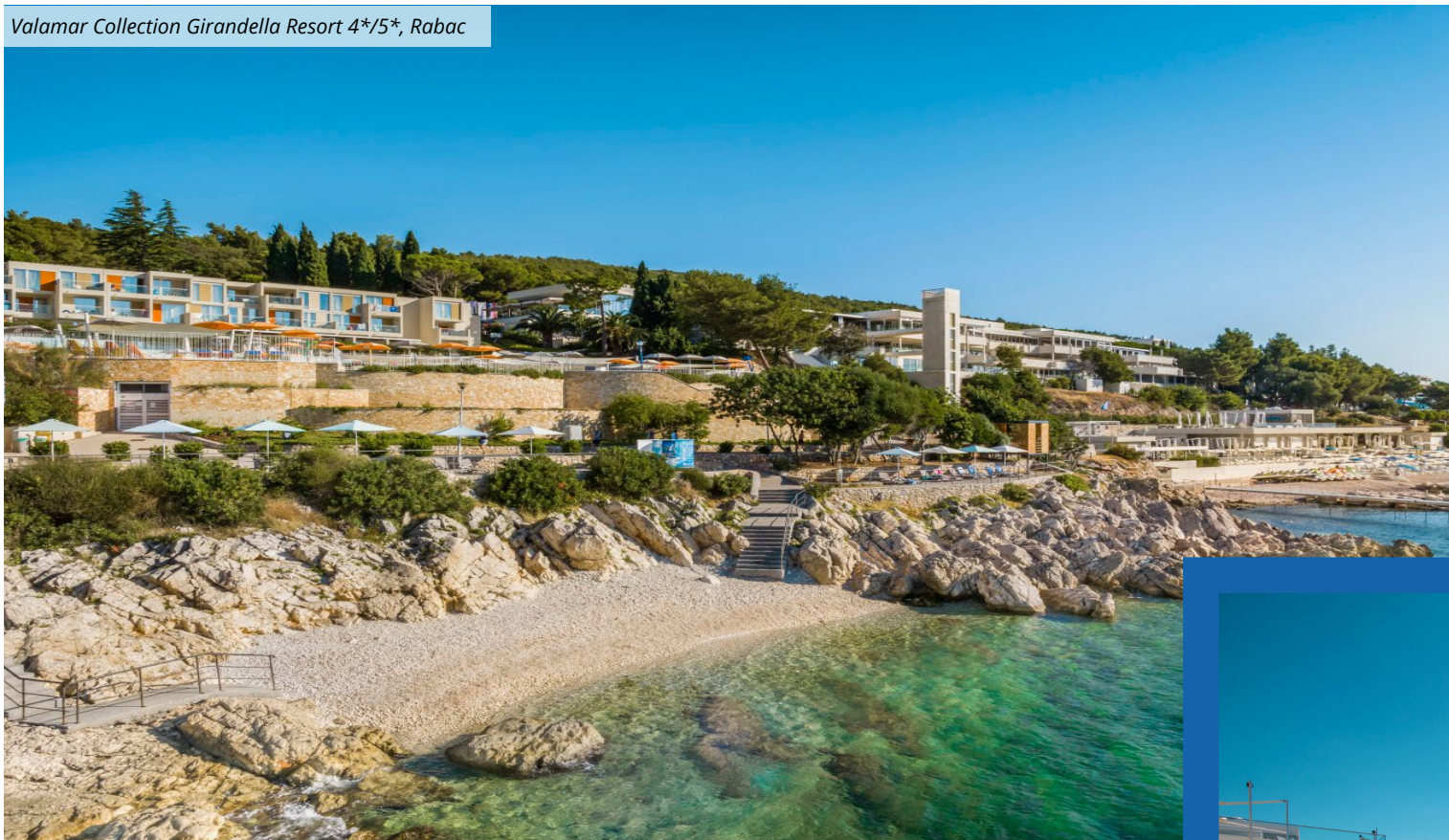
Management Board of the Company

Željko Kukurin
Management Board
President

Marko Čižmek
Management Board
Member

Ivana Budin Arhanić
Management Board
Member

Valamar Collection Girandella Resort 4*/5*, Rabac



Disclaimer

This report contains certain outlook based on currently available facts, findings and circumstances and estimates in this regard. Our outlook is based including, but no limited on a) results achieved in first nine months of 2022; b) operating results achieved by 28 October 2022; c) current booking status; d) 2022 year end business results forecast; e) the absence of further significant negative effects of the risks to which the Company and the Group are exposed.

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

- Cancellation of all measures to support the economy as a protection against the increase in the prices of energy products adopted for the period from 1 October 2022 – 31 March 2023;
- 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.
- regional and global geopolitical uncertainties and wars.

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, 31 October 2022

In accordance with provisions of Law on Capital Market, Marko Čížmek, Management board member responsible for finance, treasury and IT business as well as relations with institutional investors and Vedrana Ambrosi Barbalić, 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 nine months of 2022 are prepared in accordance with applicable standards of financial reporting and give true and fair view of the assets and liabilities, profit and loss, financial position and operations of the Company and the companies included in consolidation (Group);
- Report of the Company's Management board for the period from 1 January to 30 September 2022 contains the true presentation of development, results and position of the Company and companies included in the consolidation, with description of significant risks and uncertainties which the Company and companies included in consolidation are exposed.



Marko Čížmek
Management Board Member



Vedrana Ambrosi Barbalić
Director of Department of
Finance and Accounting /
Procurator



Reporting period: from 01.01.2022 to 30.09.2022

Quarterly financial statements

Year:	2022	
Quarter:	3	
Registration number (MB):	3474771	Issuer's home Member State code: HR
Entity's registration number (MBS):	40020883	
Personal identification number (OIB):	36201212847	LEI: 529900DUWS1DGNEK4C68
Institution code:	30577	
Name of the issuer:	Valamar Riviera d.d.	
Postcode and town:	52440	Poreč
Street and house number:	Stancija Kaligari 1	
E-mail address:	uprava@riviera.hr	
Web address:	www.valamar-riviera.com	
Number of employees (end of the reporting period):	6211	
Consolidated report:	KD	(KN-not consolidated/KD-consolidated)
Audited:	RN	(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):	Registered office:	MB:
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
Valamar Obertauern GmbH	Obertauern	195893 D
Valamar A GmbH	Tamsweg/Vienna	486431 S

Bookkeeping firm:	No
Contact person:	Sopta Anka (only name and surname of the contact person)
Telephone:	052 408 188
E-mail address:	anka.sopta@riviera.hr
Audit firm:	 (name of the audit firm)
Certified auditor:	 (name and surname)



(authorized representative's signature)



L.S.

BALANCE SHEET (balance as at 30.09.2022)**Submitter: Valamar Riviera d.d.**

in HRK

Item 1	ADP code 2	Last day of the pre- ceding business year 3	At the reporting date of the current period 4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	5.671.819.566	5.549.377.511
I INTANGIBLE ASSETS (ADP 004 to 009)	003	39.086.495	36.345.520
1 Research and development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	30.356.827	18.004.850
3 Goodwill	006	6.567.609	6.567.609
4 Advances for the purchase of intangible assets	007		
5 Intangible assets in preparation	008	2.162.059	11.773.061
6 Other intangible assets	009		
II TANGIBLE ASSETS (ADP 011 to 019)	010	5.221.568.500	5.114.536.228
1 Land	011	980.924.514	980.921.102
2 Buildings	012	3.363.126.345	3.181.313.479
3 Plant and equipment	013	432.241.488	411.317.006
4 Tools, working inventory and transportation assets	014	100.025.874	100.318.069
5 Biological assets	015		
6 Advances for the purchase of tangible assets	016	42.528	98.616
7 Tangible assets in preparation	017	288.533.889	389.822.143
8 Other tangible assets	018	53.493.881	47.794.638
9 Investment property	019	3.179.981	2.951.175
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	82.071.741	154.590.105
1 Investments in holdings (shares) of undertakings within the group	021		
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits, etc. to undertakings within the group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	76.533.067	112.601.101
5 Investment in other securities of companies linked by virtue of participating interests	025		
6 Loans, deposits etc. to companies linked by virtue of participating interests	026		4.031.539
7 Investments in securities	027	220.812	217.048
8 Loans, deposits, etc. given	028	5.177.862	5.167.330
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	140.000	32.573.087
IV RECEIVABLES (ADP 032 to 035)	031		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
V DEFERRED TAX ASSETS	036	329.092.830	243.905.658
C) CURRENT ASSETS (ADP 038+046+053+063)	037	1.217.957.755	1.448.742.561
I INVENTORIES (ADP 039 to 045)	038	26.310.071	39.195.509
1 Raw materials and consumables	039	25.050.909	37.595.071
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	1.230.618	1.573.948
5 Advances for inventories	043	28.544	26.490
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	38.388.235	84.978.460
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interests	048	7.293.712	529.423
3 Customer receivables	049	17.995.662	69.442.203
4 Receivables from employees and members of the undertaking	050	738.835	4.158.080
5 Receivables from government and other institutions	051	9.116.616	7.048.920
6 Other receivables	052	3.243.410	3.799.834
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	38.001.625	126.711.788
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057		
5 Investment in other securities of companies linked by virtue of participating interests	058		
6 Loans, deposits etc. to companies linked by virtue of participating interests	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	38.001.625	126.711.788
9 Other financial assets	062		
IV CASH AT BANK AND IN HAND	063	1.115.257.824	1.197.856.804
D) PREPAID EXPENSES AND ACCRUED INCOME	064	23.768.145	70.609.174
E) TOTAL ASSETS (ADP 001+002+037+064)	065	6.913.545.466	7.068.729.246
F) OFF-BALANCE SHEET ITEMS	066	54.173.148	54.132.043

BALANCE SHEET (balance as at 30.09.2022) (continued)
Submitter: Valamar Riviera d.d.

in HRK

Item 1	ADP code 2	Last day of the pre- ceding business year 3	At the reporting date of the current period 4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	3.311.057.807	3.592.105.473
I INITIAL (SUBSCRIBED) CAPITAL	068	1.672.021.210	1.672.021.210
II CAPITAL RESERVES	069	5.223.432	5.223.432
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	98.247.550	98.247.550
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		
5 Other reserves	075	2.249.472	2.249.472
IV REVALUATION RESERVES	076		
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	81.109	78.024
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	81.109	78.024
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	388.045.406	348.893.941
1 Retained profit	084	388.045.406	348.893.941
2 Loss brought forward	085		
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	104.374.607	414.045.725
1 Profit for the business year	087	104.374.607	414.045.725
2 Loss for the business year	088		
VIII MINORITY (NON-CONTROLLING) INTEREST	089	1.043.064.493	1.053.595.591
B) PROVISIONS (ADP 091 to 096)	090	166.154.627	164.294.433
1 Provisions for pensions, termination benefits and similar obligations	091	29.827.505	29.900.434
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	50.117.237	49.349.309
4 Provisions for renewal of natural resources	094		
5 Provisions for warranty obligations	095		
6 Other provisions	096	86.209.885	85.044.690
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	2.614.508.279	2.673.247.370
1 Liabilities to undertakings within the group	098		
2 Liabilities for loans, deposits, etc. of undertakings within the group	099		
3 Liabilities to companies linked by virtue of participating interests	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities to banks and other financial institutions	103	2.547.107.295	2.601.999.527
7 Liabilities for advance payments	104		
8 Liabilities to suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	15.636.060	22.759.600
11 Deferred tax liability	108	51.764.924	48.488.243
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	733.966.582	535.404.399
1 Liabilities to undertakings within the group	110		
2 Liabilities for loans, deposits, etc. of undertakings within the group	111		
3 Liabilities to companies linked by virtue of participating interests	112	39.205	170.120
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities to banks and other financial institutions	115	565.523.996	133.965.490
7 Liabilities for advance payments	116	40.344.672	96.919.465
8 Liabilities to suppliers	117	67.470.609	164.055.756
9 Liabilities for securities	118		
10 Liabilities to employees	119	28.794.007	55.615.907
11 Taxes, contributions and similar liabilities	120	16.508.477	74.429.196
12 Liabilities arising from the share in the result	121	379.676	379.676
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	14.905.940	9.868.789
E) ACCRUALS AND DEFERRED INCOME	124	87.858.171	103.677.571
F) TOTAL - LIABILITIES (ADP 067+090+097+109+124)	125	6.913.545.466	7.068.729.246
G) OFF-BALANCE SHEET ITEMS	126	54.173.148	54.132.043

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2022 to 30.09.2022)**Submitter: Valamar Riviera d.d.**

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	1.537.855.028	1.271.454.305	2.320.359.909	1.642.872.531
1 Income from sales with undertakings within the group	002				
2 Income from sales (outside group)	003	1.513.928.186	1.264.894.102	2.297.984.043	1.636.601.196
3 Income from the use of own products, goods and services	004	235.823	80.226	274.736	123.027
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	23.691.019	6.479.977	22.101.130	6.148.308
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	1.102.063.421	611.035.420	1.737.423.487	849.223.308
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	376.333.977	258.941.588	684.529.292	396.423.110
a) Costs of raw materials and consumables	010	220.403.874	153.872.064	453.394.573	262.201.282
b) Costs of goods sold	011	8.425.717	6.076.095	14.309.649	8.852.968
c) Other external costs	012	147.504.386	98.993.429	216.825.070	125.368.860
3 Staff costs (ADP 014 to 016)	013	240.794.463	159.646.057	527.127.995	241.878.973
a) Net salaries and wages	014	146.076.908	100.161.632	333.099.928	154.361.057
b) Tax and contributions from salary costs	015	63.399.022	38.709.389	125.774.825	56.736.195
c) Contributions on salaries	016	31.318.533	20.775.036	68.253.242	30.781.721
4 Depreciation	017	382.519.001	132.010.633	368.363.230	122.834.312
5 Other costs	018	95.925.237	58.627.351	151.473.540	86.510.331
6 Value adjustments (ADP 020+021)	019	19.070			
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	19.070			
7 Provisions (ADP 023 to 028)	022			72.929	72.929
a) Provisions for pensions, termination benefits and similar obligations	023			72.929	72.929
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025				
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	6.471.673	1.809.791	5.856.501	1.503.653
III. FINANCIAL INCOME (ADP 031 to 040)	030	25.343.651	2.370.695	45.631.353	25.500.116
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	144.869	104.768	77.385	3.936
8 Exchange rate differences and other financial income	038	18.031.745	958.738	3.881.988	2.594.702
9 Unrealised gains (income) from financial assets	039	2.963.572	343.192	36.815.424	20.979.897
10 Other financial income	040	4.203.465	963.997	4.856.556	1.921.581
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	51.095.982	18.482.461	52.152.287	13.858.223
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	48.353.598	16.297.099	42.443.257	13.293.494
4 Exchange rate differences and other expenses	045	71.380	1.463.215	4.667.072	
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	2.671.004	722.147	5.041.958	564.729
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	382.960	1.995.831		462.285
VI SHARE IN PROFIT FROM JOINT VENTURES	050				
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051			1.004.186	
VIII SHARE IN LOSS OF JOINT VENTURES	052				
IX TOTAL INCOME (ADP 001+030+049+050)	053	1.563.581.639	1.275.820.831	2.365.991.262	1.668.834.932
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	1.153.159.403	629.517.881	1.790.579.960	863.081.531
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	410.422.236	646.302.950	575.411.302	805.753.401
1 Pre-tax profit (ADP 053-054)	056	410.422.236	646.302.950	575.411.302	805.753.401
2 Pre-tax loss (ADP 054-053)	057				

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2022 to 30.09.2022) (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
XII INCOME TAX	058	52.081.277	111.609.241	108.067.990	145.370.364
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	358.340.959	534.693.709	467.343.312	660.383.037
1. Profit for the period (ADP 055-059)	060	358.340.959	534.693.709	467.343.312	660.383.037
2. Loss for the period (ADP 059-055)	061				

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

XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
XV INCOME TAX OF DISCONTINUED OPERATIONS	065				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				

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

XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)	068				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
XVII INCOME TAX (ADP 058+065)	071				
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				

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

XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	358.340.959	534.693.709	467.343.312	660.383.037
1 Attributable to owners of the parent	076	321.869.383	479.983.088	414.045.725	579.397.542
2 Attributable to minority (non-controlling) interest	077	36.471.576	54.710.621	53.297.587	80.985.495

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

I PROFIT OR LOSS FOR THE PERIOD	078	358.340.959	534.693.709	467.343.312	660.383.037
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)	079	153.139	27.630	-3.763	-33.985
III ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)	080	153.139	27.630	-3.763	-33.985
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	153.139	27.630	-3.763	-33.985
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083				
4 Actuarial gains/losses on the defined benefit obligation	084				
5 Other items that will not be reclassified	085				
6 Income tax relating to items that will not be reclassified	086	27.565	4.974	-678	-6.118
IV ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)	087				
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2022 to 30.09.2022) (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
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)	097	125.574	22.656	-3.085	-27.867
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	358.466.533	534.716.365	467.340.227	660.355.170

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

VII COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	358.466.533	534.716.365	467.340.227	660.355.170
1 Attributable to owners of the parent	100	321.994.957	480.005.744	414.042.640	579.369.675
2 Attributable to minority (non-controlling) interest	101	36.471.576	54.710.621	53.297.587	80.985.495

STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2022 to 30.09.2022)**Submitter: Valamar Riviera d.d.**

in HRK

Item 1	ADP code 2	Same period of the previous year 3	Current period 4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre-tax profit	001	410.422.236	575.411.302
2 Adjustments (ADP 003 to 010):	002	399.752.789	371.641.466
a) Depreciation	003	382.519.001	368.363.230
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-1.087.266	-7.815.834
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-39.877	-20.116
e) Interest expenses	007	51.024.603	46.039.360
f) Provisions	008	-8.399.775	-1.860.193
g) Exchange rate differences (unrealised)	009	-17.209.930	4.667.071
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-7.053.967	-37.732.052
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	810.175.025	947.052.768
3 Changes in the working capital (ADP 013 to 016)	012	86.011.974	140.808.966
a) Increase or decrease in short-term liabilities	013	113.290.992	250.747.688
b) Increase or decrease in short-term receivables	014	-33.648.062	-97.053.284
c) Increase or decrease in inventories	015	6.369.044	-12.885.438
d) Other increase or decrease in working capital	016		
II Cash from operations (ADP 011+012)	017	896.186.999	1.087.861.734
4 Interest paid	018	-43.259.518	-67.495.752
5 Income tax paid	019	707.824	-3.915
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	853.635.305	1.020.362.067
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	3.550.052	10.631.156
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	78.794	47.079
4 Dividends received	024	3.709	
5 Cash receipts from repayment of loans and deposits	025	168.974	174.515
6 Other cash receipts from investment activities	026		
III Total cash receipts from investment activities (ADP 021 to 026)	027	3.801.529	10.852.750
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-71.465.135	-246.751.058
2 Cash payments for the acquisition of financial instruments	029		-1.445.856
3 Cash payments for loans and deposits for the period	030	-37.509.795	-88.874.145
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		-41.103.759
IV Total cash payments from investment activities (ADP 028 to 032)	033	-108.974.930	-378.174.818
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-105.173.401	-367.322.068
CASH FLOW FROM FINANCING ACTIVITIES			
1 Cash receipts from the increase in initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	379.850.628	60.173.752
4 Other cash receipts from financing activities	038	1.756.034	2.739.417
V Total cash receipts from financing activities (ADP 035 to 038)	039	381.606.662	62.913.169
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-474.281.750	-441.417.568
2 Cash payments for dividends	041		-189.031.977
3 Cash payments for finance lease	042	-63.662	-28.290
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-2.528.122	-2.876.353
VI Total cash payments from financing activities (ADP 040 to 044)	045	-476.873.534	-633.354.188
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	-95.266.872	-570.441.019
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	653.195.032	82.598.980
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	665.932.900	1.115.257.824
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	1.319.127.932	1.197.856.804

STATEMENT OF CHANGES IN EQUITY (for the period 01.01.2022 to 30.09.2022)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Attributable to owners of the parent									
										Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.513.434		872					715.882.878	-329.593.506	2.162.046.398	701.810.928	2.863.857.326
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.513.434		872					715.882.878	-329.593.506	2.162.046.398	701.810.928	2.863.857.326
5 Profit/loss of the period	05															104.374.607	104.374.607	4.332.639	108.707.246
6 Exchange rate differences from translation of foreign operations	06							-263.962									-263.962		-263.962
7 Changes in revaluation reserves of fixed tangible and intangible assets	07																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									97.850							97.850		97.850
9 Profit or loss arising from effective cash flow hedge	09																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11																		
12 Actuarial gains/losses on the defined benefit obligation	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14									-17.613							-17.613		-17.613
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18																		
19 Payments from members/shareholders	19																	336.920.926	336.920.926
20 Payment of share in profit/dividend	20																		
21 Other distributions and payments to members/shareholders	21														1.756.034		1.756.034		1.756.034
22 Transfer to reserves according to the annual schedule	22														-329.593.506	329.593.506			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																		
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.249.472		81.109					388.045.406	104.374.607	2.267.993.314	1.043.064.493	3.311.057.807
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25							-263.962		80.237							-183.725		-183.725
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26							-263.962		80.237						104.374.607	104.190.882	4.332.639	108.523.521
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27														-327.837.472	329.593.506	1.756.034	336.920.926	338.676.960
Current period																			
1 Balance on the first day of the previous business year	28	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.249.472		81.109					388.045.406	104.374.607	2.267.993.314	1.043.064.493	3.311.057.807
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
4 Balance on the first day of the previous business year (restated) (ADP 28 to 30)	31	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.249.472		81.109					388.045.406	104.374.607	2.267.993.314	1.043.064.493	3.311.057.807
5 Profit/loss of the period	32															414.045.725	414.045.725	53.297.587	467.343.312
6 Exchange rate differences from translation of foreign operations	33																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	34																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									-3.763							-3.763		-3.763
9 Profit or loss arising from effective cash flow hedge	36																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38																		
12 Actuarial gains/losses on the defined benefit obligation	39																		
13 Other changes in equity unrelated to owners	40																		
14 Tax on transactions recognised directly in equity	41										678						678		678
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																		
18 Redemption of treasury shares/holdings	45																		
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47														-146.265.489		-146.265.489	-42.766.489	-189.031.978
21 Other distributions and payments to members/shareholders	48														2.739.417		2.739.417		2.739.417
22 Carryforward per annual plane	49														104.374.607	-104.374.607			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																		
24 Balance on the last day of the previous business year reporting period (ADP 31 to 50)	51	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.249.472		78.024					348.893.941	414.045.725	2.538.509.882	1.053.595.591	3.592.105.473
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52									-3.085							-3.085		-3.085
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53									-3.085						414.045.725	414.042.640	53.297.587	467.340.227
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54														-39.151.465	-104.374.607	-143.526.072	-42.766.489	-186.292.561

NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

Valamar Riviera d.d.

Personal identification

number OIB: **36201212847**

Reporting period:

01.01.2022 to 30.09.2022

Notes to financial statements for quarterly periods include:

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

NOTES TO FINANCIAL STATEMENTS - TFI (continued)

(drawn up for quarterly reporting periods)

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

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document „Business results 1/1/2022 – 30/09/2022“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

Reporting period: from 01.01.2022 to 30.09.2022

Quarterly financial statements

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Indira

(authorized representative's signature)



L.S.

BALANCE SHEET (balance as at 30.09.2022)
Submitter: Valamar Riviera d.d.

in HRK

Item 1	ADP code 2	Last day of the pre- ceding business year 3	At the reporting date of the current period 4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	5.152.301.804	4.711.309.220
I INTANGIBLE ASSETS (ADP 004 to 009)	003	34.640.301	32.389.149
1 Research and development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	26.854.197	14.672.434
3 Goodwill	006	6.567.609	6.567.609
4 Advances for the purchase of intangible assets	007		
5 Intangible assets in preparation	008	1.218.495	11.149.106
6 Other intangible assets	009		
II TANGIBLE ASSETS (ADP 011 to 019)	010	3.936.984.239	3.585.015.185
1 Land	011	593.370.669	534.525.320
2 Buildings	012	2.593.423.408	2.290.001.694
3 Plant and equipment	013	355.975.206	328.872.209
4 Tools, working inventory and transportation assets	014	72.736.320	68.820.578
5 Biological assets	015		
6 Advances for the purchase of tangible assets	016	42.528	98.616
7 Tangible assets in preparation	017	267.938.392	316.073.277
8 Other tangible assets	018	50.317.735	43.672.316
9 Investment property	019	3.179.981	2.951.175
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	1.017.453.237	1.076.241.545
1 Investments in holdings (shares) of undertakings within the group	021	941.803.942	941.803.942
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits, etc. to undertakings within the group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	70.112.312	107.184.531
5 Investment in other securities of companies linked by virtue of participating interests	025		
6 Loans, deposits etc. to companies linked by virtue of participating interests	026		4.031.539
7 Investments in securities	027	219.121	215.358
8 Loans, deposits, etc. given	028	5.177.862	5.167.330
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	140.000	17.838.845
IV RECEIVABLES (ADP 032 to 035)	031		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
V DEFERRED TAX ASSETS	036	163.224.027	17.663.341
C) CURRENT ASSETS (ADP 038+046+053+063)	037	656.422.372	934.890.066
I INVENTORIES (ADP 039 to 045)	038	23.619.254	30.114.400
1 Raw materials and consumables	039	22.520.626	28.832.298
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	1.098.628	1.282.102
5 Advances for inventories	043		
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	50.219.276	61.478.776
1 Receivables from undertakings within the group	047	19.738.193	10.504.061
2 Receivables from companies linked by virtue of participating interests	048	7.293.713	529.423
3 Customer receivables	049	16.667.610	43.524.273
4 Receivables from employees and members of the undertaking	050	625.968	2.985.424
5 Receivables from government and other institutions	051	3.070.818	405.163
6 Other receivables	052	2.822.974	3.530.432
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	444.055	282.422
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056	28.300	28.300
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057		
5 Investment in other securities of companies linked by virtue of participating interests	058		
6 Loans, deposits etc. to companies linked by virtue of participating interests	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	415.755	254.122
9 Other financial assets	062		
IV CASH AT BANK AND IN HAND	063	582.139.787	843.014.468
D) PREPAID EXPENSES AND ACCRUED INCOME	064	21.272.442	54.031.018
E) TOTAL ASSETS (ADP 001+002+037+064)	065	5.829.996.618	5.700.230.304
F) OFF-BALANCE SHEET ITEMS	066	54.173.148	54.132.043

BALANCE SHEET (balance as at 30.09.2022) (continued)
Submitter: Valamar Riviera d.d.

in HRK

Item 1	ADP code 2	Last day of the preced- ing business year 3	At the reporting date of the current period 4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	2.619.280.406	3.265.352.739
I INITIAL (SUBSCRIBED) CAPITAL	068	1.672.021.210	1.672.021.210
II CAPITAL RESERVES	069	5.710.563	5.710.563
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	98.247.551	98.247.551
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury 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		
5 Other reserves	075	2.249.472	2.249.472
IV REVALUATION RESERVES	076		
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	81.109	78.024
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	81.109	78.024
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	538.614.167	699.693.901
1 Retained profit	084	538.614.167	699.693.901
2 Loss brought forward	085		
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	304.605.806	789.601.490
1 Profit for the business year	087	304.605.806	789.601.490
2 Loss for the business year	088		
VIII MINORITY (NON-CONTROLLING) INTEREST	089		
B) PROVISIONS (ADP 091 to 096)	090	134.552.238	133.857.239
1 Provisions for pensions, termination benefits and similar obligations	091	24.962.956	25.035.885
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	28.843.417	28.075.489
4 Provisions for renewal of natural resources	094		
5 Provisions for warranty obligations	095		
6 Other provisions	096	80.745.865	80.745.865
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	2.331.903.180	1.807.530.882
1 Liabilities to undertakings within the group	098		
2 Liabilities for loans, deposits, etc. of undertakings within the group	099		
3 Liabilities to companies linked by virtue of participating interests	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities to banks and other financial institutions	103	2.303.872.723	1.772.939.156
7 Liabilities for advance payments	104		
8 Liabilities to suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	15.575.274	22.789.421
11 Deferred tax liability	108	12.455.183	11.802.305
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	665.431.238	415.189.767
1 Liabilities to undertakings within the group	110	101.669	2.893.889
2 Liabilities for loans, deposits, etc. of undertakings within the group	111		
3 Liabilities to companies linked by virtue of participating interests	112	7.389	170.120
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities to banks and other financial institutions	115	523.630.896	92.804.962
7 Liabilities for advance payments	116	36.066.605	77.029.294
8 Liabilities to suppliers	117	51.117.222	133.130.004
9 Liabilities for securities	118		
10 Liabilities to employees	119	24.804.908	43.123.161
11 Taxes, contributions and similar liabilities	120	14.661.562	57.330.169
12 Liabilities arising from the share in the result	121		
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	15.040.987	8.708.168
E) ACCRUALS AND DEFERRED INCOME	124	78.829.556	78.299.677
F) TOTAL - LIABILITIES (ADP 067+090+097+109+124)	125	5.829.996.618	5.700.230.304
G) OFF-BALANCE SHEET ITEMS	126	54.173.148	54.132.043

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2022 to 30.09.2022)**Submitter: Valamar Riviera d.d.**

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	1.281.272.343	1.051.030.177	2.315.093.529	1.282.176.870
1 Income from sales with undertakings within the group	002	14.417.816	10.436.625	62.738.882	28.043.492
2 Income from sales (outside group)	003	1.249.254.951	1.034.206.089	1.759.238.390	1.248.313.252
3 Income from the use of own products, goods and services	004	167.557	58.908	263.168	119.195
4 Other operating income with undertakings within the group	005	713.448	404.947	473.829.024	430.341
5 Other operating income (outside the group)	006	16.718.571	5.923.608	19.024.065	5.270.590
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	918.049.243	508.207.851	1.380.948.907	664.878.909
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	327.141.488	221.087.683	555.120.507	313.817.804
a) Costs of raw materials and consumables	010	186.679.716	127.920.722	352.003.886	202.308.151
b) Costs of goods sold	011	8.218.792	5.895.258	15.448.284	8.518.115
c) Other external costs	012	132.242.980	87.271.703	187.668.337	102.991.538
3 Staff costs (ADP 014 to 016)	013	205.350.496	133.057.751	421.407.578	186.291.083
a) Net salaries and wages	014	124.021.730	83.286.856	265.420.590	118.438.017
b) Tax and contributions from salary costs	015	54.680.889	32.583.527	101.671.046	44.251.952
c) Contributions on salaries	016	26.647.877	17.187.368	54.315.942	23.601.114
4 Depreciation	017	299.866.345	103.470.558	273.695.696	91.129.124
5 Other costs	018	80.600.620	49.488.424	125.608.445	72.273.342
6 Value adjustments (ADP 020+021)	019	19.070			
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	19.070			
7 Provisions (ADP 023 to 028)	022			72.929	72.929
a) Provisions for pensions, termination benefits and similar obligations	023			72.929	72.929
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025				
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	5.071.224	1.103.435	5.043.752	1.294.627
III. FINANCIAL INCOME (ADP 031 to 040)	030	24.091.578	2.181.791	67.944.581	52.584.719
1 Income from investments in holdings (shares) of undertakings within the group	031			36.831.102	36.831.102
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035			1.053.400	384.056
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	129.525	104.717	71.158	
8 Exchange rate differences and other financial income	038	16.904.500	838.492	3.172.416	2.075.935
9 Unrealised gains (income) from financial assets	039	2.963.572	343.192	22.081.182	11.383.045
10 Other financial income	040	4.093.981	895.390	4.735.323	1.910.581
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	46.227.118	16.781.985	41.422.406	9.982.683
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	43.639.971	14.724.396	32.183.876	9.492.451
4 Exchange rate differences and other expenses	045		1.362.251	4.403.157	
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	2.587.147	695.338	4.835.373	490.232
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049				
VI SHARE IN PROFIT FROM JOINT VENTURES	050				
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051				
VIII SHARE IN LOSS OF JOINT VENTURES	052				
IX TOTAL INCOME (ADP 001+030+049+050)	053	1.305.363.921	1.053.211.968	2.383.038.110	1.334.761.589
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	964.276.361	524.989.836	1.422.371.313	674.861.592
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	341.087.560	528.222.132	960.666.797	659.899.997
1 Pre-tax profit (ADP 053-054)	056	341.087.560	528.222.132	960.666.797	659.899.997
2 Pre-tax loss (ADP 054-053)	057				

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2022 to 30.09.2022) (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
XII INCOME TAX	058	46.480.990	93.045.014	171.065.307	116.552.084
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	294.606.570	435.177.118	789.601.490	543.347.913
1. Profit for the period (ADP 055-059)	060	294.606.570	435.177.118	789.601.490	543.347.913
2. Loss for the period (ADP 059-055)	061				

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

XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
XV INCOME TAX OF DISCONTINUED OPERATIONS	065				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				

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

XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)	068				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
XVII INCOME TAX (ADP 058+065)	071				
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				

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

XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075				
1 Attributable to owners of the parent	076				
2 Attributable to minority (non-controlling) interest	077				

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

I PROFIT OR LOSS FOR THE PERIOD	078	294.606.570	435.177.118	789.601.490	543.347.913
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080 to 087)	079	153.139	27.630	-3.763	-33.985
III ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)	080	153.139	27.630	-3.763	-33.985
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	153.139	27.630	-3.763	-33.985
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083				
4 Actuarial gains/losses on the defined benefit obligation	084				
5 Other items that will not be reclassified	085				
6 Income tax relating to items that will not be reclassified	086	27.565	4.974	-678	-6.118
IV ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)	087				
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2022 to 30.09.2022) (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
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)	097	125.574	22.656	-3.085	-27.867
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	294.732.144	435.199.774	789.598.405	543.320.046

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

VII COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099
1 Attributable to owners of the parent	100
2 Attributable to minority (non-controlling) interest	101

STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2022 to 30.09.2022)**Submitter: Valamar Riviera d.d.**

in HRK

Item 1	ADP code 2	Same period of the previous year 3	Current period 4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre-tax profit	001	341.087.559	960.666.797
2 Adjustments (ADP 003 to 010):	002	313.786.810	-228.099.822
a) Depreciation	003	299.866.345	273.695.696
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-1.154.033	-480.229.683
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-24.533	-36.845.390
e) Interest expenses	007	46.227.118	35.573.393
f) Provisions	008	-8.375.769	-694.999
g) Exchange rate differences (unrealised)	009	-16.081.311	4.403.157
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-6.671.007	-24.001.996
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	654.874.369	732.566.975
3 Changes in the working capital (ADP 013 to 016)	012	71.413.077	128.750.184
a) Increase or decrease in short-term liabilities	013	97.487.069	182.682.768
b) Increase or decrease in short-term receivables	014	-32.035.726	-47.437.438
c) Increase or decrease in inventories	015	5.961.734	-6.495.146
d) Other increase or decrease in working capital	016		
II Cash from operations (ADP 011+012)	017	726.287.446	861.317.159
4 Interest paid	018	-38.750.933	-57.070.052
5 Income tax paid	019		
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	687.536.513	804.247.107
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	3.514.561	51.025.641
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	63.449	41.251
4 Dividends received	024	3.709	36.831.102
5 Cash receipts from repayment of loans and deposits	025	138.373	174.515
6 Other cash receipts from investment activities	026	1.110.110	
III Total cash receipts from investment activities (ADP 021 to 026)	027	4.830.202	88.072.509
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-51.229.836	-155.110.860
2 Cash payments for the acquisition of financial instruments	029		-1.445.856
3 Cash payments for loans and deposits for the period	030	-30.000	-2.349
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	0	-41.103.759
IV Total cash payments from investment activities (ADP 028 to 032)	033	-51.259.836	-197.662.824
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-46.429.634	-109.590.315
CASH FLOW FROM FINANCING ACTIVITIES			
1 Cash receipts from the increase in initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	344.850.628	60.173.752
4 Other cash receipts from financing activities	038	1.756.034	2.739.420
V Total cash receipts from financing activities (ADP 035 to 038)	039	346.606.662	62.913.172
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-439.641.039	-346.552.037
2 Cash payments for dividends	041		-146.265.488
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-2.915.197	-3.877.758
VI Total cash payments from financing activities (ADP 040 to 044)	045	-442.556.236	-496.695.283
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	-95.949.574	-433.782.111
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	545.157.305	260.874.681
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	522.973.238	582.139.787
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	1.068.130.543	843.014.468

STATEMENT OF CHANGES IN EQUITY (for the period 01.01.2022 to 30.09.2022)
Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Attributable to owners of the parent										Total capital and reserves		
										Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)			
Previous period																						
1 Balance on the first day of the previous business year	01	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		872					917.793.503	-308.549.679	2.385.224.020		2.385.224.020			
2 Changes in accounting policies	02																					
3 Correction of errors	03																					
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		872					917.793.503	-308.549.679	2.385.224.020		2.385.224.020			
5 Profit/loss of the period	05															304.605.806	304.605.806		304.605.806			
6 Exchange rate differences from translation of foreign operations	06																					
7 Changes in revaluation reserves of fixed tangible and intangible assets	07																					
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									97.850							97.850		97.850			
9 Profit or loss arising from effective cash flow hedge	09																					
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10																					
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11																					
12 Actuarial gains/losses on the defined benefit obligation	12																					
13 Other changes in equity unrelated to owners	13																					
14 Tax on transactions recognised directly in equity	14									-17.613							-17.613		-17.613			
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15																					
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																					
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																					
18 Redemption of treasury shares/holdings	18																					
19 Payments from members/shareholders	19																					
20 Payment of share in profit/dividend	20																					
21 Other distributions and payments to members/shareholders	21														1.756.034		1.756.034		1.756.034			
22 Transfer to reserves according to the annual schedule	22														-380.935.370	308.549.679	-72.385.691		-72.385.691			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																					
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		81.109					538.614.167	304.605.806	2.619.280.406		2.619.280.406			
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)										80.237									80.237	80.237		
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25									80.237									80.237	80.237		
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26									80.237										304.605.806	304.686.043	304.686.043
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27																		-379.179.336	308.549.679	-70.629.657	-70.629.657
Current period																						
1 Balance on the first day of the previous business year	28	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		81.109					538.614.167	304.605.806	2.619.280.406		2.619.280.406			
2 Changes in accounting policies	29																					
3 Correction of errors	30																					
4 Balance on the first day of the previous business year (restated) (ADP 28 to 30)	31	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		81.109					538.614.167	304.605.806	2.619.280.406		2.619.280.406			
5 Profit/loss of the period	32															789.601.490	789.601.490		789.601.490			
6 Exchange rate differences from translation of foreign operations	33																					
7 Changes in revaluation reserves of fixed tangible and intangible assets	34																					
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									-3.763							-3.763		-3.763			
9 Profit or loss arising from effective cash flow hedge	36																					
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37																					
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38																					
12 Actuarial gains/losses on the defined benefit obligation	39																					
13 Other changes in equity unrelated to owners	40																					
14 Tax on transactions recognised directly in equity	41										678						678		678			
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42																					
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																					
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																					
18 Redemption of treasury shares/holdings	45																					
19 Payments from members/shareholders	46																					
20 Payment of share in profit/dividend	47														-146.265.489		-146.265.489		-146.265.489			
21 Other distributions and payments to members/shareholders	48														2.739.417		2.739.417		2.739.417			
22 Carryforward per annual plane	49														304.605.806	-304.605.806						
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																					
24 Balance on the last day of the previous business year reporting period (ADP 31 to 50)	51	1.672.021.210	5.710.563	83.601.061	136.815.284	124.418.266		2.249.472		78.024					699.693.901	789.601.490	3.265.352.739		3.265.352.739			
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)										-3.085									-3.085	-3.085		
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52									-3.085											-3.085	-3.085
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53									-3.085										789.601.490	789.598.405	789.598.405
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54																		161.079.734	-304.605.806	-143.526.072	-143.526.072

NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

Valamar Riviera d.d.

Personal identification

number OIB: **36201212847**

Reporting period:

01.01.2022 to 30.09.2022

Notes to financial statements for quarterly periods include:

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

NOTES TO FINANCIAL STATEMENTS - TFI (continued)

(drawn up for quarterly reporting periods)

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

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document „Business results 1/1/2022 – 30/09/2022“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

NOTES TO FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

NOTE 1 – GENERAL INFORMATION

Valamar Riviera d.d., Poreč ("the Company") has been established and registered in accordance with Croatian laws and regulations. The Company is registered with the Commercial Court in Pazin. The principle activity of the Company is the provision of accommodation in hotels, resorts and campsites, food preparation and catering services as well as the preparation and serving of beverages. Company's business is of seasonal character. Company's registration number (MBS) is: 040020883, while the Company's personal identification number (OIB) is: 36201212847. The registered office of Valamar Riviera d.d. is in Poreč, Stancija Kaligari 1. Company's share capital amounts to HRK 1,672,021 thousand and comprises 126,027,542 ordinary shares with no prescribed nominal value. On June 28, 2022, a branch of the Company was established in Austria under the name Valamar Riviera d.d., Zweigniederlassung Austria.

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

- Palme turizam d.o.o., Dubrovnik, 100% ownership (subsidiary until 7 May 2021, date of merger into the Parent Company taking effect on 8 May 2021);
- Magične stijene d.o.o., Dubrovnik, 100% ownership;
- Bugenvilia d.o.o., Dubrovnik, 100% ownership;
- Imperial Riviera d.d., Rab, 43.68% ownership with the subsidiary Praona d.o.o., Makarska;
- Valamar A GmbH, Vienna, 100% ownership until 29 November 2021 and 24.54% ownership from 30 November 2021, with subsidiaries WBVR Beteiligungs GmbH, Vienna, ContiEstates AG, Zug (until 28 September 2022 when it was merged to Valamar Marietta GmbH) and Valamar Marietta GmbH, Vienna and
- Valamar Obertauern GmbH, Obertauern, 10% direct ownership and until 29 November 2021 90% indirect ownership (90% share owned by Valamar A GmbH). From 29 November 2021 22.08% indirect ownership.

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

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

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

The Company's shares were listed on the Prime market of the Zagreb Stock Exchange d.d., and were traded in 2021 in accordance with the relevant regulations on the organized market. Pursuant to the Decision of Imperial Riviera's d.d. General Assembly from 10 September 2021, the share capital of Imperial Riviera d.d. was increased by HRK 689,765,631.10 from HRK 826,668,557.32 to HRK 1,516,434,188.42. Share capital increase was court registered on 26 November 2021. The participants of the share capital increase are: Valamar Riviera d.d. with investment in real estate in their ownership - land located at Babin Kuk in Dubrovnik, area of 148,949 m² and total estimated value of HRK 352,844,705.64, and in the amount of HRK 336,920,925.46 Allianz ZB d.o.o. društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima acting in its own name and on behalf of AZ Obvezni mirovinski fond kategorije A, personal identification number (OIB): 15220336427, AZ Obvezni mirovinski fond kategorije B, personal identification number (OIB): 59318506371, AZ Profit otvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 22134623145, AZ Benefit otvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 56427866267, AZ A1 zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 64811569641, AZ Dalekovod

NOTE 1 – GENERAL INFORMATION / CONTINUED

zatrovani dobrovoljni mirovinski fond, personal identification number (OIB): 49118401443, AZ HKZP zatrovani dobrovoljni mirovinski fond, personal identification number (OIB): 25137661054, AZ Zagreb zatrovani dobrovoljni mirovinski fond, personal identification number (OIB): 01774504225, Auto Hrvatska zatrovani dobrovoljni mirovinski fond, personal identification number (OIB): 24189818978, AZ ZABA zatrovani dobrovoljni mirovinski fond, personal identification number (OIB): 11641097984, AZ Treći Horizont zatrovani dobrovoljni mirovinski fond, personal identification number (OIB): 42239479988 (hereinafter: AZ). Upon the completion of the share capital increase, Valamar Riviera d.d. is the holder of 1,054,728 (46.27%) shares, while AZ holds 1,104,665 (48.46%) shares of Imperial Riviera d.d.

Pursuant to the Decision of Helios Faros's d.d. General Assembly from 14 April 2022, the share capital of Helios Faros d.d. was increased by issuing new shares with cash contributions by the two largest shareholders of Helios Faros d.d. namely PBZ Croatia osiguranje d.d. za upravljanje obveznim mirovinskim fondovima acting in its own name and on behalf of PBZ Croatia obvezni mirovinski fond kategorije A and PBZ Croatia obvezni mirovinski fond kategorije B for HRK 104,000,000.00 and Valamar Riviera d.d. for HRK 26,000,000.00.

In order to acquire the Kesselspitze Hotel in Obertauern, on 3 June 2022, the Agreement

on the purchase and transfer of all business shares of the company Kesselspitze GmbH, Obertauern, Austria and the company Kesselspitze GmbH & Co KG, Obertauern, Austria, was concluded between the buyer Valamar A GmbH and the seller: Lürzer Obertauern GmbH & Co KG, Mr. Heribert Lürzer, Mr. Gerhard Lürzer and Mr. Harald Lürzer. The members of Valamar A GmbH paid the amount of EUR 6,000,000.00 into the capital reserves of Valamar A GmbH, in proportion to their business shares as follows, Valamar Riviera d.d. as the owner of a business share of EUR 35,000.00, which corresponds to 24.54% of the share capital of Valamar A GmbH, paid the amount of EUR 1,472,400.00, and Wurmböck Beteiligungs GmbH, as the owner of a business share of EUR 107,624.00, which corresponds to 75.46% of the share capital Valamar A GmbH paid the amount of EUR 4,527,600.00.

According to the decision adopted by the General Assembly held on 21 September 2022, the Company paid out a dividend of HRK 1.20 per share, which amounted in total to HRK 146,265 thousand.

The consolidated and unconsolidated financial statements for the nine-month period ended 30 September 2022 were approved by the Management Board on 30 October 2022. The consolidated and unconsolidated financial statements for the nine-month period ended 30 September 2022, have not been audited.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Company's and Group's financial statements for the nine-month period ended on 30 September 2022 have been prepared in accordance with International Accounting Standard (IAS) 34 – *Interim Financial Reporting*. The financial statements have been prepared under the historical cost method, except for the financial assets at fair value through profit or loss and financial assets.

The consolidated and unconsolidated financial statements for the nine-month period do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's and Group's annual financial statements as at 31 December 2021 which are available on HANFA (Croatian

Financial Services Supervisory Agency), Zagreb Stock Exchange and Group's web pages.

2.2 Going concern

Company's and Group's nine-month financial statements have been prepared on a going concern basis. Based on current expectations, Management believes, although potentially negative short-term effects on Company's and Group's revenues and cash inflows are expected, it is not probable that the situation will have significant negative impact on the Company's and Group's ability to fulfil its obligations nor prolonged impact on Company's and Group's revenues and overall business which can affect the Company's and Group's ability to continue as a going concern in the foreseeable future.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

2.3 Critical accounting estimates

There were no changes in critical accounting estimates used for preparation of financial statements for the nine-month period ended 30 September 2022 comparing to those used for the preparation of the annual financial statements for the year ended 31 December 2021.

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

The Company and the Group need to determine the ownership status for cca 3.24 million m² and cca 3.54 million m² respectively, pursuant to the provisions of the Act on unappraised land (hereinafter: the Act), that entered into force on 2 May 2020.

The Act lays down the obligation to determine and establish, within the prescribed deadlines, real estate on the assessed parts of the camp, hotel, tourist complexes and other building land as the subject matter of the right of ownership of the Company and the Group; and real estate on the parts of the camp, hotel, tourist complexes and other building land that have not been assessed as the subject matter of the right of ownership of the Republic of Croatia or local governments. As regards the parts of land owned by the Republic of Croatia or local governments, the Company and the Group will conclude a lease agreement for a period of 50 years.

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

nine-month period of 2022, the Company and the Group were not able to determine the object of the lease and the value of the lease. Due to circumstances arising from the COVID-19 pandemic, the Republic of Croatia adopted a regulation on exemption from the payment of the variable part of the fee for the year 2019. For the period from January to April 2020, when ZOTZ was in force, the Company and the Group did not receive any fees for compensation for concessions for tourist land. Considering that no regulation on prices has been passed by the end of 2021, nor has a waiver of obligations been enacted by law, as a precautionary principle, the Company and the Group reserved the cost of lease for tourist land for the period from the entry into force of the ZNGZ, i.e. from 1 May, 2020 to the end of 2021 on the basis of the calculation of compensation under the old regulations in the amount of HRK 24,828 thousand for the Company and HRK 26,282 and HRK 26,282 thousand for the Group.

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

2.4 Significant accounting policies

The accounting policies adopted in the preparation of the financial statements for the nine-month period ended 30 September 2022 are consistent with those followed in the preparation of the Company's and Group's annual financial statements for the year ended 31 December 2021.

NOTE 3 – FAIR VALUE ESTIMATION

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

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

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

Fair value hierarchy

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

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

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

GROUP				
(in thousands of HRK)				
	Level 1	Level 2	Level 3	Total
As at 31 December 2021				
Assets measured at fair value				
Financial assets - equity securities	391	-	-	391
Total assets measured at fair value	391	-	-	391
Liabilities measured at fair value				
Derivative financial instruments	-	7,749	-	7,749
Total liabilities measured at fair value	-	7,749	-	7,749
As at 30 September 2022				
Assets measured at fair value				
Financial assets - equity securities	387	-	-	387
Derivative financial instruments	-	32,433	-	32,433
Total assets measured at fair value	387	32,433	-	32,820

NOTE 3 – FAIR VALUE ESTIMATION / CONTINUED

COMPANY

(in thousands of HRK)

	Level 1	Level 2	Level 3	Total
As at 31 December 2021				
Assets measured at fair value				
Financial assets - equity securities	359	-	-	359
Total assets measured at fair value	359	-	-	359
Liabilities measured at fair value				
Derivative financial instruments	-	7,749	-	7,749
Total liabilities measured at fair value	-	7,749	-	7,749
As at 30 September 2022				
Assets measured at fair value				
Financial assets - equity securities	355	-	-	355
Derivative financial instruments	-	17,699	-	17,699
Total assets measured at fair value	355	17,699	-	18,054

NOTE 4 – SEGMENT INFORMATION

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

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

The segment information related to reportable segments for the nine-month period ended 30 September 2021 is as follows:

GROUP				
(in thousands of HRK)	Hotels and apartments	Camps	Other business segments	Total
Total sales	942,352	533,509	101,428	1,577,289
Inter-segment revenue	(967)	(21)	(62,373)	(63,361)
Revenue from external customers	941,385	533,488	39,055	1,513,928
Depreciation and amortisation	236,484	99,318	46,717	382,519
Net finance income/(expense)	(20,177)	(8,407)	2,832	(25,752)
Write-off of fixed assets	67	113	571	751
Profit/(loss) of segment	576,149	403,106	(138,846)	840,409

NOTE 4 – SEGMENT INFORMATION / CONTINUED

The segment information related to reportable segments for the nine-month period ended 30 September 2022 is as follows:

GROUP

(in thousands of HRK)

	Hotels and apartments	Camps	Other business segments	Total
Total sales	1,521,540	706,586	218,600	2,446,726
Inter-segment revenue	(4,942)	(965)	(142,834)	(148,741)
Revenue from external customers	1,516,598	705,621	75,766	2,297,985
Depreciation and amortisation	229,538	97,625	41,201	368,364
Net finance income/(expense)	(31,175)	(11,490)	36,144	(6,521)
Write-off of fixed assets	149	182	290	621
Profit/(loss) of segment	768,862	478,135	(260,447)	968,550

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

GROUP

(in thousands of HRK)

	Hotels and apartments	Camps	Other business segments	Total
As at 31 December 2021				
Total assets	3,207,710	1,383,094	722,119	5,312,923
Total liabilities	1,977,090	934,627	473,878	3,385,595
As at 30 September 2022				
Total assets	3,524,212	1,394,800	343,632	5,262,644
Total liabilities	2,074,446	786,806	286,086	3,147,338

All hotels, apartments and camps (operating assets) are located in the Republic of Croatia.

NOTE 4 – SEGMENT INFORMATION / CONTINUED

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

GROUP

(in thousands of HRK)

	January - September 2021	January - September 2022
Revenue		
Revenue from segments	1,577,289	2,446,725
Inter-segment revenue	(63,361)	(148,741)
Total revenue	1,513,928	2,297,984
Profit		
Profit from segments	840,408	986,550
Other unallocated expenses	(414,208)	(412,430)
Profit/(loss) from financial and extraordinary activities	(15,778)	1,292
Total profit before tax	410,422	575,412

NOTE 4 – SEGMENT INFORMATION / CONTINUED

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

GROUP

(in thousands of HRK)

	As at 31 December 2021		As at 30 September 2022	
	Assets	Liabilities	Assets	Liabilities
Segment assets/liabilities	5,312,923	3,385,595	5,262,644	3,147,339
Hotels and apartments segment	3,207,710	1,977,090	3,524,212	2,074,446
Camps segment	1,383,094	934,627	1,394,800	786,806
Other business segment	722,119	473,878	343,632	286,086
Unallocated	1,600,624	216,893	1,806,085	329,285
Investments in associate	76,503	-	112,571	-
Other financial assets	391	-	387	-
Loans and deposits	43,179	-	135,911	-
Cash and cash equivalents	1,115,258	-	1,197,857	-
Income tax receivable	2	-	-	-
Other receivables	36,198	-	83,021	-
Deferred tax assets/liabilities	329,093	51,765	243,906	48,488
Other liabilities	-	80,551	-	204,449
Derivative financial assets/ liabilities	-	7,749	32,433	-
Provisions	-	76,828	-	76,348
Total	6,913,547	3,602,488	5,262,644	3,476,623

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

GROUP

(in thousands of HRK)

	January - September 2021	January - September 2022
Revenue from sales to domestic customers	137,226	223,005
Revenue from sales to foreign customers	1,376,702	2,074,979
	1,513,928	2,297,984

NOTE 4 – SEGMENT INFORMATION / CONTINUED

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

(in thousands of HRK)	GROUP			
	January - September 2021	%	January - September 2022	%
EU members	1,217,498	88.44	1,768,395	85.22
Other	159,204	11.56	306,584	14.78
	1,376,702	100.00	2,074,979	100.00

NOTE 5 – STAFF COSTS

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

(in thousands of HRK)	GROUP		COMPANY	
	January - September 2021	January - September 2022	January - September 2021	January - September 2022
Net salaries	146,077	333,100	124,022	265,421
Tax and contributions from salary costs	63,399	125,775	54,681	101,671
Contributions on salaries	31,319	68,253	26,648	54,316
Total /i/	240,795	527,128	205,350	421,408

/i/ In the nine-month period ended 30 September 2022 the Company and the Group did not receive COVID-19 grants related to net salaries compensation with related tax and contribution write-offs due to revenue decline (30 September 2021 Group: HRK 101.3 million; Company: HRK 84.1 million).

For the nine-month period ended 30 September 2022 Company's average number of employees is 3,993 (30 September 2021: 3,380), while the Group's average number of employees is 5,181 (30 September 2021: 4,107).

The Company capitalised net salaries cost in the amount of HRK 3.67 million (30 September 2021: HRK 3.39 million), cost of contributions and tax from salaries in the amount of HRK 1.46 million (30 September 2021: HRK 1.38 million) and cost of contributions on salaries in the amount of HRK 0.62 million (30 September 2021: HRK 0.66 million). The Group capitalised net salaries cost in the amount of HRK 4.67 million (30 September 2021: HRK 3.38 million), cost of contributions and tax from salaries in the amount of HRK 1.89 million (30 September 2021: HRK 1.42 million) and cost of contributions on salaries in the amount of HRK 0.86 million (30 September 2021: HRK 0.66 million).

NOTE 6 - INCOME TAX

During the period in 2022 the Company and the Group estimate the period income tax expense/income according to the IAS 34 provisions, i.e. it is based on the best estimate of the weighted average annual income tax rate expected for the full financial year, adjusted for the expected changes during the period.

Income tax comprise:

(in thousands of HRK)	GROUP		COMPANY	
	January – September 2021	January – September 2022	January – September 2021	January – September 2022
Current tax	5	26,157	-	26,157
Deferred tax	52,076	81,911	46,481	144,908
Tax (income)/expense	52,081	108,068	46,481	171,065

In the nine-month period ended 30 September 2022 and in accordance with the provisions of IAS 34, the Company estimated tax expense in the amount of HRK 171 mil., which consists of utilisation of deferred tax assets based on tax losses and tax incentives and liability for the payment of income tax in the amount of HRK 26 mil. Due to the highly seasonal character of the Company's and Group's business, in the third quarter the Company and the Group report the highest revenue and profit. In the last quarter, higher expenses and lower income are expected, which will result in lower profit at the end of the year and, consequently, lower income tax, which is why the Company and the Group estimate that there will be no obligation to pay income tax.

In the nine-month period ended 30 September 2022 and in accordance with the provisions of IAS 34, the Group estimated tax expense in the amount of HRK 108 mil., which is mostly a result of utilisation of deferred tax assets based on tax losses and tax incentives.

Movement overview of deferred tax assets and liabilities in 2022:

DEFERRED TAX ASSET

(in thousands of HRK)	GROUP	COMPANY
As at 1 January 2022	329,093	163,224
Credited/(debited) to the income	(85,187)	(145,561)
As at 30 September 2022	243,906	17,663

DEFERRED TAX LIABILITIES

(in thousands of HRK)	GROUP	COMPANY
As at 1 January 2022	51,765	12,455
Credited/(debited) to the income	(3,276)	(652)
Credited/ (debited) to the other comprehensive income	(1)	(1)
As at 30 September 2022	48,488	11,802

NOTE 7 – EARNINGS/(LOSS) PER SHARE

Basic

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

Diluted

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

GROUP

	January – September 2021	January – September 2022
Profit/(loss) attributable to equity holders (in thousands of HRK)	321,869	414,046
Weighted average number of shares	121,887,907	121,887,907
Basic/diluted earnings/(loss) per share (in HRK)	2.64	3.40

NOTE 8 – NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

During the nine-month period ended 30 September 2022, the Group acquired assets in the amount of HRK 246.751 thousand (30 September 2021: HRK 71,465 thousand), while the Company acquired assets in the amount of HRK 155,111 thousand (30 September 2021: HRK 51,230 thousand).

During the nine-month period ended 30 September 2022, the Group disposed the assets with a net book value of HRK 2,082 thousand (30 September 2021: HRK 2,366 thousand), resulting in a net gain on disposal of HRK 8,536 thousand (30 September 2021: HRK 1,184 thousand).

During the nine-month period ended 30 September 2022, the Company disposed the assets with a net book value of HRK 250,473 thousand (30 September 2021: HRK 2,361 thousand), resulting in a net gain on disposal of HRK 480,322 thousand (30 September 2021: HRK 1,154 thousand).

The most significant Company's transaction in nine-month period of 2022 relates to the sales of three hotels to the related-party Imperial Riviera d.d. More precisely, it is the sales of hotels Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar with sales value of HRK 717,766 thousand.

NOTE 9 – LIABILITIES FOR BORROWINGS AND LEASES UNDER IFRS 16

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

(in thousands of HRK)	GROUP		COMPANY	
	Total liabilities on 30 September 2022	Maturity over 5 years	Total liabilities on 30 September 2022	Maturity over 5 years
Bank borrowings	2,735,965	927,325	1,865,744	641,627
Lease liabilities under IFRS 16	23,522	8,360	23,690	7,304
Total	2,759,487	935,685	1,889,434	648,931

As at 30 September 2022 non-current and current bank borrowings of the Group amounted HRK 2,735,965 thousand all secured with a pledge over Group's property facilities and movable property.

As at 30 September 2022 non-current and current bank borrowings of the Company amounted HRK 1,865,744 thousand all secured with a pledge over Company's property facilities and movable property.

The Company and the Group need to determine the ownership status for cca 3.24 million m² and cca 3.54 million m² respectively, pursuant to the provisions of the Act on

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

NOTE 10 – CONTINGENCIES AND COMMITMENTS

The contracted capital commitments of the Company in respect to investments in tourism facilities at 30 September 2022 amount to HRK thousand 511,465 thousand (30 September 2021: HRK 514,694 thousand). The contracted capital commitments of the Group in respect to investments in tourism facilities at 30 September 2022 amount to HRK 526,499 thousand (30 September 2021: HRK 557,246 thousand).

The Company is the guarantor of the loans of related-party Valamar Obertauern GmbH. The estimated maximum amount of the guarantee that can be realized is HRK 45,853

thousand. The loan of the related-party is secured by mortgages on the real estate of Valamar Obertauern GmbH. The Company estimates the very low probability of incurring an actual obligation under the guarantee.

The Company is the guarantor of the loan of related-party Imperial Riviera d.d. in the amount HRK 468,362 thousand, and to secure the claim a pledge over Imperial Riviera's property facilities was established in the amount of the claim. The Company estimates the very low probability of incurring an actual obligation under the guarantee.

NOTE 11 – ASSOCIATES

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

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

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

NOTE 12 – RELATED PARTY TRANSACTIONS

Related party transactions were as follows:

GROUP	January – September 2021	January – September 2022
(in thousands of HRK)		
Sale of services		
Associate with participating interest	2,168	6,629
	2,168	6,629
Purchase of services		
Other parties related to the owners and corporate governance bodies	312	557
Associate with participating interest	223	362
	535	919
	As at 31 December 2021	As at 30 September 2022
Trade and other receivable		
Associate with participating interest	7,294	529
	7,294	529
Liabilities		
Other parties related to the owners and corporate governance bodies	23	55
Associate with participating interest	39	170
	63	225

NOTE 12 – RELATED PARTY TRANSACTIONS / CONTINUED

Related party transactions were as follows:

COMPANY	January – September 2021	January – September 2022
(in thousands of HRK)		
Sale of services		
Subsidiaries /i/	15,375	537,834
Associate with participating interest	2,168	6,629
	17,543	544,463
Purchase of services		
Subsidiaries	3,195	9,368
Associate with participating interest	223	362
Other related parties to the owners and corporate governance bodies	312	435
	3,730	10,165
Dividend income		
Subsidiaries	-	36,831
	-	36,831
	As at 31 December 2021	As at 30 September 2022
Trade and other receivable		
Subsidiaries	19,712	10,478
Associate with participating interest	7,294	529
	27,006	11,007
Other receivables		
Subsidiaries	26	26
	26	26
Trade and other payables		
Subsidiaries	70	2,894
Associate with participating interest	39	170
Other related parties to the owners and corporate governance bodies	22	55
	131	3,119
Loans given		
Subsidiaries	28	28
	28	28

/i/ The most significant Company's transaction in nine-month period of 2022 relates to the sales of three hotels to the related-party Imperial Riviera d.d. More precisely, it is the sales of hotels Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar with sales value of HRK 717,766 thousand.

NOTE 13 – SUBSEQUENT EVENTS

The Company and the Group did not record any significant events after the balance sheet date.

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