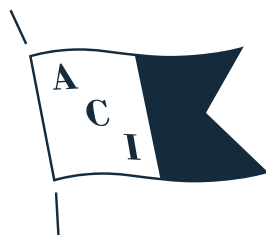


Address: Rudolfa Strohala 2
Ordinary shares: ISIN HRACI0RA0000
Economic activity: R 9329
Market: Regular market
LEI:7478000090X86WBQ6C10
Home member state: Croatia



ADRIATIC CROATIA INTERNATIONAL CLUB, za djelatnost marina d.d.



ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022
INCLUDING INDEPENDENT AUDITOR'S REPORT

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 INCLUDING INDEPENDENT AUDITOR'S REPORT

THIS .PDF DOCUMENT IS NOT IN THE OFFICAL FORMAT
FOR PUBLISHING.

GENERAL COMPANY DATA

ACI d.d. is a chain of 22 marinas spread along the Adriatic, from Umag in the north to Dubrovnik in the south. In addition to marinas, ACI d.d. provides services in the anchorage in the Podražanj bay, which uses the infrastructure of Marina Žut and complementing business activity. The Company's main business activity is providing yearly, monthly and daily berthing services in ports for nautical tourism. In addition to this, ACI offers its clients supplementary services, such as boat lowering and lifting, towing, boat ramp services and so on. Other activities, such as catering, retail business, charter etc., are provided by other legal and natural entities on the basis of business cooperation contracts. In 2022, ACI marinas had over 6,000 berths at their disposal. Marinas conduct business in concession areas, for which the Company pays concession fees. The fees consist of a fixed part, which is paid on the basis of the surface area of a marina, and a variable part, which is paid based on the income that marinas have generated themselves. Concession contracts of the marinas expire in late 2030, with the exceptions of the Marina Veljko Barbieri, which expires in 2027, and anchorage Žut, expiring in 2026.

Supervisory Board

In 2022, the members of the Supervisory Board were:

- Dražen Ivanušec, President of the Supervisory Board
- Dobrica Rončević, Vice President of the Supervisory Board to 03 November 2022
- Marijeta Hladilo, Member of the Supervisory Board
- Tomislav Ninić, Member of the Supervisory Board, from 17 November 2022 Vice President of the Supervisory Board
- Danijel Imgrund, Member of the Supervisory Board from 16 November 2022

Members of the Supervisory Board are usually elected for a term of four years.

Following the four-year term ending in July 2020, the terms that the members of the Supervisory Board were elected to were restricted to three months up until General Assemblies held on 3 May 2022, when the terms were prolonged to six month period. In 2022, the extensions of terms were provided on three occasions, at General Assemblies held on 25 January (3 months), 3 May and 16 November 2022 (6 months, along with the change of member and Vice president of the Supervisory Board).

Management Board

The Company's Management as at 31 December 2022 consists of three members Pursuant to the Decision of the Company's Supervisory Board of 11 February 2022, starting from 14 February 2022:

- Kristijan Pavić, – President of the Management Board (represents the Company individually and independently)
- PhD. Ivan Herak, Member of the Management Board (represents the Company together with the President of the Management Board),
- Josip Ostrogović, Member of the Management Board (represents the Company together with the President of the Management Board).

GENERAL COMPANY DATA (continued)

Management Board (continued)

The Company's Management before the Decision of the Company's Supervisory Board consisted of one member:

- Kristijan Pavić- Member of the Management Board – director (represents the Company individually and independently).

Employees

As at 31 December 2022, the Company had 331 employees, whilst as at 31 December 2021, the Company employed 334 employees.

MANAGEMENT REPORT FOR THE YEAR 2022

Comment from the president of the Management Board

Key performance indicators

Description of the most important risk and uncertainties

Significant events in 2022

Sales revenue trends

Profitability trends

Financial performance indicators

Market capitalisation

Ownership structure

Corporative governance

COMMENT FROM THE MANAGEMENT BOARD

Kristijan Pavić, President of the Management Board of ACI d.d.:

“The business year 2022 proved challenging for ACI in several segments, especially taking into account the need to balance the impact of the rising inflation, which resulted in the increase of the costs of goods and services, and an increased business activity in the marinas. Although costs were reduced in order to achieve business optimisation, workers’ material rights were also improved by increasing their salaries. During the year, we met and engaged in constructive negotiations with the unions in order to reach a joint solution, and, eventually, we were able to sign, to our mutual satisfaction, the Additional Collective Agreement, under which the increase was promptly introduced in the December base salary.

This year's business results are the outcome of a long-term joint work and efforts put in by all our colleagues and the decisions we have made together. The sales revenue is HRK 238.7 million, which means that there is an increase of 33.1 milion in relation to the comparable year, and an increase has been recorded in all the marinas within the system. The gross result is HRK 31.8 million, marking an increase of HRK 14.8 in relation to the previous year.

Taking into consideration the results that were achieved and following a careful consideration of future development objectives, during the last quarter, a plan was made for the next business year. In the process of developing the business plan, we took into account that Croatia would be joining the Schengen Area and Eurozone, which would bring about many benefits, not only for nautical tourism, but also for the entire Croatian tourism and Croatia in general. In this regard, we expect an increase in the demand for our services and, accordingly, an increase in revenue. Since its establishment to this very day ACI has been the largest marina chain in the Mediterranean and an absolute nautical tourism leader. And it is this year, 2023, that marks the 40th anniversary of ACI’s founding.“

Ivan Herak, PhD, Member of the Management Board for Finance, Corporate Law and Human Resources:

“At the moment, the Company is primarily focused on activities related to extending concession contracts, since ACI's strategic goal is to secure the extension of the concession validity periods for ports of nautical tourism/marinas within the ACI system, which, as a rule, expire in 2030. ACI's request to be issued the concession period extension should be considered in the light of the fact that ACI is a company of special interest to the Republic of Croatia as well as a leader in the development of Croatia's nautical tourism.

By the end of June 2023, the Company will have formulated ACI's Sustainable Development Strategy 2023-2027 along with Action Plans, which will include the strategic goals of ACI d.d., improving the quality of services, and new acquisitions that the Company will invest in whether individually or together with its strategic partners. In an effort to position itself in the leisure market in a suitable, efficient and systemic way, the Company will consider the possibility to extend its present business by diversifying its business activities. It is mainly about the need to offer additional tourist services that can be associated with the ACI brand, which would make it possible for the entire Company not only to increase its business income, but also to strengthen its market recognition in the long term, improve its competitiveness and boost its profitability.

COMMENT FROM THE MANAGEMENT BOARD (continued)

The fundamental principles that will be taken into account when formulating plans for tourism growth and development of ACI d.d. in the environmental sustainability segment will be the accountable use of space, “green orientation”, and ecosystem and biodiversity protection.

Employees are a special value in the ACI system. In December 2022, the management and ACI unions signed the Additional Agreement to the 2019 Collective Agreement, under which employees’ material rights improved, primarily by an increase in their base salary and job complexity coefficients. It will not be possible to achieve any of the strategic goals without a systemic and well-planned investment in the quality of human resources, and, along with increased investment in new skills and knowledge acquisition, especially as regards talented employees, we should also take into consideration hiring a number of young people with special talents, skills and competencies.”

Iosip Ostrogović, member of the Management Board for investments, marketing and retail:

„Investing in quality and client satisfaction is what motivates us to improve the standards of the services we offer. Consequently, in 2022, we invested over HRK 58 million in the system. Extraordinary results that were achieved in 2022 are the primary reason to continue developing business and sales policies in order to maintain a satisfactory level of the services ACI offers.

At the moment, our strategic goal is to build ACI Marina Rijeka, a joint venture by ACI and our business partner GITONE Kvarner. This investment is one of the largest in the history of Croatia's nautical tourism, and the impact of the construction of the marina will primarily be felt by the citizens of Rijeka and its surroundings since the marina will create more than 130 new jobs and turn the city from a transit hub to a top destination.

In the previous period, we increased the activities relating to the retail segment in order to attain a higher level of services available to other potential consumers who are not direct clients of marinas. For the fifth year in a row, we published ACI No. 1 magazine, which, along with the catalogue of ACI marinas and services they offer, featured stories and exclusive interviews with prominent and successful individuals under the motto of ‘Simply the best’.

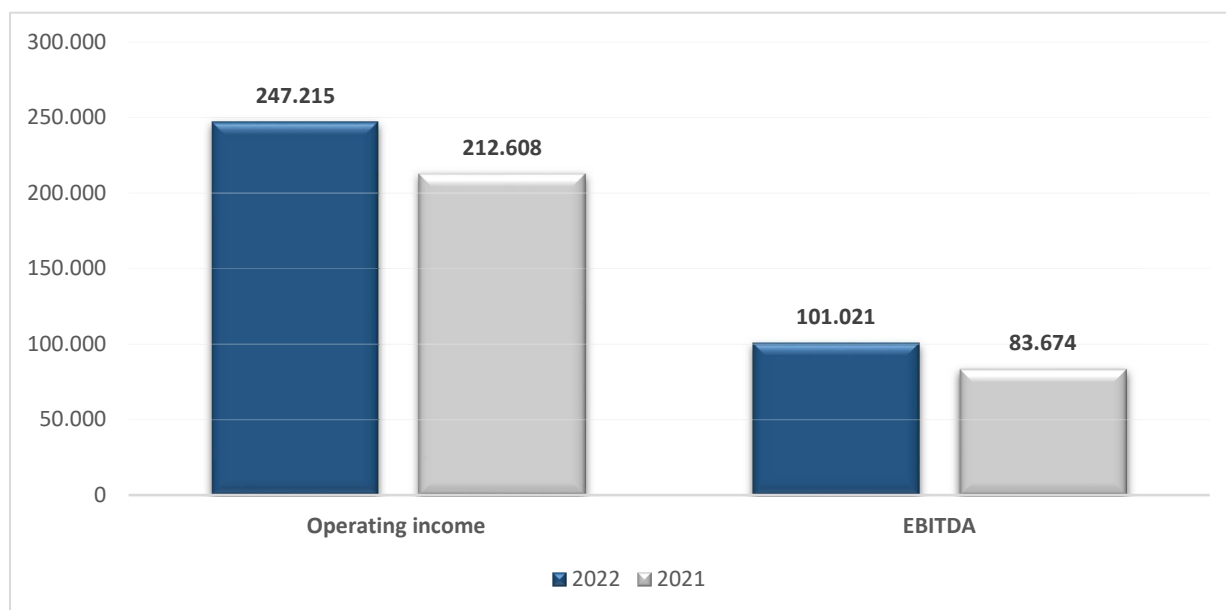
In the coming period, we will focus on completing the investments we have started, as well as the ones that are necessary for the marinas to be ready for our celebratory 40th nautical season.“

KEY PERFORMANCE INDICATORS

In thousands of HRK	2022	2021
Net profit	25,643	13,335
Operating income	247,215	212,608
EBITDA	101,021	83,674
Net profit margin	10%	6.5%
EBITDA margin	39%	39%
Debt ratio	24%	26%
CAPEX*	58,402	43,974
Boats days	1,458,065	1,420,115
Number of employees as at 31 December	331	334

* Right-of-use assets - lease and advance payments for tangible assets are not included

Operating income and EBITDA



DESCRIPTION OF THE MOST IMPORTANT RISKS AND UNCERTAINTIES

The Company is facing internal and external factors and influences that can result in the occurrence of risk, with consequences for the Company business. Consequently, managing, determining and engaging in risk management activities has been defined in a number of corporate documents. The process of risk management is an integral part of the management of the Company and of the decision-making process, being integrated in all Company's structures, operations, activities and processes. Through the said process, the Company monitors and evaluates possible impacts, the likelihood of risk occurring, and engages in activities with a view to ameliorating negative effects.

The impact of current events in Eastern Europe and sanctions imposed on Russian nationals are continuously monitored and their impact on the Company is assessed. At the moment, it is assessed that ACI's exposure to risk in relation to Russian or Ukrainian legal and natural persons is not high. Of the total number of users of the annual berthing service, the contracts of Russian and Ukrainian nationals account for about 1%; this, along with the fact that the annual berthing service is paid in advance, contributes to the assessment that the exposure is not high. In addition, the Company has no relationships with entities with which there would be a direct or indirect ownership connection nor does it have investments in entities that are strongly linked to those in Russia or Ukraine.

With the aim of reducing risks related to the security of the information system, primarily due to the continuous growth in cyber threats in general, but also due to such attacks on the Company itself, the importance of developing and improving the information system was recognised and this is an area the Company is intensively working on.

The credit risk of the Company is relatively low (in principle, under the annual and monthly berthing contracts, services are paid in advance). In addition, even in the cases of payment by instalments, the Company's credit risk is reduced by taking measures to control the collection of payments and by ensuring collateral instruments.

Exposure to the risk of market interest rate change is primarily linked to cash cover, and cash and cash equivalents; however, the Company continuously monitors the trends in interest rate changes on the market, and takes action accordingly, having in mind a favourable outcome for the Company. Interest rate risk is minimized since fixed interest rates have been negotiated in the long-term loan agreement.

Currency risk is mitigated by managing foreign exchange positions; the impact of fluctuations on the Company is therefore not significant. In 2023, with the introduction of the euro, the foreign exchange exposure of the Company will be kept to a minimum.

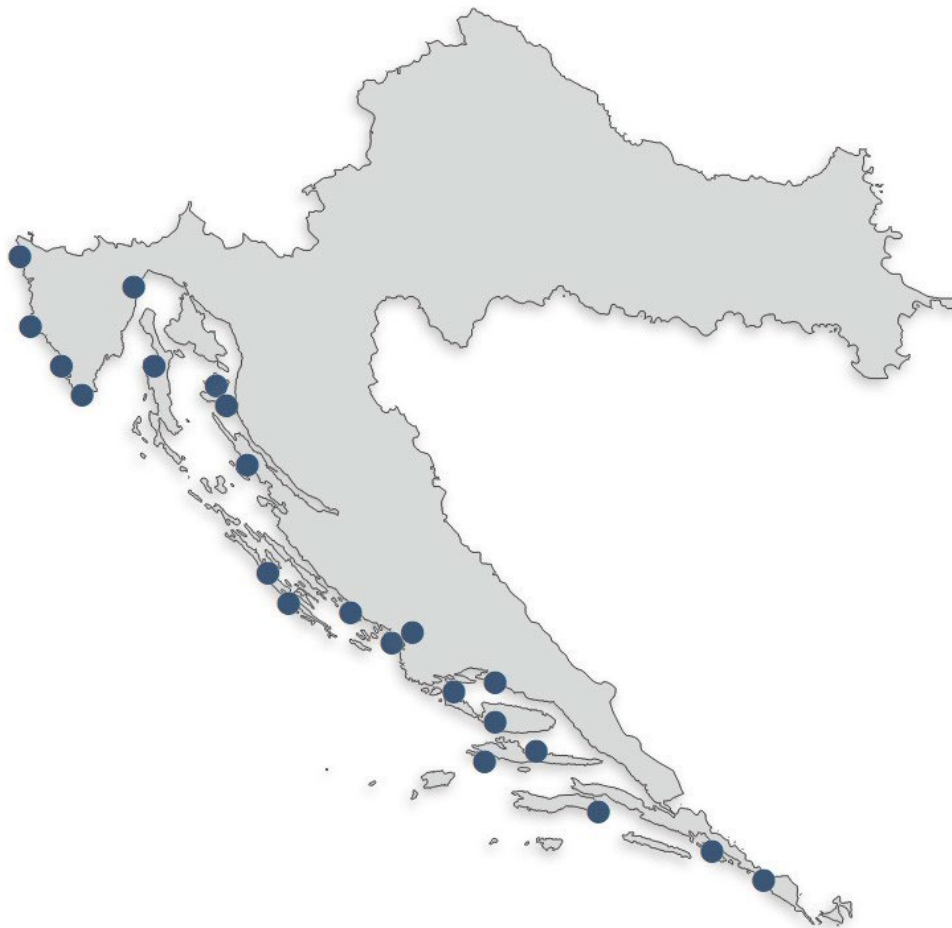
Capital management risk is assessed with every significant investment, i.e., when defining the method of financing projects, whereby small-scale projects are financed by the Company's own funds, while external sources of financing are included in cases of larger investments.

The Company manages the liquidity risk by constantly monitoring the planned cash flow, comparing it to and adjusting it according to the actual cash inflow and outflow.

DESCRIPTION OF THE MOST IMPORTANT RISKS AND UNCERTAINTIES (continued)

The limiting factor of strategic business development is primarily the issue of extending the duration of concession contracts, to which the Company's management is paying significant attention at the moment since all ACI concessions (with the exception of the Veljko Barbieri Marina and the Žut anchorage) expire in 2030. The concession contract for the Veljko Barbieri Marina expires as early as 2027, therefore the issue of extending the duration of the concession periods is a priority.

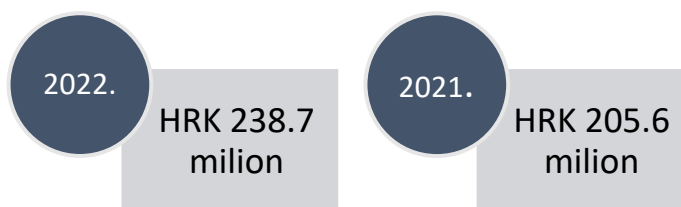
During the second half of 2022, activities were intensified and talks with the relevant ministries responsible for this process, with the aim of addressing the current situation as well as the limitations that the duration of concessions entails.



SIGNIFICANT EVENTS IN THE REPORTING YEAR

MAIN CHARACTERISTICS

The Company generated a **sales revenue of HRK 238.7 million**, which is an increase of 16%, or HRK 33.1 million, in relation to the comparable year. An increase in sales revenue was recorded in all marinas, and a more significant one in those in the south, specifically the Korčula, Split, Palmižana and Milna marinas, where the cumulative increase of HRK 14.6 million was achieved.



Sales revenue trends in the last 5 years, the best result of which was recorded in 2022, is the outcome of a number of well-thought-out decisions taken by the Company management regarding the development of business by taking into account all current changes in the market and timely reactions to all risks occurring in the course of doing business.

The increase in sales revenue partly impacted the growth in the Company's expenses by increasing turnover; however, the main reason for the increase in expenses are market developments, i.e. the impact of inflation, which resulted in the increase of the costs of materials and services. This especially refers to the rise in energy costs, which also had an impact on ACI. The increase in Company's expenses ultimately had an impact on realised gross profit.

Operating expenses rose by HRK 20.5 million, or 11%, mainly due to the increase in electrical energy costs by HRK 6.8 million, which make up 33% of the total increase in expenses. Salary costs also rose due to the signing of the additional collective agreement that stipulated an increase in base salary, while there was also an adjustment of the job complexity coefficients during the year. The costs of salaries and other material rights make up 28% of the total increase in operating expenses.

Subsequently, a **gross profit of HRK 31.8 million** was generated, and an increase of HRK 14.8 million, or 86%, was recorded in relation to the previous year. These business results are the framework against which the Company's further business decisions on development, maintaining stability and future development processes will be taken.

With a view to business development and sustainability, the Company has already started several projects of special interest. The primary goal is to extend the validity of concession contracts, upon which the entire further development of the Company is dependant.

Therefore, the activities ACI is involved in with the company GITONE Kvarner are primarily aimed at obtaining the location permit for the construction of the marina in Rijeka as a prerequisite for signing a concession for the **ACI-GITONE** d.o.o. This is a strategic project for the Company since a marina will be constructed that will change the vista of Rijeka, make a step forward in the development of nautical tourism in the area, contribute to the development of the local community by improving the coastal part of the city using state-of-the-art technologies and modern design, and create new jobs.

SIGNIFICANT EVENTS IN THE REPORTING YEAR (continued)

The Company is continuing its targeted business development activities. In September 2022, the Supervisory Board granted approval to the Management Board to participate in the Zero Emission Mobility Corridor – Northern Adriatic. **The North Adriatic Hydrogen Valley Project** is a special form of cross-border cooperation provided for in the 2050 Croatian Hydrogen Strategy. In the project, a regional system is envisaged within several states, linking hydrogen production, transport and end use. In accordance with this, ACI has submitted its application and is currently engaging in activities in connection to carrying out the project.

The diversification of the business with the aim of changing the structure, quality and services offered in ACI marinas has been recognised by the Management as a strategic goal, and, in the next period, a significant part of the Company's resources will be invested in the development of activities that will contribute to the creation of new added value, such as catering and tourism activities, retail business and possibly setting up the Company's own charter fleet. In addition to expanding the portfolios of its marinas, ACI used the past period to work on the idea of developing an additional service that would be complementary to the Company's current services. It is a project related to the air transport segment that would provide commercial services of transporting passengers by seaplanes and a special kind of activity that represents a significant step forward in relation to the core activity of the Company. During the second quarter, the review of the market and financial feasibility and strategic opportunity analysis for the project was carried out, and the final decision on the project should be taken in a short period.

One of the next development projects that the Company will carry out is the construction of a boutique hotel in ACI Marina Pula, since the existing facility is in an attractive location in the centre of Pula. In June, a Memorandum of Understanding was concluded with the City of Pula and the Port Authority of Pula, whereby all parties expressed interest in the renovation and improvement of the Pula's waterfront. ACI will participate in activities and investments in the part of the maritime property included in the concession where ACI Marina Pula is located



SIGNIFICANT EVENTS IN THE REPORTING YEAR (continued)

In addition to the already mentioned activities, in the first half of the year, the fifth issue of the premium yachting, lifestyle and luxury magazine **ACI No.1** was published in four language versions. Since its very beginning, this project has attracted a great interest from readers. In addition to information about ACI marinas, the magazine features a number of interviews with people from the worlds of sports, science, economy, fashion and art.

The Company has recognised the importance of technology and of information availability and is continuously working on improving and modernising business record keeping and information exchange with our clients and the general public. In the renovated Marina Rovinj, for instance, the Company has implemented advanced measurement systems that enable real-time resource management, a digital display of measured data, as well as smart solutions for traffic management control within the marina and for monitoring energy and water consumption per piers using automated systems and sensors. All state-of-the-art technological solutions will be applied in the construction and commercial use of ACI Marina Rijeka.

Within its training centre with a fleet of 6 ClubSwan 36 sailing boats, **ACI SAIL** participates, through boat charter, in prominent regattas in Croatia and the Mediterranean. In addition to the boat charter service, the training centre offers services in sailing instruction, individual trainings and team building organisation.

The 2022 sailing season began with a race held in Dubrovnik in January, followed by a regatta in Ičići, held in mid-March, and regattas taking place in Rovinj and Skradin in early April. In early May, a regatta was held as part of Pula Sailing Week, and, in June, ACI participated in the 2022 Fiumanka regatta as a partner of the European Media Regatta. At the beginning of October, for the first time in Croatia, the European Championship of the Club Swan 36 class was held in Split, which promoted Croatia as a top regatta destination and included the Adriatic in the regular ClubSwan calendar.



SIGNIFICANT EVENTS IN THE REPORTING YEAR (continued)

INVESTMENTS



Increasing clients' and business partners satisfaction is the Company's primary goal, and, accordingly, continuous investment in infrastructure and accompanying facilities is made. Although the concession periods limit the Company in making strategic investments, investment cycles are still ongoing. In the 2022, a total of HRK 58.4 million was invested in the system (31/12/2021: HRK 44 million).

Substantial investments are related to the work of reconstruction of infrastructure, the removal of the pier I and the construction of the quay wall in Marina Dubrovnik construction works on the apartments in Marinas Rab and Milna, under sea inspection works, repair works on the anchor systems of piers and vessels in Marina Trogir, parking lot reconstruction and introduction of the parking systems in Marinas Jezera and Pomer and other investments aimed at improving and raising the standards and quality in marinas.

During the earlier period, the Company **invested in accommodation capacity**: 9 apartments were built in Marina Cres and 1 in Marina Šimuni, and work is underway to expand the accommodation capacity by constructing 2 apartments each in marinas Rab and Milna. With the completion of these investments, the Company will increase the number of apartments in the system.

The said investments resulted in an increase in revenues. Along with the construction of parking areas, the new accommodation units have improved and complemented the main activity of the marina.



SIGNIFICANT EVENTS IN THE REPORTING YEAR (continued)

CORPORATE SOCIAL RESPONSIBILITY

Social responsibility and interactive communication with its surroundings are important for the development of a company. Given its good business results, ACI implements the practice of a socially responsible business, taking into account ecological, human factors, and paying special attention to the advancement of the local community. All the marinas in the system are located in attractive spots, and are dedicated to environmental aspects. Consequently, continuous attention is paid to keep the sea and coastal area clean by implementing procedures in order to prevent pollution on the land as well as the pollution made by the boats in the marinas. Primarily, periodical checks of water quality are carried out, and a continuous monitoring of the consumption of energy has been contracted in order to monitor the consumption, as well as to be able to take timely measures and carry out remedial actions in case of emergencies. Containment booms, absorbents and dispersants and other equipment used in case of a potential pollution of the sea and land are continuously supplied.



The Company has **4 ISO certificates**, for quality, environmental, and energy management and for IT security. In addition, ACI has been awarded the ZelEn certificate as a confirmation of its use of energy from renewable sources, therefore, all marinas that are open all year round have been awarded the Blue Flag in 2022 as well. For instance, in late June, Cres saw the raising of the Blue Flag for the 23rd time.

ACI has actively been involved in the Nautical Sail project of the Jutarnji List newspaper, a continuation of the earlier Boating Patrol project. The aim of the project is to visit 25 marinas in the Adriatic from Dubrovnik to Umag and evaluate them using the poll held among the users of berthing services. Using the results, a top list of the best Croatian marinas will be created, and the highest-rated marina will receive the Golden Sail award. **As many as four ACI marinas were awarded important prizes - ACI marinas Korčula, Dubrovnik, Cres and Rovinj.** ACI Marina Korčula received a special prize for the development of nautical tourism. ACI Marina Dubrovnik was given a special prize for the best gastronomy marina in the Adriatic, and ACI Marina Cres was a recipient of the prize for the best additional offer, while the Silver Sail went to ACI Marina Rovinj.

Apart from the environmentally friendly business practice, the Company takes part in stimulating and developing the local community through **donations and sponsorships** contributing to projects that are of interest to the wider community. ACI especially supports the development of sport, which helps position Croatia as an attractive tourist destination. An athlete sponsorship agreement has been signed with the Croatian Olympic Committee, and the Company has been a major sponsor at several important sporting events. Among them was the Fight Nation Championship, an MMA spectacle that took place in the Pula Arena, near the ACI marina. In the first nine months, ACI sponsored various projects in the total amount of HRK 2.9 million, and donated a total of HRK 0.4 million.

The Company actively **participates at conferences** the themes of which have to do with boating and tourist sectors with a view to exchanging experience as well as to familiarising the public with the activities done by ACI and the challenges that the boating sector is facing. At the Blue Growth Kvarner 2030 conference, the future marina in Rijeka was presented, which will contribute to the

SIGNIFICANT EVENTS IN THE REPORTING YEAR (continued)

economic growth of the city and to the local community development. A conference on developing luxury nautical tourism was held in Zadar, where ACI participated as one of the organisers. The Management Board participated in the working session of the Government of the Republic of Croatia and the domestic tourist sector where further positioning Croatia as an attractive tourist destination was discussed.

ENVIRONMENTAL CARE AND SOCIAL RESPONSIBILITY

By behaving responsibly and following the Blue Flag rules and fulfilling its criteria, ACI marinas meet environmental standards in accordance with international regulations for environmental protection and sustainable development. The Blue Flags received are an additional acknowledgement of ACI d.d.'s sustainable governance and management of the sea and coastal areas. A total of 18 marinas within the ACI system were awarded the Blue Flag in 2021.

By signing a collective agreement ACI d.d. guarantees a full protection of rights and dignities of its workers. Discrimination is prohibited in relation to employment requirements, including the criteria and requirements for candidate selection for a certain position on all levels of professional hierarchy, career advancement, access to all kinds and levels of professional training, upskilling and reskilling, employment and work conditions, and rights deriving from employment and in relation to employment, including equal pay, termination of contract, rights of members of and their activity in workers' and employers' association or any other professional organisations, including benefits deriving from that membership.

The Company ensures the protection and safety of workers in every form relating to work, applies measures to protect the health and safety of workers, prevents danger at work, notifies workers of danger at work and provides training in safety at work, and implements all other prescribed measures of safety at work.

ACI d.d., as a company with a long-standing tradition of socially responsible business conduct, supports a number of activities benefiting the society and helps the ones in need.

SALES REVENUE TRENDS

Physical indicators in boat days

Type of berth	2022	2021	Difference	Index
Annual berth	1,235,760	1,214,027	21,733	102
Monthly berth	122,608	111,251	11,357	110
Daily berth	99,697	94,837	4,860	105
Total	1,458,065	1,420,115	37,950	103

The Company recorded an increase in physical indicators by 3% of the previous year's achievements, primarily because of the impact of physical indicators of the annual berthing service, with the 57% share of total increase. The number of boat days on a daily berth increased by 5%, while the number of boat days on a permanent berth were realized at 2%.

Physical indicators in metre days

Vrste veza	2022	2021	Difference	Index
Annual berth	14,229,803	13,994,946	234,857	102
Monthly berth	1,240,053	1,153,681	86,372	107
Daily berth	1,264,903	1,185,431	79,472	107
Total	16,734,759	16,334,058	400,701	102

Physical indicators in metre days show a similar trend to those in boat days; there was an increase of 2% at the level of the entire system. Based on the physical indicators presented, it follows that the average length of boats berthed in ACI marinas is **11.50 meters** (2021: 11.58). As at 31 December 2022, **3,425** boats were moored in marinas on annual berths, which is 144 more boats compared to the same date in the comparable year, when there were 3,281.



SALES REVENUE TRENDS (continued)

Sales revenue by structure

In thousands of HRK	2022	2021	Difference	Index
Annual berthing service	109,612	102,126	7,486	107
Monthly berthing service	12,288	11,087	1,201	111
Daily berthing service	73,705	56,454	17,251	131
Income from other services to boaters	14,616	12,317	2,299	119
Income from business and technical cooperation	23,306	19,034	4,272	122
Income from boat rental and charter	5,220	4,593	627	114
Total	238,747	205,611	33,136	116

During the 2022, the Company recorded an increase in sales revenue, which rose by HRK 33.1 million, i.e., 16% compared to the same period last year.

The most significant increases were recorded in revenue from the daily and annual berthing services with total of 75% of the sales revenue increase.

The revenue from the daily berthing services rose by HRK 17.2 million, i.e., 31%, as well as income from other services to boaters that mark an increase in the amount of HRK 2.5 million, i.e., 21%.

By easing the measures that the Company had made available to its business partners with businesses within the marinas in order to overcome the crisis situation, a significant increase in Income from business and technical cooperation in the amount of HRK 4.3 million, i.e., 22%, was made.



The revenue from the annual berthing service was generated with an increase of 7% compared to the comparable period, bearing in mind that boat owners using the annual berthing service were granted a total of HRK 5.8 million in discounts. A certain degree of discounts that were granted to daily berth users was achieved on the basis of loyalty programme, i.e., using the ACI Card, intended for boaters who have an annual berthing contract in one of the ACI marinas. Also eligible for this benefit are charter companies, i.e., vessels owned by them, for which a contract is also required.

SALES REVENUE TRENDS (continued)

Sales revenue by business unit

In thousands of HRK	2022	2021	Difference	Index
Umag	10,821	9,621	1,200	112
Rovinj	14,364	12,230	2,134	117
Pula	6,650	5,909	741	113
Pomer	8,942	8,618	324	104
Opatija	14,081	13,733	348	103
Cres	15,100	14,054	1,046	107
Supetarska Draga	6,927	6,097	830	114
Rab	3,751	2,891	860	130
Šimuni	6,179	5,574	605	111
Žut	3,666	2,341	1,325	157
Piškerica	3,354	2,857	497	117
Jezera	9,456	8,609	847	110
Vodice	13,598	12,074	1,524	113
Skradin	11,629	10,590	1,039	110
Trogir	11,649	9,721	1,928	120
Split	28,833	24,465	4,368	118
Milna	9,749	7,396	2,353	132
Vrboska	4,127	3,755	372	110
Palmižana	11,874	9,345	2,529	127
Korčula	8,821	3,488	5,333	253
Dubrovnik	24,028	22,317	1,711	108
Veljko Barbieri	5,907	5,308	599	111
ACI Sail	5,220	4,593	627	114
General administrative and technical services	21	25	(4)	84
Total	238,747	205,611	33,136	116

All business units realised an increase in sales revenue, and the marina that has shown the most significant growth is Korčula, recording an increase of over HRK 5,3 million. In 2021, a significant investment – the reconstruction of the breakwater – was completed at the Korčula marina, which has increased the level of safety of this nautical port, and which is something the visitors have appreciated. The Split marina also achieved exceptional results, with a growth of over HRK 4,4 million, and made use of the full available capacity.

PROFITABILITY TRENDS

Operating expense's structure

In thousands of HRK	2022	2021	Difference	Index
Cost of raw and other materials	(19,061)	(11,886)	(7,175)	160
Personnel costs	(43,301)	(34,462)	(8,839)	126
Depreciation, amortisation and impairment	(66,044)	(60,287)	(5,757)	110
Other external costs	(69,255)	(66,039)	(3,216)	105
Other operating expenses	(17,301)	(22,096)	4,795	78
Other gains/(losses) - net	(7)	13	(20)	-
Other joint venture costs	(479)	(216)	(263)	222
Total	(215,448)	(194,973)	(20,475)	111

The Company's operating expenses for the 2022 are increased by HRK 20.5 milion, i.e., 11% compared to the previous year.

A significant increase in the amount of HRK 7.2 milion was recorded in the cost of raw materials and other materials, primarily as a result of the increase in overhead energy costs and material and maintenance costs due to increased business activity that is part of preparation for the season and and successfully realized pre-season.

Other external costs increased by HRK 8.8 milion, under the influence of the investment and current maintenance costs of preparation for the season, increased overhead costs of water, waste removal and horticultural maintenance, increased costs of publicity activities and protection costs.

Due to compensations that the Management Board granted to the employees in order to mitigate the inflationary effects, which also reflected on the employees' standard, severance pays, and the signing of the additional Collective Agreement, under which base salary increased from December 2021, the personnel costs also rose by HRK 5.8 milion.

Other business expenses are lower compared to the comparative year due to the impact of the reduction in donation costs and lower costs related to the unamortized value of asset disposals.

PROFITABILITY TRENDS (continued)

Overview of results

In thousands of HRK	2022	2021	Difference	Index
Operating revenue	247,215	212,608	34,607	116
Operating expence	(215,448)	(194,973)	(20,475)	111
Profit before tax	31,840	17,080	14,759	186
Net profit	25,643	13,335	12,308	192
EBITDA	101,021	83,674	17,347	121

Operating revenues increased by HRK 34.6 million or 16% compared to the same period due to the increase in sales revenues.

At the same time, operating expenses increased by HRK 20.5 million or 11% compared to the comparable period, which is elaborated in more detail in the structure of operating expenses.

In 2022, a positive gross financial result in the amount of HRK 31.8 million and EBITDA in the amount of HRK 101 million were achieved, which is an increase of HRK 17.3 million.

FINANCIAL PERFORMANCE INDICATORS

Financial performance indicators	2022	2021
In thousands of HRK		
Operating revenue	247,215	212,608
Total assets	695,147	678,155
EBITDA	101,021	83,674
Annual net profit	25,643	13,335
ROA	3.7%	1.97%
ROE	4.9%	2.7%
EBITDA margin	40%	39%
Net profit margin	11%	6.3%
Current ratio	2	2.05
Cash ratio	1.2	1.3
Financial stability	0.78	0.8
Debt ratio	24%	26%
Total assets - to - capital ratio	1.32	1.36

Based on the main financial performance indicators stated for 2022, and due to the achieved positive gross financial result, which is higher by HRK 14.8 million compared to the comparable period, an increase is shown in the achieved indicators, primarily in the net profit margin, EBITDA margin and asset profitability indicators as well as in the return on invested capital indicators.

MARKET CAPITALISATION

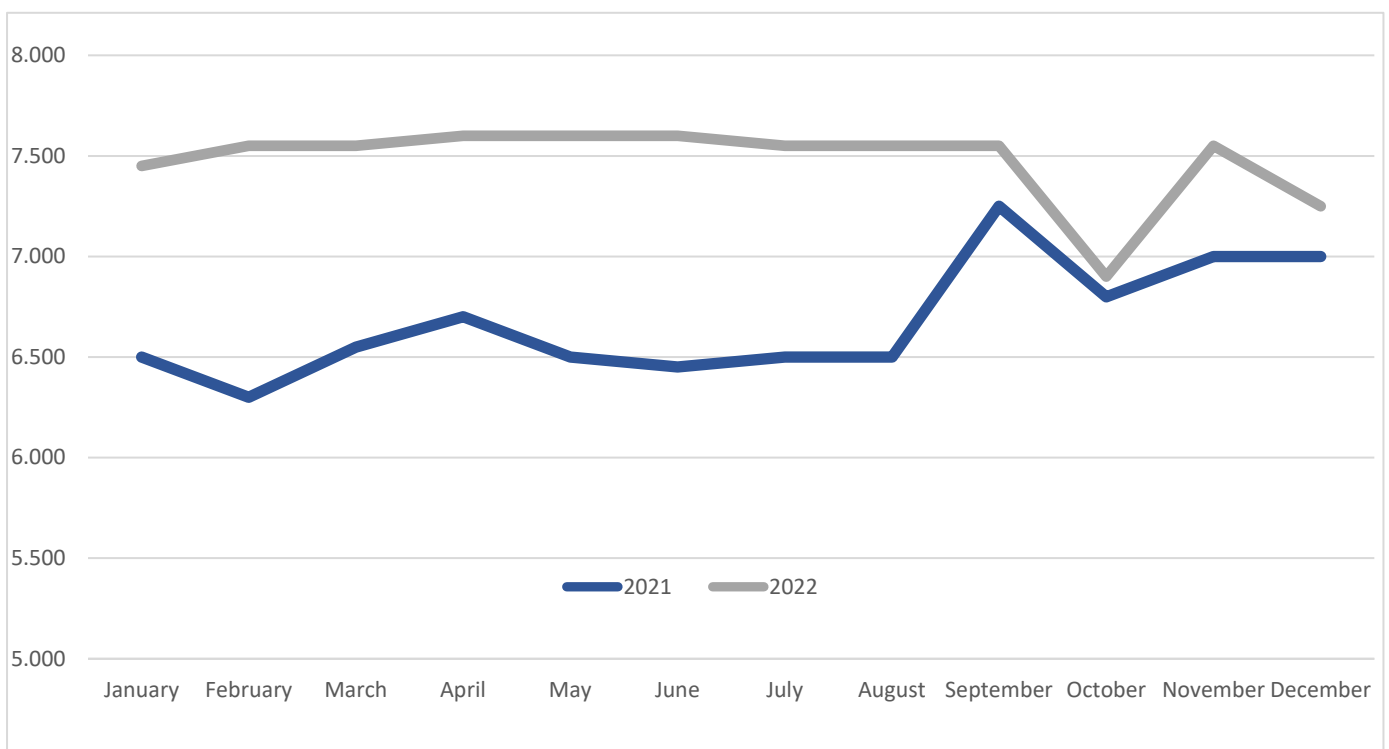
The ordinary shares of ACI d.d. are listed on the Zagreb Stock Exchange under the stock symbol ACI.

As at 31 December 2022, based on the data of Codex sortium d.o.o., ACI has a total of 664 stockholders.

The nominal value of the share is HRK 3,600.00, whereas the last average transaction share price was HRK 7,250.00.

The Company's market capitalisation as at 31 December 2022 was HRK 805.2 milion.

Trends of the average share price



Information on share buyback

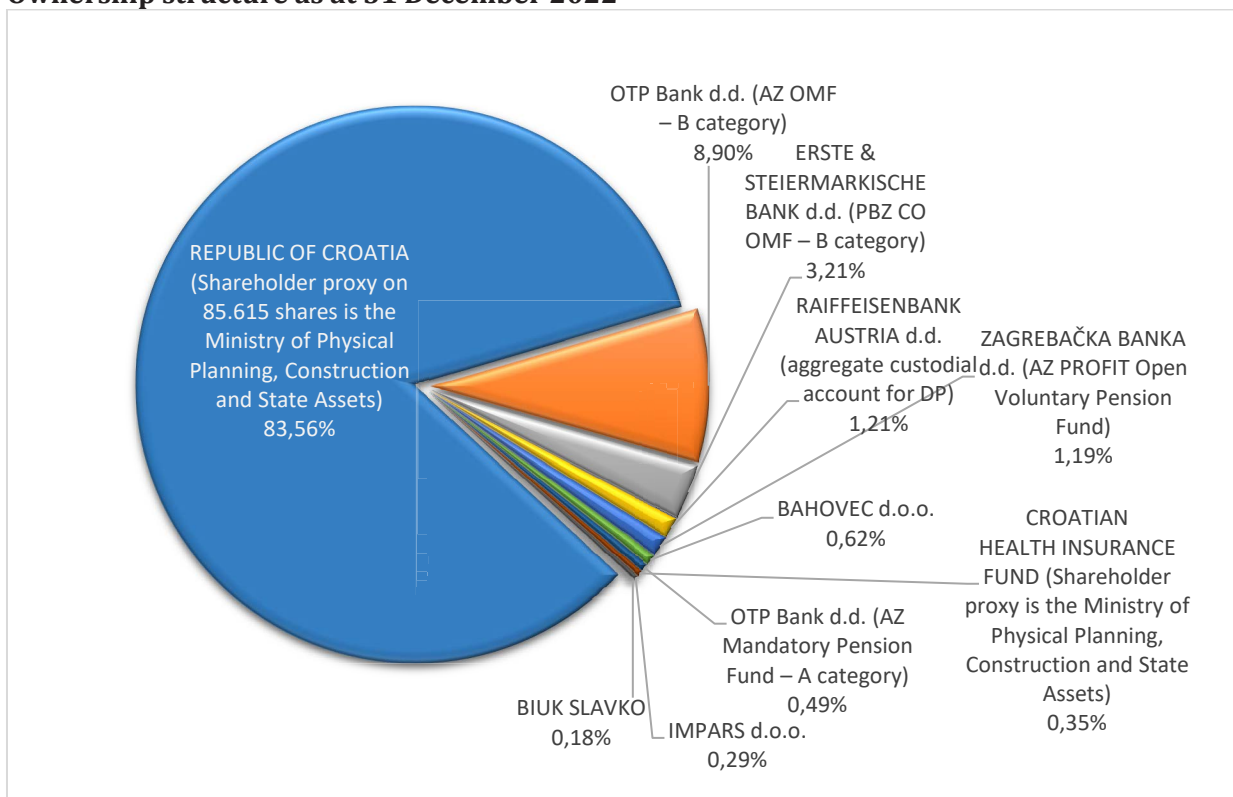
In reporting period, the Company did not hold its own shares, either directly or through a person acting in its own name, and on behalf of the Company. There is no repurchase of treasury shares in Company, nor is there a workers' shareholding.

OWNERSHIP STRUCTURE



Below is the ownership structure, showing the top 10 shareholders with the largest shareholding. The Republic of Croatia is the majority shareholder with 78.58% of Company equity share.

Ownership structure as at 31 December 2022



FUTURE DEVELOPMENT OF THE COMPANY

In thousands of HRK	Plan 2023	31 December 2022 Realized
Poslovni prihodi	285,201	247,215
Neto dobit	29,493	25,643
EBITDA	103,543	101,021

At the end of 2022, the annual business plan for the year 2023 was adopted, which took into account the fact that the Republic of Croatia would be joining the Schengen Area, which would bring about additional benefits for tourism. Since 1 January 2023, border controls on land and maritime border crossing points have been abolished, with airports following suit in the spring. This is expected to have a substantial impact on tourist trade, to boost consumption, and to additionally increase the level of the country's safety, which are aspects that, among others, stimulate demand especially in a tourism market, nautical tourism included.

Joining the Eurozone will bring Croatia full equality, which will also be felt by boaters in marinas, since from 1 January 2023 the same currency will be used without additional conversions. Subsequently, an increase in physical indicators is expected in marinas within the system. It is also expected for the said increase to have an impact on the rise of revenues.

The plan includes a new investment cycle, especially with a view to preparing for the next tourist season.

The Company is also in the stage of drawing up and formulating the Company's 2026 Development strategy including an action plan. Of course, the most important determinant of the further business operation and the profitability of further strategic investment and development is the extension of the concession.

CORPORATE GOVERNANCE

In 2022, the Company applied the Corporate Governance Code adopted by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange, which came into force on 1 January 2020 and has been made public on the websites of the Stock Exchange (www.zse.hr) and HANFA (www.hanfa.hr). In addition, considering the ownership structure and due to the status of ACI d.d. as a company of strategic interest to the Republic of Croatia, the Company is also required to apply the provisions of the Corporate Governance Code for Companies in which the Republic of Croatia Has Shares or Interest (Narodne novine 132/17, 52/18).

The organs of ACI d.d. ensuring that the standards of good corporate governance practice are applied are:

- the General Assembly,
- the Supervisory Board,
- the Management Board.

The Supervisory Board Committees:

- the Audit Committee,
- the Appointment and Remuneration Committee.

The General Assembly is the body in which shareholders exercise their rights in the Company. The General Assembly of the Company decides on matters determined by law and the Articles of Association. The Company's General Assembly is convened by the Management Board. On the requisition of a shareholder who has, or more shareholders who among themselves have, shares with a total nominal value of 5% (five percent) of the Company's equity and who state the purpose and reason for its convening, the Management Board is required to convene the Company's General Assembly.

The General Assembly must be called at least thirty days before it is to take place and the agenda must be made public. The time limit for convening the general assembly is extended by the days specified for the application to participate or for the exercise of the right to vote at the general assembly. The notice of the assembly must specify the place and time of the General Assembly and the agenda.

Shareholders, their representatives and proxies have the right to participate and exercise their right to vote at the General Assembly, provided that the shareholders are registered in the Central Depository and Clearing Company computer system and that they notify the Company about their intent to attend the General Assembly no later than six days before the General Assembly is scheduled. The day the Company is notified is not included in this period. The General Assembly may make legally valid decisions if at least 50% of the total number of voting shares is represented.

The General Assembly appoints an auditor, who is authorised by law to review the Company's operations and submit a report to the General Assembly at least once a year or upon request.

The total fees for the statutory audit of annual financial statements for 2022 was HRK 80,000.00; the fees for tax consulting amounted to HRK 67,199.97, and the Company paid a total of HRK 1,003,872.48 for consulting services in 2022.

CORPORATE GOVERNANCE (continued)

The Supervisory Board has five members. Members of the Supervisory Board are elected for a term of up to four years. One Supervisory Board member is an employee representative and is appointed and recalled in accordance with the Labour Act, while other Supervisory Board members are elected by the General Assembly of the Company by a majority vote, giving votes to each candidate specifically. In 2021, no employee representative was appointed to the Supervisory Board.

The Supervisory Board meet to work and make decisions, and decisions may be made if the majority of the Supervisory Board members are present at a meeting. The Supervisory Board makes decisions by a majority of the votes cast.

The Supervisory Board of the Company supervises the conduct of the Company's business and performs other tasks placed within its competence pursuant to the law and the Articles of Association. The remuneration and reimbursement for the work of the Supervisory Board members is stipulated in Article 21(4) and (5) of the Company's Articles of Association. Pursuant to Article 21(4) of the Company's Articles of Association, in exchange for work in the Supervisory Board, a Supervisory Board member is entitled to remuneration of HRK 2,000.00 net per month. Pursuant to Article 21(5) of the Company's Articles of Association, in addition to the specified remuneration, a Supervisory Board member is also entitled to the reimbursement of expenses related to meeting attendance. The Remuneration Policy for Supervisory Board Members of Adriatic Croatia International Club, za djelatnost marina d.d. was approved by the General Assembly in early 2022.

In 2022, after the expiry of the Supervisory Board members' terms of office except for Mr Ivanušec, the terms of office for other Supervisory Board members were extended for a period of three months by decision of 25 January, and for a period of six months by decision of 3 May. On 16 November, the terms of office were extended for a period of six months for Mr Tomislav Ninić and Ms Marijeta Hladilo, while the term of office was not extended for Mr Dobrica Rončević. Mr Danijel Imgrund was appointed as a new Supervisory Board member on 16 November for a period of 6 months.

In 2022, the Supervisory Board members received the following income from the Company:

- Dražen Ivanušec, HRK 37,521.86,
- Dobrica Rončević, HRK 31,059.65,
- Tomislav Ninić, HRK 44,579.94,
- Marijeta Hladilo, HRK 50,000.63 (of which HRK 33,333.78 as a Supervisory Board member; HRK 16,666.85 as an Audit Committee member),
- Danijel Imgrund, HRK 4,633.71.

Supervisory Board Committees

The Audit Committee is an advisory body that supports the Supervisory Board of ACI d.d. in its efforts to generate effective corporate governance, particularly in order to enable thorough analyses of financial statements and provide expert support to the Company's accounting department.

The Audit Committee members are:

- Marijeta Hladilo, President
- Davor Vasiček, Vice President
- Denis Buterin, Member

CORPORATE GOVERNANCE (continued)

The Audit Committee must have at least three members. The Chair and Vice-Chair of the Audit Committee are elected by the Audit Committee from among its members at the inaugural meeting, convened by the Supervisory Board Chair. The majority of the Audit Committee members must be independent with respect to the Company. A person is deemed independent if he or she does not have any business, financial, family or other close relationship with the Company, its majority shareholders or the Management, or if there are no other circumstances that cast doubt on his or her independence. At least one member of the Audit Committee must be specialised in accounting and/or auditing.

Members of the Audit Committee as a whole must have knowledge of the sector in which the Company operates. The Audit Committee is independent in its work. The Audit Committee meetings are held, as a rule, four times a year (quarterly). The Audit Committee must regularly report to the Company's Supervisory Board on its work and results. The Audit Committee considers the provisions, conditions and recommendations on an annual basis and proposes necessary changes to the Supervisory Board of the Company, which reviews the effectiveness of the Audit Committee once a year. The Audit Committee must regularly report to the Company's Supervisory Board on its work and results

In accordance with the Rules of Procedure, the Audit Committee has the following tasks:

- informing the Supervisory Board of the outcome of the statutory audit, explaining how the statutory audit has contributed to the integrity of financial reporting and explaining the Committee's role in the process;
- monitoring the financial reporting process and submitting recommendations or proposals in order to ensure its integrity;
- with regard to financial reporting, monitoring the effectiveness of the internal quality control system and the risk management system, and the Internal Audit, without violating its own independence;
- monitoring the process of the annual financial statements statutory audit, taking into account all the findings and conclusions of the inspection in accordance with Article 26(6) of the Regulation (EU) No 537/2014.;
- examining and monitoring the independence of the audit firm in accordance with Articles 48, 49, 50, 52, 53 and 54 of the Audit Act and Article 6 of the Regulation (EU) No 537/2014, in particular the appropriateness of providing non-audit services in accordance with Article 44 of the Audit Act, Article 4(2) and (3), and Article of the Regulation (EU) No 537/2014, subject to its prior approval;
- being responsible for the audit firm appointment process and proposing the selection of an audit firm in accordance with Article 16 of the Regulation (EU) No 537/2014.

The members of the Appointment and Remuneration Committee:

- Marijeta Hladilo, President
- Tomislav Ninić, Member
- Dobrica Rončević, Member to 03 November 2022
- Danijel Imgrund, Member from 16 November 2022.

CORPORATE GOVERNANCE (continued)

The Management Board may have between one and five members, which is decided upon by the Supervisory Board. If the Supervisory Board decides that the Management Board shall consist of more than one member, it shall make a decision to appoint one of the Management Board members as President.

The Management Board has the rights and duties established by law, the Articles of Association and other documents, as well as decisions of the Company's bodies. It conducts the Company's business and submits reports to the Supervisory Board and the General Assembly of the Company. If the Management Board consists of several members, it is required to submit the Management Board Rules of Procedure in writing to the Supervisory Board for approval as soon as possible. Pursuant to the Articles of Association, in certain cases the Management Board makes decisions with the

approval of the Supervisory Board. In addition to the competences and powers set out by law, the Supervisory Board decides on the granting of prior (and only exceptionally subsequent) approval to the Management Board to undertake the following tasks: establish new companies at home and abroad and dissolve existing companies, adopt the Management Board Rules of Procedure, buy or sell shares and interest in other companies, and encumber shares and interest held by the Company in other companies, buy or sell real property, and encumber real property owned by the Company the individual value of which exceeds HRK 1,000,000.00, assume guarantees in the amounts over HRK 1,000,000, take out loans and issue securities over the amount of HRK 1,000,000.00, give procuration.

In 2022, the members of the Management Board received the following gross 2 income from the Company, including reimbursement:

- Kristijan Pavić HRK 631,485.69,
- PhD. Ivan Herak HRK 506,182.58 (member from 14 February 2022),
- Josip Ostrogović HRK 451,686.09 (member from 14 February 2022).

Remuneration of the Management Board members is determined in the Remuneration Policy for the Members of the Management Board of ACI d.d. for the 2020–2023 period, which was in force until 30 August, the Remuneration Policy that entered into force on 30 August, the rights and obligations agreement, as well as the Company's Collective Agreement, provided that remuneration is not contrary to the provisions of the Prevention of Conflict of Interest Act. On 25 July 2022, the Supervisory Board adopted the Remuneration of the President and Members of the Management Board of ACI d.d. Regulations, which entered into force on the day of the adoption of the Remuneration Policy for the Members of the Management and Supervisory Boards.

The said documents stipulate the option of a variable part of the salary, determined by the Supervisory Board provided specific conditions are met in accordance with the criteria set in advance; however, this was not applied in 2022.

The Company's Management Board assesses that the current circumstances do not warrant drawing up a long-term plan of succession. Remuneration and reimbursement to the Supervisory Board members for their work are regulated in the Articles of Association and the Remuneration Policies.

Appointments and remuneration are regulated in the Articles of Association and the provisions of the Collective Agreement as well as employment contracts and the said Remuneration Policies. The Company's Management Board assesses that there is currently no need for additional regulation of this. It also assesses that the current circumstances do not warrant drawing up a long-term plan of succession.

CORPORATE GOVERNANCE (continued)

In 2022, ACI d.d. did not have research and development expenditures that are the basis for government subsidies.

The Company completes the **Compliance Questionnaire for Issuers of Shares** on an annual basis, in which it gives explanations if there has been a partial implementation of or departure from the recommendations. In 2021, the Company departed from the provisions of the Corporate Governance Code in the part given below. It is important to point out that in late 2021 and early 2022, the Company adopted a number of internal documents, procedures and policies, and certain instances of non-compliance given below will be, for the most part, fully aligned with the provisions of the Code with the aim of improving business practice and the transparency of business.

- Article 10 of the Code – The Management Board members and the Supervisory Board members do not have any shares in competing companies; if there is such a case, they are obliged to inform the company secretary, as is stipulated in the Company's internal documents.
- Article 12 of the Code – The Audit Committee did not assess the effectiveness of the procedure for approving and making public any transactions between the Management Board members or the Supervisory Board members and the Company; this will be carried out in 2023, as is stipulated in the Company's internal documents.
- Articles 13, 14, 15, 16, 19, 20, 21 and 45 - The General Assembly of the Company approved the procedure for the appointment/election of the Management Board and Supervisory Board members; the selection procedure and defining the profile of the members is based on the Decree of the Government of the Republic of Croatia on the conditions for the selection and appointment of members of the Supervisory Boards and boards of legal entities of special interest to the Republic of Croatia and the method of their election, the procedures for selecting and appointing candidates for members of the boards and Supervisory boards are prescribed committee, and the procedure is carried out by the line ministry. In addition, the Supervisory Board has not formally set a target percentage of female members in the Supervisory Board and Management Board, and did not prepare the report on the progress of the plan to be achieved in the next 5 years since it is also handled in accordance with the aforementioned Government Regulation
- Article 17 and 18 - The said materials are submitted to the General Assembly once a year with the annual report; in 2022, no employee representative was appointed, and the Article 18 will be acted upon in its entirety in the next appointment procedure.
- Article 31 - The Supervisory Board adopted a general work plan that includes the schedule and the agenda of future meetings, with the schedule specified in the Calendar of Events.
- The Company has not appointed a Company Secretary since all legal matters of a greater complexity are handled by external experts where appropriate; there is, therefore, non-compliance with Article 33.
- Article 44 - The Company does not operate within a group or at the level of a parent company and a subsidiary. In 2021, ACI-GITONE d.o.o. was founded, in which ACI has a 50% share, classifying the new company as a joint venture.
- The Prevention of Conflicts of Interest Act regulates the matter related to Article 47, and the Company acts in accordance with the law and does not have additional internal documents relating to the said provision.
- Article 49 - The Management Board did not assess its effectiveness, nor did it inform the Supervisory Board about it; however, this is planned for 2023.
- With regard to Article 53 of the Code, the Remuneration Policy for Management Board Members explicitly stipulates that the Company does not have a stock compensation policy.

CORPORATE GOVERNANCE (continued)

- Article 70 -It is the duty of the Management Board to inform the Supervisory Board of all irregularities it has noticed and to arrange for measures to be taken in that regard; however, the Audit Committee did not assess the effectiveness of the procedures and their use in 2022; it will, however, do so in the next business year.
- The matter stipulated in Articles 71, 73 and 80 is partially available on the Company's website. All the data the Company is responsible for is available for the year 2022 (e.g. detailed information on Supervisory Board candidates was not made public - Article 16, given that the appointment procedure is within the remit of the relevant ministry). In addition, the Company partially adopted the practice of making documents available in English. Starting with the revised annual report for 2020, financial statements are available in both languages.
- Article 80 - Taking into account the exceptional circumstances (the Covid-19 epidemic), and pursuant to Art. 15, para. 5 of the Company's Articles of Association, the Management Board has taken a decision that - along with the Management Board and Supervisory Board members - the General Assembly Chair and a notary public will also be present at the location of the General Assembly meeting, at the Company's headquarters.
- In 2022, there was non-compliance with a part of the provision on Stakeholder Involvement. Namely, the Company identified its key stakeholders; however, no statutory procedures relating to the conduct were adopted.

Pursuant to Article 250a(4) and (5) and Article 272p of the Companies Act (Narodne novine 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 152/11, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22, and 18/23), Corporate Governance Code Compliance Statement is issued by Adriatic Croatia International Club, za djelatnost marina, d.d.

Kristijan Pavić
President of the Management Board

PhD. Ivan Herak
Member of the Management Board

Josip Ostrogović
Member of the Management Board

REPORT ON THE SUPERVISION CARRIED OUT ON THE MANAGEMENT OF THE COMPANY'S AFFAIRS IN 2022 AND THE RESULTS OF THE REVIEW OF THE 2022 REPORT

12 April 2023

Pursuant to Article 263(3) and Article 300c of the Companies Act, the Supervisory Board submits to the General Assembly the

REPORT ON THE SUPERVISION CARRIED OUT ON THE MANAGEMENT OF THE COMPANY'S AFFAIRS IN 2022 AND THE RESULTS OF THE REVIEW OF THE 2022 REPORT

Composition of the Supervisory Board and supervision of the management of the company's affairs in 2022

In 2022, the Supervisory Board supervised the management of ACI d.d.'s affairs comprised of the following members:

Mr Dražen Ivanušec, as Chair of the Supervisory Board, in the period: 01/01 – 31/12/2022; Mr Dobrica Rončević, as Vice Chair, in the period: 01/01 – 12/01/2022, 25/01 – 25/04/2022, 03/05 – 03/11/2022; Mr Tomislav Ninić, as a member in the period: 01/01 – 12/01/2022, 25/01 – 25/04/2022, 03/05 – 03/11/2022, and as Vice Chair in the period 16/11 – 31/12/2022; Ms Marijeta Hladilo, as a member, in the period: 01/01 – 12/01/2022, 25/01 – 25/04/2022, 03/05 – 03/11/2022 and 16/11 – 31/12/2022; and Mr Danijel Imgrund, as a member, in the period 16/11 – 31/12/2022.

In 2022, no employee representative was appointed to the Supervisory Board.

The Supervisory Board supervised the management of the Company's affairs in accordance with the provisions of the Companies Act and the Articles of Association of ACI d.d.

In 2022, the Supervisory Board held a total of eighteen meetings, at which it discussed the state of the Company's affairs and took necessary decisions.

During their terms of office, the Supervisory Board members attended the Supervisory Board meetings, with the exception of the meeting held on 2 November 2022, from which Ms Hladilo was absent due to a work commitment.

At the first meeting, which was held on 25 January 2022, the Chair and Vice-Chair of the Supervisory Board were appointed and the decision was taken to appoint the Appointment and Remuneration Committee.

At the second meeting, which was held on 11 February 2022, the Board took the decision on the Management Board of the Company; approved the following internal documents: the Reporting Policy, and the Risk Management Policy; approved the conclusion of employment contracts and approved the Permanent Seasonal Workers Plan.

At the third meeting, which was held on 24 February 2022, the Supervisory Board approved the Management Board Rules of Procedure and the agreements on the rights and obligations of the management board president and members.

REPORT ON THE SUPERVISION CARRIED OUT ON THE MANAGEMENT OF THE COMPANY'S AFFAIRS IN 2022 AND THE RESULTS OF THE REVIEW OF THE 2022 REPORT (continued)

Composition of the Supervisory Board and supervision of the management of the company's affairs in 2022 (continued)

At the fourth meeting, which was held on 17 March 2022, the Board duly noted the Business Results Report for the Year Ended 31 December 2021 (unaudited); approved the conclusion of an employment contract; and approved the 2022 Seasonal Workers Employment Plan. At the meeting, the Board also approved the reimbursement of the Management Board members' expenses; established the appropriate level of the independence of the Audit Committee members; adopted a draft decision on the appointment of the Supervisory Board members and a draft decision on the appointment of the members of the Audit Committee, as well as a draft decision on an amendment to the Company's Articles of Association and on drafting the consolidated text of the Company's Articles of Association; and appointed the Chair and Vice-Chair of the General Assembly.

At the fifth meeting, which was held on 28 March 2022, the Board took the decision to amend the joint venture agreement establishing the company ACI-GITONE d.o.o., and the decision on additional consideration – payment in favour of company ACI-GITONE d.o.o.

At the sixth meeting, which was held on 12 April 2022, the Board assessed the work of the Supervisory Board; duly noted the Report on the Work of the Audit Committee in 2021; accepted the Annual Financial Report for the Year Ended 31 December 2021 with the Independent Auditor's Report; adopted the Supervisory Board Report on the Supervision of the Management of the Company's Affairs in 2021 and the Results of the Review of the 2021 Report; adopted draft decisions to be submitted to the General Assembly of the Company on the following matters: the approval of the 2021 remuneration reports, the 2021 profit distribution, granting a discharge to the Management Board and the Supervisory Board for 2021, and the appointment of auditors for 2022. In addition, it approved the 2021 Compliance Questionnaire and the 2021 Governance Practice Questionnaire; duly noted the Information on the exercise of the right to access to information in 2021; and approved the conclusion of an employment contract.

At the seventh meeting, which was held on 3 May 2022, the Board appointed the Supervisory Board Chair and Vice-Chair; took the decision to appoint the Appointment and Remuneration Committee, and drafted the consolidated text of the Company's Articles of Association.

At the eighth meeting, which was held on 19 May 2022, the Board approved an amendment to Seasonal Workers Employment Plan.

At the ninth meeting, which was held on 6 June 2022, the Board approved the conclusion of an employment contract.

At the tenth meeting, which was held on 29 June 2022, the Board approved the conclusion of Annex 2 to the Agreement on the Feasibility Study, the Project of Removal, the General and Detailed Project of the Reconstruction of ACI Marina Korčula and approved the conclusion of Annex 2 to the Agreement for the Reconstruction of the Breakwater at ACI Marina Korčula.

REPORT ON THE SUPERVISION CARRIED OUT ON THE MANAGEMENT OF THE COMPANY'S AFFAIRS IN 2022 AND THE RESULTS OF THE REVIEW OF THE 2022 REPORT (continued)

Composition of the Supervisory Board and supervision of the management of the company's affairs in 2022 (continued)

At the eleventh meeting, which was held on 8 July 2022, the Board approved the conclusion of the Annex 1 to the Agreement for the Removal of Pier I and the Construction of the Coastal Wall at ACI Marina Dubrovnik; adopted the Remuneration Policy for Management Board Members; adopted a draft decision of Remuneration Policy to be submitted to the General Assembly; appointed the Chair and Vice-Chair of the General Assembly.

At the twelfth meeting, which was held on 25 July 2022, the Board duly noted the Half-Yearly Report for the Period Ended 30 June 2022 (unaudited); adopted the Remuneration for the Members of the Management Board of ACI d.d. Regulations; approved the conclusion of Annex to the Agreement for the Development and Implementation of IT System; and approved the conclusion of Annex 3 to the Lease Agreement for shared services within the Company.

At the thirteenth meeting, which was held on 20 September 2022, the Board approved the decision to sponsor the Croatian Water Polo Federation and the decision to conclude the agreement on the rights and obligations of the Management Board president and members; approved the conclusion of an employment contract; approved taking necessary action to actively participate in the Zero Emission Mobility Corridor North Adriatic Project.

At the fourteenth meeting, which was held on 3 October 2022, the Board adopted a draft decision on the appointment of the Supervisory Board members, and a draft decision on the appointment of the Audit Committee members; and appointed the Chair and Vice-Chair of the General Assembly.

At the fifteenth meeting, which was held on 10 October 2022, the Board duly noted the business results report from 31 August 2022; approved the Internal Reporting of Irregularities and Appointing a Confidential Person Regulations and approved the conclusion of an employment contract.

At the sixteenth meeting, which was held on 2 November 2022, the Board duly noted the Nine-month Report for the Period Ended 30 September 2022 (unaudited); duly noted the realisation of the business plan until 30 September.

At the seventeenth meeting, which was held on 17 November 2022, the Board appointed the Supervisory Board Chair and Vice-Chair; and took the decision to appoint the Appointment and Remuneration Committee.

At the eighteenth meeting, which was held on 20 December 2022, the Board adopted a draft decision to amend the decision on profit distribution for the year 2021; appointed the Chair and Vice-Chair of the General Assembly; shared the information about the new Procurement of Goods, Services and Works Regulations, and the information on the new Management Board Rules of Procedure; shared the information on the contracts for procuring goods, services or works with the Company being the ordering party that were concluded between 1 January and 30 September 2022; and approved the conclusion of an employment contract.

REPORT ON THE SUPERVISION CARRIED OUT ON THE MANAGEMENT OF THE COMPANY'S AFFAIRS IN 2022 AND THE RESULTS OF THE REVIEW OF THE 2022 REPORT (continued)

The Management Board of the Company reported to the Supervisory Board on all major business matters, the course of business, and the state of the Company's affairs in general. Upon the completion of the supervision of the work and operations, the Supervisory Board established that the Company acts in accordance with the law and the Company's internal documents, and that it fully acts in accordance with the decisions of the General Assembly of the Company.

Composition of the Management Board

In 2022, the company's business was managed by Mr Kristijan Pavić as Management Board member from 1 January to 13 February 2022 and as Management Board President from 14 February to 31 December 2022, with Mr Ivan Herak as Management Board Member from 14 February to 31 December 2022 and Mr Josip Ostrogović as Management Board Member from 14 February to 31 December 2022.

Supervisory Board Committees

In order to discharge its duties more efficiently, the Supervisory Board acts through the following committees: the Audit Committee and the Appointment and Remuneration Committee.

Audit Committee

In 2022, in the periods 01/01 – 12/01/2022, 25/01 – 25/04/2022, 03/05 – 03/11/2022 and 16/11 – 31/12/2022, the Audit Committee was comprised of: Ms Marijeta Hladilo, Chair, Mr Davor Vašiček, Audit Committee Vice-Chair, and Mr Denis Buterin, Audit Committee Member.

In 2022, the Audit Committee held a total of nine meetings, where, among other things, it reviewed and analysed the annual and periodic financial statements prior to their publication, paying particular attention to the accuracy and consistency of the accounting methods applied. The Audit Committee reviewed and monitored the independence of the external auditors, as well as their work when auditing the annual accounts. The Audit Committee reported to the Supervisory Board on the outcome of the statutory audit, the way the statutory audit contributed to the integrity of the financial reporting and the role of the Audit Committee in the process. In relation to the Management Board, the Audit Committee reviewed the conduct of the management regarding the recommendations made by the external auditor. In addition, the Audit Committee assessed the quality of the internal control systems, the effectiveness of the internal audit and risk management systems through a situational analysis and an overview of the implementation of the internal audit recommendations. In its work, the Audit Committee expressed opinions and made recommendations to the Management Board of the Company, which attended all its meetings; the Committee reported on its work to the Supervisory Board of the Company.

REPORT ON THE SUPERVISION CARRIED OUT ON THE MANAGEMENT OF THE COMPANY'S AFFAIRS IN 2022 AND THE RESULTS OF THE REVIEW OF THE 2022 REPORT (continued)

Audit Committee (continued)

During their terms of office, all of the Audit Committee members attended the Audit Committee meetings, with the exception of the meeting held on 28 February 2022, from which Ms Hladilo was absent due to a work commitment.

At the first meeting, which was held on 11 January 2022, the Audit Committee approved the decision to submit to the Supervisory Board the following documents: the reporting policies, and the Risk Management Policies; and approved the adoption of the Internal Audit Regulations.

At the second meeting, which was held on 25 January 2022, the Audit Committee Chair and Vice-Chair were appointed.

At the third meeting, which was held on 28 February 2022, the Committee accepted the Business Results Report for the year Ended 31 December 2022 (unaudited); duly noted the amendments to the Company Accounting Policies; adopted the following internal audit reports: Compliance of the Currency Exchange Activity with the Prevention of Money Laundering and Terrorist Financing Act for the Year 2021, and Changes in Terms and Conditions of Business Cooperation with Charter Companies due to Covid-19.

At the fourth meeting, which was held on 11 April 2022, the Committee accepted the 2021 Report on the Work of the Audit Committee; duly noted the report on the course of the external audit; approved the opinion given by the audit firm BDO Croatia d.o.o., Zagreb that, except the possible corrections that may arise from what was presented in the Basis for Qualified Opinion section, the attached annual financial statements truthfully and fairly present the financial state of the Company on 31 December 2021, its financial performance and cash flows of the Company in 2021 in accordance with the Accounting Act and the International Financial Reporting Standards (IFRS) of the European Commission. Based on its activities and available information and reports, the Audit Committee concluded that the auditing process of financial statements was carried out in accordance with the law and professional standards and that the auditor's reports fully ensure the integrity of the Company's financial reporting. At the meeting, the Audit Committee also adopted the 2021 Remuneration Report and submitted it to the Supervisory Board for further action; monitored the process of complying with the Corporate governance Code by reviewing the Questionnaire; analysed the bids for statutory audits of the financial statements of ACI d.d. for 2022, and made a recommendation to the Supervisory Board to accept the bid by company BDO Croatia d.o.o., Zagreb; and adopted the internal audit reports - Changes in Terms and Conditions of Business Cooperation with Legal and Natural Entities Entrusted with Secondary Activities at Marinas due to Covid-19.

At the fifth meeting, which was held on 22 April 2022, the Committee accepted the Quarterly Report for the Period Ended 31 March 2022 (unaudited).

At the sixth meeting, which was held on 3 May 2022, the Audit Committee Chair and Vice-Chair were appointed.

REPORT ON THE SUPERVISION CARRIED OUT ON THE MANAGEMENT OF THE COMPANY'S AFFAIRS IN 2022 AND THE RESULTS OF THE REVIEW OF THE 2022 REPORT (continued)

At the seventh meeting, which was held on 20 July 2022, the Committee accepted the Half-Yearly Report for the Period Ended 30 June 2022 (unaudited), in Croatian and English; discussed the Remuneration of the President and Members of the Management Board of ACI d.d. Draft Regulations and put it into further procedure; adopted the following internal audit reports: Representation Expenses, and Conclusion of Long-Term Wet Berthing Contracts at ACI Marina Rovinj.

At the eighth meeting, which was held on 26 October 2022, the Committee duly noted the external auditors' report – the 2022 audit plan and the procedures implemented in the previous audit; accepted the Nine-Month Report for the Period Ended 30 September 2022 (unaudited); and adopted the Internal Audit Report: ACI Marina Umag – compliance of the operations of the marina with internal procedures and best practice.

At the ninth meeting, which was held on 17 November 2022, the Audit Committee Chair and Vice-Chair were appointed.

Appointment and Remuneration Committee

In 2022, the Appointment and Remuneration Committee was comprised of:

Ms Marijeta Hladilo, as Chair, in the following periods; 01/01 – 12/01/2022, 25/01 – 25/04/2022, 03/05 – 03/11/2022 and 16/11 – 31/12/2022; Mr Tomislav Ninić, as member, in the following periods: 01/01 – 12/01/2022, 25/01 – 25/04/2022, 03/05 – 03/11/2022 and 16/11 – 31/12/2022; Mr Dobrica Rončević, as member, in the following periods; 01/01 – 12/01/2022, 25/01 – 25/04/2022, and 03/05 – 03/11/2022; and Mr Danijel Imgrund, as member, in the period 16/11 – 31/12/2022.

In 2022, the Appointment and Remuneration Committee held a total of eight meetings, attended by all members.

At the first meeting, which was held on 11 February 2022, the Committee reviewed the available documentation on candidates for the Management Board.

At the second meeting, which was held on 24 February 2022, the Committee reviewed the Management Board Rules of Procedure and the agreements on the rights and obligations of the Management Board president and members.

At the third meeting, which was held on 17 March 2022, the Committee reviewed the expenses arising out of the Management Board members' discharge of duties and adopted a draft decision on the appointment of the Supervisory Board members.

At the fourth meeting, which was held on 12 April 2022, the Committee reviewed the 2021 Remuneration Report.

At the fifth meeting, which was held on 29 June 2022, the Committee adopted a new draft of the Remuneration Policy for Management Board Members.

REPORT ON THE SUPERVISION CARRIED OUT ON THE MANAGEMENT OF THE COMPANY'S AFFAIRS IN 2022 AND THE RESULTS OF THE REVIEW OF THE 2022 REPORT (continued)

Appointment and Remuneration Committee (continued)

At the sixth meeting, which was held on 25 July 2022, the Committee adopted the Remuneration of the President and Members of the Management Board of ACI d.d. Draft Regulations.

At the seventh meeting, which was held on 19 September 2022, the Committee adopted draft agreements on the rights and obligations of the Management Board president and members, and established the rights of the Management Board president and members until the signing of the new contracts.

At the eighth meeting, which was held on 30 September 2022, the Committee adopted a draft decision on the appointment of the Supervisory Board members and the expected time load for each Supervisory Board member.

Results of the self-assessment of the work of the Supervisory Board and its committees

The Supervisory Board conducted an assessment of its effectiveness for the 2022 business year, which was led by the Supervisory Board Chair and based on the recommendations in the Corporate Governance Code implemented by the Company. All Supervisory Board members participated in the assessment. The Supervisory Board concluded that the Supervisory Board and its committees carry out their roles and responsibilities in an appropriate and effective manner. The structure, size and composition of the Supervisory Board and its committees were assessed to be appropriate and adequately balanced, according to expertise, skills, etc. The preparation for and functioning of the meetings was assessed as effective. The Supervisory Board will continue to follow best corporate governance practices and will continue to self-assess its work, striving for even greater effectiveness in the future.

REPORT ON THE SUPERVISION CARRIED OUT ON THE MANAGEMENT OF THE COMPANY'S AFFAIRS IN 2022 AND THE RESULTS OF THE REVIEW OF THE 2022 REPORT (continued)

Results of the 2022 report review

Having reviewed the reports by the auditor BDO Croatia d.o.o. and the annual financial statements for the year ended 31 December 2022, which were submitted to it by the Management Board of the Company, the Supervisory Board found that the above Annual Financial Statements were prepared in accordance with the account books and that they show the accurate state of the Company's property and affairs. Namely, in the opinion of the external independent auditor, except the possible corrections that may arise from what was presented in the Basis for Qualified Opinion section, the attached annual financial statements truthfully and fairly present the financial state of the Company on 31 December 2022, its financial performance and cash flows of the Company for the year that ended on that date in accordance with the Accounting Act and the International Financial Reporting Standards (IFRS), established by the European Commission and published in the Official Journal of the European Union (IFRS).

Taking into account the above, the Supervisory Board approved these financial statements.

An integral part of the above reports of ACI d.d., for the year ended 31 December 2022, are:

- a) 2022 Management Report
- b) Liability for annual financial statements
- c) Independent Auditor's Report
- d) Comprehensive Income Statement
- e) Financial Position Statement
- f) Cash Flow Statement
- g) Statement of Changes in Capital
- h) Notes to Financial Statements.

The Supervisory Board received a proposal from the Management Board on the distribution of profit made in 2022, which established that in the year ended 31 December 2022, ACI d.d. made a net profit after tax of HRK 25,642,870.99, proposing that the profits earned be allocated to retained earnings.

The Supervisory Board agrees with the Management Board's proposal on the distribution of profit and proposes that the General Assembly adopt such a decision.

This report will be submitted to the General Assembly of the Company.

President of the Supervisory Board

Dražen Ivanušec

DECISION ON APPROVING ANNUAL FINANCIAL STATEMENTS

Pursuant to Article 300d of the Companies Act, at the meeting held on 12 April 2023, the Management Board and the Supervisory Board of ACI d.d. approved the following

DECISION

on approving annual financial statements for 2022

I.

In accordance with the applicable regulations, the Company's Management Board have prepared the Annual Report for the year ended on 31 December 2022 Including Independent Auditor's Report, which consists of the following:

- a) Management report for 2022
- b) Responsibility for annual financial statements
- c) Independent Auditor's Report
- d) Statement of comprehensive income
- e) Statement of financial position
- f) Cash flow statement
- g) Statement of changes in equity
- h) Notes to financial statements.

II.

The Supervisory Board and the Management Board have jointly approved the annual financial statements for 2022, namely:

1. Financial Position Statement (balance sheet) with the sum of assets and liabilities in the amount of HRK 695,146,622.97

2. Income Statement including the statement on other comprehensive income:

▪ total revenue	in the amount of	HRK 250,353,568.44
▪ total expenditures	in the amount of	HRK 218,514,032.12
▪ pre-tax profit	in the amount of	HRK 31,839,536.32
▪ corporation tax	in the amount of	HRK 6,196,665.33
▪ after-tax profit	in the amount of	HRK 25,642,870.99.

Kristijan Pavić
President of the Management Board

Dražen Ivanušec
President of the Supervisory Board

PhD. Ivan Herak
Member of the Management Board

Josip Ostrogović
Member of the Management Board

PROPOSED DECISION ON PROFIT DISTRIBUTION

The basic financial statements for the current year show gross profit in the amount of HRK 31,839,536.32, corporation tax in the amount of HRK 6,196,665.33, resulting in a net profit of HRK 25,642,870.99. Legal reserves are HRK 19,990,800.00, and retained earnings amount to HRK 79,919,396.35.

Pursuant to Article 220 of The Companies Act, at the meeting held on 12 April 2023, the Management Board and the Supervisory Board of ACI d.d., adopted the following draft decision for the General Assembly

DECISION

on the distribution of profits made in 2022

I.

In the year ended on 31 December 2022, ACI d.d. made a net profit after tax of HRK 25,642,870.99.

II.

The profit made by ACI d.d. referred to in point I of this Decision shall be allocated to retained earnings.

Kristijan Pavić
President of the Management Board

Dražen Ivanušec
President of the Supervisory Board

PhD. Ivan Herak
Member of the Management Board

Josip Ostrogović
Member of the Management Board

**ADRIATIC CROATIA INTERNATIONAL CLUB,
za djelatnost marina d.d.
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022
INCLUDING INDEPENDENT AUDITOR'S REPORT**

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RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management Board of the company Adriatic Croatia International Club, za djelatnost marina d.d., Rijeka, Rudolfa Strohala 2 (hereinafter Company) is responsible for ensuring that the Company's annual financial statements for the year 2022 are prepared in accordance with the valid Croatian Accounting Act and the International Financial Reporting Standards determined by the European Commission and published in the Official Journal of the European Union, to give a true and fair view of the financial position, operating results, cash flows and capital changes of the Company for that period.

After making enquiries, the Management Board reasonably expects the Company to have adequate resources to continue to operate in the foreseeable future. Accordingly, the Management Board prepared the annual financial statements using the going concern basis of accounting.

In preparing the annual financial statements, the Company's Management Board is responsible for:

- selection and consistent application of suitable accounting policies in accordance with the applicable financial reporting standards;
- giving reasonable and prudent judgments and estimates;
- preparation of annual financial statements based on the basic going concern assumption, unless the assumption is inappropriate.

The Management Board of the Company is responsible for keeping the proper accounting records, which at any time and with reasonable certainty present the financial position, operating results, cash flows and capital changes of the Company, as well as their compliance with the valid Croatian Accounting Act. The Company's Management Board is also responsible for safeguarding the asset of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Management Board on 5 April 2023:

Kristijan Pavić

President of the Management Board

PhD. Ivan Herak

Member of the Management Board

Josip Ostrogović

Member of the Management Board

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Adriatic Croatia International Club, za djelatnost marina d.d., Rijeka

Report on the audit of the annual financial statements

Qualified Opinion

We have audited the annual financial statements of the company Adriatic Croatia International Club, za djelatnost marina d.d., Rijeka, Rudolfa Strohalo 2, ("the Company") for the year ended 31 December 2022, which comprise the Statement of financial position as at 31 December 2022, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, including accompanying notes, and summary of principal accounting policies.

In our opinion, except for the matter and possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards determined by the European Commission and published in the Official Journal of the EU ("IFRS").

Basis for Qualified Opinion

As shown in Notes 1.4 and 5 to the annual financial statements, as at 31 December 2022 in the Statement of Financial Position, the Company has stated investment in marinas Rovinj, Piškera, Žut, Korčula and Veljko Barbieri in the amount of HRK 199,412 thousand net book value. Considering that the concessions for the noted marinas expire in the period from 2027 to 2030, we determined the existence of indicators of possible impairment losses for which the Company was required to make a formal estimate of the recoverable amount as of 31 December 2022, in accordance with International Accounting requirements Standard 36 (IAS 36) "Impairment of Assets". Performing audit procedures, we have not been able to assure us in the recoverability amount of the investments in question, and consequently we have not been able to determine the effects of adjustments, if any, on the Company's annual financial statements for 2022.

We conducted our audit in accordance with International Standards of Auditing (ISAs). Our responsibilities under those standards are further described in our Independent Auditor's report under section Auditor's responsibilities for the audit of the annual financial statements. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, are of most significance in our audit of the annual financial statements for the current period and include the most significant recognized risks of significant misstatement due to error or fraud with the greatest impact on our audit strategy, the allocation of our available resources, and the time spent by the engaged audit team. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as the key audit matters to be communicated in our Independent Auditor's report:

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Report on the audit of the annual financial statements (continued)
Key Audit Matter

Recognition and accrual of revenue	
<p>In the Statement of comprehensive income for 2022, the Company reported sales revenue in the amount of HRK 238,747 thousand (2021: HRK 205,611 thousand), while in the Statement of Financial Position as at 31 December 2022 it stated trade receivables in the amount of HRK 2,635 thousand (31 December 2021: HRK 5,537 thousand), contract assets in the amount of HRK 7,129 thousand (31 December 2021: HRK 12,130 thousand), contract liabilities in the amount of HRK 5,726 thousand (31 December 2021: HRK 9,602 thousand) and deferred revenue from berthing services in the amount of HRK 52,071 thousand (31 December 2021: HRK 42,329 thousand).</p>	
Key Audit Matter	How we addressed the key audit matter
<p>The application of the revenue recognition principle in accordance with IFRS 15 - Revenue from Contracts with Customers is complex and requires significant assumptions and estimates. Sales revenue comprises a high volume of individually low value transactions that are recognized over time after the execution of the liability in accordance with the applicable financial reporting standards. As part of the risk assessment, we assessed that there is a risk that revenue is recognized in the financial statements in amounts higher than those actually generated by the Company as part of business activities, as well as the risk that revenues are not properly accrued in the period to which they belong. In the wake of these factors, we consider that the accuracy and proper demarcate of recognized revenue is associated with a significant risk of material misstatement in the financial statements and required our increased attention, therefore we consider it as such a key audit matter.</p> <p>Related disclosures in the accompanying annual financial statements</p> <p>See notes 2.9, 2.19, 5., 6., 22., 23., and 31. in the accompanying annual financial statements.</p>	<p>Our audit procedures related to this matter included, among others:</p> <ul style="list-style-type: none"> - assessing the Company's accounting policy for compliance with the requirements of the IFRS 15 - Revenue from Contracts with Customers - understanding and evaluating the design and operational effectiveness of internal controls related to the collection and recording of revenue recognition transactions over time; - for a sample of contracts with customers, determining the contract consideration by checking whether the transactions of revenue from berthing services and rental income are recorded in accordance with the agreed terms and conditions and in accordance with the prices defined and approved by the Company's Management Board; - for a sample of contracts with customers, an assessment of whether revenue from berthing services contracted and prepaid is properly recorded by determining the timing of the transfer of control resulting in the recognition of revenue, by reference to transaction documentation; - assessment of the invoicing system and the measurement system up to the general ledger entry; - obtaining a sample of outgoing invoices to compare the existence and accuracy of the total net amount of the invoice with general ledger entry; - assessing the adequacy and completeness of disclosures related to the transactions of revenue from berthing services and rental income in accordance with requirements of the financial reporting standards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the audit of the annual financial statements (continued)

Other Information in the Annual Report

The Management is responsible for other information. Other information includes information included in the Annual report, but do not include the annual financial statements and our Independent Auditor's report on them.

Our opinion on the annual financial statements does not include other information.

In relation with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or with our knowledge obtained in the audit or otherwise, appears to be materially misstated.

Regarding the Management Report and the Statement on the Application of the Corporate Governance Code, we also carried out the procedures required by the valid Croatian Accounting Act (the "Accounting Act"). These procedures include considering:

- whether the Company's Management Report has been prepared in accordance with Article 21 of the Accounting Act and whether the Company's Management Report has been prepared in all relevant respect in accordance with the accompanying financial statements;
- whether the specific information in the Statement on the Application of the Corporate Governance Code required under Article 22, paragraph 1, items 3 and 4 of the Accounting Act ("relevant parts of the Statement on the Application of the Corporate Governance Code") has been prepared in accordance with Article 22 of the Accounting Act;
- whether the Statement on the Application of the Corporate Governance Code includes disclosures in accordance with Article 22, paragraph 1, items 2,5, 6 and 7 of the Accounting Act.

Based on the procedures required to be performed as part of our audit of the annual financial statements and the above procedures, in our opinion:

- The information contained in the Group's Management Report and the relevant parts of the Statement of Application of the Corporate Governance Code for the financial year for which the financial statements have been prepared is consistent, in all material respects, with the Company's annual financial statements set out on pages 9 to 68 and the opinion as set out in the Qualified Opinion section above;
- The Management Report and the relevant parts of the Statement on the Application of the Corporate Governance Code have been prepared, in all relevant respects, in accordance with Articles 21 and 22 of the Accounting Act;
- The Statement on the Application of the Corporate Governance Code shall include the information required by Article 22, paragraph 1, items 2, 5 and 6 of the Accounting Act.

Furthermore, taking into account the knowledge and understanding of the Company's operations and the environment in which it operates, which we acquired during our audit, we are required to report whether we have identified material misstatements in the Management Report and Corporate Governance Statement. In that sense, we have nothing to report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the audit of the annual financial statements (continued)

Responsibilities of the Management Board and Those Charged with Governance for Annual Financial Statements

The Management Board is responsible for the preparation of the annual financial statements that give a true and fair view in accordance with the IFRS, and for such internal control as the Management Board determines necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no real alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Independent Auditor's report that includes our opinion. Reasonable assurance is a higher level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than of one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the audit of the annual financial statements (continued)

Auditor's Responsibilities for the Audit of the Annual Financial Statements (continued)

- evaluate the overall presentation, structure and content of the annual financial statements, including disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also make a statement to those charged with governance that we have complied with the relevant ethical requirements regarding independence and that we will communicate with them any relationship and other matters that may reasonably be considered to affect our independence as well as, where applicable, on related safeguards.

Among the issues communicated to those charged with governance, we identify those issues that are the most important in auditing the annual financial statements of the current period and therefore present the key audit matters. We describe these matters in our Independent Auditors' Report, unless the law or regulation prevents the matters from being publicly disclosed, or when we decide, in extremely rare circumstances, that the matter should not be reported in our Independent Auditors' Report because the negative consequences of the disclosure could reasonably be expected to outweigh the benefits of public interest from such communication.

Statement on other legal requirements

On 30 August 2022, we were appointed by the General Assembly of the Company to audit the annual financial statements of the Company for 2022.

At the date of this Report, we have been continuously engaged in carrying out the Company's statutory audits of the Company's annual financial statements for 2022, which totals 5 years.

In the audit of the annual financial statements of the Company for 2022, we determined the significance for the financial statements as a whole in the amount of HRK 4,858 thousand, which represents approximately 2% of the realized sales revenue for 2022.

We have chosen sales revenue as a measure of materiality because we believe it is the most appropriate measure given the significant fluctuations in profit before tax in the current and prior periods. Our audit opinion is consistent with the supplementary report for the Audit committee of the Company prepared in accordance with the provisions of Article 11 of Regulation (EU) no. 537/2014.

During the period between the starting date of the audited annual financial statements of the Company for 2022 and the date of this Independent Auditor's Report, we did not provide prohibited non-audit services to the Company and did not provide services for the design and implementation of internal control procedures or risk management related to preparation and/or control of financial information or the design and implementation of technological systems for financial information, and we have maintained independence in relation to the Company.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the audit of the annual financial statements (continued)

Statement on other legal requirements (continued)

Report based on the requirements of the Commission Delegated Regulation (EU) 2018/815 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format

Auditor's assurance report on the compliance of annual separate and consolidated financial statements (hereinafter: financial statements), prepared pursuant to the provision of Article 462, paragraph 5 of the Capital Market Act (Official Gazette, nos. 65/18, 17/20 and 83/21) by applying the Delegated Regulation (EU) 2018/815 establishing a single electronic reporting format for issuers (hereinafter: the ESEF Regulation).

We conducted the engagement with expressing reasonable assurance as to whether the financial statements prepared for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, which are contained in the electronic file *ACI-2022-12-31-en*, in all material aspects prepared in accordance with the requirements of the ESEF Regulation.

Responsibilities of Management and those charged with governance

The Company's Management is responsible for the preparation and content of the financial statements in accordance with the ESEF Regulation. In addition, the Company's Management is responsible for maintaining a system of internal controls that reasonably assures the preparation of financial statements without material non-compliance with the reporting requirements of the ESEF Regulation, whether due to fraud or error.

The Management of the Company is also responsible for:

- public disclosure of the financial statements contained in the annual report in a valid XHTML format;
- selection and use of XBRL codes in accordance with the requirements of the ESEF Regulation.

Those in charge of governance are responsible for overseeing the preparation of financial statements in the ESEF format as part of the financial reporting process.

Auditor's responsibilities

It is our responsibility to express a conclusion, based on the audit evidence gathered, as to whether the financial statements are free from material non-compliance with the requirements of the ESEF Regulation. We conducted this reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information.

Procedures performed

The nature, timing and extent of the procedures selected depend on the auditor's judgment. Reasonable assurance is a high level of assurance. However, it does not assure that the scope of testing will reveal all significant non-compliance with the ESEF Regulation.

As part of the selected procedures, we have performed the following activities:

- we have read the requirements of the ESEF Regulation,
- we have gained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or errors; and

based on that, we have planned and designed procedures for responding to assessed risks and for obtaining reasonable assurance for the purpose of expressing our conclusion

INDEPENDENT AUDITOR'S REPORT (CONTINUED)**Report on the audit of the annual financial statements (continued)****Report on the requirements of the ESEF Regulation (continued)****Procedures performed (continued)**

The aim of our procedures was to assess whether:

- the financial statements, which are included in the separate and consolidated annual report, are prepared in the valid XHTML format,
- the information contained in the separate and consolidated financial statements required by ESEF Regulation, are labelled and all labels meet the following requirements:
- XBRL markup language was used,
- the elements of the basic taxonomy listed in the ESEF Regulation with the closest accounting meaning were used, unless an additional element of taxonomy has been created in accordance with Annex IV ESEF Regulations,
- the labels comply with the common labelling rules under the ESEF Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusion

In our opinion, based on the procedures performed and the evidence obtained, the financial statements presented in ESEF format, contained in the above mentioned electronic file and based on the provision of Article 462, paragraph 5, of the Capital Market Act prepared for the purposes of public disclosure, in all material respects are in line with the requirements of the Articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2022.

In addition to this conclusion, as well as the opinions contained in this Independent Auditor's Report for the accompanying financial statements and annual report for the year ended 31 December 2022, we do not express any opinion on the information contained in these reports or other information contained in the above file.

The partner involved in the audit of the Company's annual financial statements for 2022 which results in this Independent Auditor's Report, is the certified auditor Ivan Čajko.

Zagreb, 5 April 2023

BDO Croatia d.o.o.
Radnička cesta 180
10000 Zagreb

For signatures, please refer to the original Croatian auditor's report, which prevails.

Ivan Čajko, member of the Board
and certified auditor

ADRIATIC CROATIA INTERNATIONAL CLUB, za djelatnost marina d.d.
 STATEMENT OF COMPREHENSIVE INCOME
 for the year ended 31 December 2022

In thousands of HRK	Note	2022	2021
Sales revenue	6	238,747	205,611
Other operating revenue	7	8,468	6,997
Total operating income		247,215	212,608
Costs of raw and other materials	8	(19,061)	(11,886)
Personnel costs	9	(66,044)	(60,287)
Depreciation, amortisation and impairment	10	(69,255)	(66,039)
Other external costs	11	(43,301)	(34,462)
Other operating expenses	12	(17,301)	(22,096)
Other gains/(losses) - net		(7)	13
Other joint venture costs	20	(479)	(216)
Total operating expense		(215,448)	(194,973)
Operating profit		31,767	17,635
Financial income		3,139	3,019
Financial expenses		(3,066)	(3,574)
Net - Financial expenses	13	73	(555)
Profit before tax		31,840	17,080
Tax expense	14	(6,197)	(3,745)
Net profit for the year	15	25,643	13,335
Total comprehensive income		25,643	13,335
Basic earnings per share to the Company's shareholders (in HRK)	15	230.89	120.07

The accompanying accounting policies and notes are integral part of these financial statements.

ADRIATIC CROATIA INTERNATIONAL CLUB, za djelatnost marina d.d.
 STATEMENT OF FINANCIAL POSITION
 for the year ended 31 December 2022

In thousands of HRK	Note	31 December 2022	31 December 2021
ASSETS			
Non - current assets			
Property, plant and equipment	16	385,345	389,743
Right-of-use- assets	17	13,861	16,889
Investment property	18	50,239	58,664
Intangible assets	19	3,116	2,127
Investments calculated using the cost method	20	4,305	284
Deferred tax assets	21	684	511
		457,550	468,218
Current assets			
Inventory		2,110	673
Trade receivables	22	2,635	5,537
Contract asset	23	7,129	12,130
Other receivables	24	3,441	4,860
Deposits	25	87,851	50,181
Financial assets at fair value through profit or loss		95	107
Cash and cash equivalents	26	134,336	136,449
		237,597	209,937
Total assets		695,147	678,155

The accompanying accounting policies and notes are integral part of these financial statements.

In thousands of HRK	Note	31 December 2022	31 December 2021
CAPITAL AND LIABILITIES			
Capital and liabilities			
Issued share capital	27	399,815	399,815
Legal reserves	28	19,991	19,991
Retained earnings	28	105,562	80,038
Total capital		525,368	499,844
Liabilities			
Long – term liabilities			
Loan liabilities	29	48,181	58,753
Lease liabilities	17	10,505	13,451
Provisions	30	2,893	3,230
Other long-term liabilities		371	392
		61,950	75,826
Short – term liabilities			
Loan liabilities	29	10,817	10,811
Contract liabilities	31	5,726	9,602
Lease liabilities	17	3,782	3,769
Provisions	30	2,356	2,877
Trade payables	32	7,670	16,550
Income tax liability		3,676	672
Deferred revenue	33	52,514	42,726
Other short term liabilities	34	21,288	15,478
		107,829	102,485
Total liabilities		169,779	178,311
Total capital and liabilities		695,147	678,155

The accompanying accounting policies and notes are integral part of these financial statements.

ADRIATIC CROATIA INTERNATIONAL CLUB, za djelatnost marina d.d.
CASH FLOW STATEMENT
for the year ended 31 December 2022

In thousands of HRK	Note	2022	2021
Cash flow from operating activities			
Cash receipts from sales of goods and services		320,460	267,094
Cash receipts from insurance for indemnity		263	588
Other cash receipts		960	845
Total cash receipts		321,683	268,527
Cash expenditures to suppliers		(91,339)	(63,802)
Cash expenditures for employees		(64,976)	(59,108)
Cash expenditures for insurance for damages		(54)	(64)
Cash expenditures for interest		(570)	(1,223)
Cash expenditures for taxes		(53,072)	(42,496)
Other cash expenditures		(2,499)	(1,861)
Total cash expenditures		(212,510)	(168,554)
Net cash flow from operating activities		109,173	99,973
Cash flow from investing activities			
Cash receipts from sales of property, plant and equipment, and intangible assets		46	22
Cash receipts from interest		337	453
Cash receipts from dividends		9	1
Cash receipts for short- and long-term deposits		-	22,534
Total cash receipts		392	23,010
Cash expenditures for the purchase of property, plant and equipment and intangible assets		(55,267)	(40,456)
Cash expenditures for short- and long-term deposits		(37,582)	(10,000)
Cash expenditures for joint venture		(4,500)	(500)
Total cash expenditures		(97,349)	(50,956)
Net cash flow from investing activities		(96,957)	(27,946)
Cash flow from financing activities			
Principal loan repayment cash expenditures		(10,717)	(10,684)
Lease payment cash expenditures		(3,880)	(3,968)
Dividend payment		(119)	(19)
Total cash expenditures		(14,716)	(14,671)
Net cash flow from financing activities		(14,716)	(14,671)
Net increase in cash and cash equivalents		(2,500)	57,356
Cash and cash equivalents at the beginning of the year		136,449	78,978
Unrealised foreign exchange gains and losses		387	115
Cash and cash equivalents at the end of the year	26	134,336	136,449

The accompanying accounting policies and notes are integral part of these financial statements.

ADRIATIC CROATIA INTERNATIONAL CLUB, za djelatnost marina d.d.
 STATEMENT OF CHANGES IN EQUITY
 for the year ended 31 December 2022

In thousands of HRK	Share Capital	Legal and other reserves	Retained earnings	Total
Balance as at 1 January 2021	399,815	19,991	66,703	486,509
Total comprehensive income	-	-	13,335	13,335
Balance as at 31 December 2021	399,815	19,991	80,038	499,844
Balance as at 1 January 2022	399,815	19,991	80,038	499,844
Total comprehensive income	-	-	25,643	25,643
Dividend	-	-	(119)	(119)
Balance as at 31 December 2022	399,815	19,991	105,562	525,368

The accompanying accounting policies and notes are integral part of these financial statements.

NOTE 1 – GENERAL INFORMATION

1.1. Founding and history

Adriatic Croatia International Club, za djelatnost marina d.d. (“Company”) is a company limited by shares founded in 1983. On 24 June 1994, following its ownership transformation, it was registered with the Commercial Court in Rijeka as ADRIATIC CROATIA INTERNATIONAL CLUB d.d. The Company is headquartered in Rijeka, at the address: Rudolfa Strohala 2. On 8 August 2017, the Company changed its name and from that date has been registered with the Commercial Court in Rijeka as Adriatic Croatia International Club, za djelatnost marina d.d.

1.2. Main activities

The core business of the Company is the organisation and providing berthing services to boats in marinas along the Croatian coast, and other activities related to chartering, construction and repair of boats, as well as other activities, according to the decision of the Commercial Court in Rijeka. The Company was granted concessions by the Government of the Republic of Croatia to use the maritime domain, on the basis of which 22 marinas were built on this domain.

As at 31 December 2022, the Company employed 331 employees, and as at 31 December 2021, it employed 334 employees.

1.3. Company Bodies

Supervisory Board		Term of office
Dražen Ivanušec	President	from 16 July 2019
Dobrica Rončević	Vice President	from 12 October 2021 to 12 January 2022, from 25 January 2022 to 25 April 2022, from 03 May 2022 to 03 November 2022
Tomislav Ninić	Member (Vice President from 17 November 2022)	from 12 October 2021 to 12 January 2022, from 25 January 2022 to 25 April 2022, from 03 May 2022 to 03 November 2022, from 16 November 2022
Marijeta Hladilo	Member	from 12 October 2021 to 12 January 2022, from 25 January 2022 to 25 April 2022, from 03 May 2022 to 03 November 2022, from 16 November 2022
Danijel Imgrund	Member	from 16 November 2022

Audit committee		
Marijeta Hladilo	President	from 12 October 2021 to 12 January 2022, from 25 January 2022 to 25 April 2022, from 03 May 2022 to 03 November 2022, from 16 November 2022
Davor Vašiček	Vice President	from 12 October 2021 to 12 January 2022, from 25 January 2022 to 25 April 2022, from 03 May 2022 to 03 November 2022, from 16 November 2022
Denis Buterin	Member	from 12 October 2021 to 12 January 2022, from 25 January 2022 to 25 April 2022, from 03 May 2022 to 03 November 2022, from 16 November 2022

1.3. Company Bodies (continued)

Appointment and Remuneration Committee		
Marijeta Hladilo	President	from 08. December 2021 to 12 January 2022, from 25 January 2022 to 25 April 2022, from 03 May 2022 to 03 November 2022, from 16 November 2022
Tomislav Ninić	Member	from 08. December 2021 to 12 January 2022, from 25 January 2022 to 25 April 2022, from 03 May 2022 to 03 November 2022, from 16 November 2022
Dobrica Rončević	Member	from 08. December 2021 to 12 January 2022, from 25 January 2022 to 25 April 2022, from 03 May 2022
Danijel Imgrund	Member	from 16 November 2022

Management Board		
Kristijan Pavić	Member - direktor	from 13 April 2021 to 14 February 2022
	President	from 14 February 2022
dr.sc. Ivan Herak	Member	from 14 February 2022
Josip Ostrogović	Member	from 14 February 2022

1.4. Legal framework within which the Company operates and the basis for presenting financial statements

- Decision of the Government of the Republic of Croatia on amending the decisions on granting concessions on maritime domain for the commercial use of the special purpose ports – ports of nautical tourism of Pula, Rab, Šimuni, Žut, Skradin, Trogir, Milna, Vrboska, Palmižana and Korčula from 25 January 2007 (Official Gazette of the Republic of Croatia, NN 13/07),
- Decision of the Government of the Republic of Croatia amending the Decision on amending the decisions on granting concessions on maritime domain for the commercial use of the special purpose ports – ports of nautical tourism of Pula, Rab, Šimuni, Žut, Skradin, Trogir, Milna, Vrboska, Palmižana and Korčula from 19 July 2007 (Official Gazette of the Republic of Croatia, NN 77/07),
- Decision on amending the Decision amending the decisions on granting concessions on maritime domain for the commercial use of the special purpose ports – ports of nautical tourism of Pula, Rab, Šimuni, Žut, Skradin, Trogir, Milna, Vrboska, Palmižana and Korčula from 16 January 2014 (Official Gazette of the Republic of Croatia, NN 6/14),
- Decision on amending the Decision amending the decisions on granting concessions on maritime domain for the commercial use of the special purpose ports – ports of nautical tourism of Pula, Rab, Šimuni, Žut, Skradin, Trogir, Milna, Vrboska, Palmižana and Korčula from 12 December 2013 (Official Gazette of the Republic of Croatia, NN 155/13),

1.4. Legal framework within which the Company operates and the basis for presenting financial statements (continued)

- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Umag from 15 October 1998 (Official Gazette of the Republic of Croatia, NN 138/98),
- Decision of the Government of the Republic of Croatia amending the Decision on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Umag from 28 November 2002 (Official Gazette of the Republic of Croatia, NN 145/02),
- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Rovinj from 15 October 1998 (Official Gazette of the Republic of Croatia, NN 138/98),
- Decision of the Government of the Republic of Croatia amending the Decision on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Rovinj from 7. November 2002 (Official Gazette of the Republic of Croatia, NN 133/02),
- Decision on amending the Decision on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Rovinj from 22 October 2015 (Official Gazette of the Republic of Croatia, NN 115/2015),
- Decision of the County Council of the Istria County on granting concessions on maritime domain for the commercial use of ports of nautical tourism from 1 December 1998 (Official Gazette of Istria County, No 7/98),
- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Pomer (NN 145/02),
- Decision of the Government of the Republic of Croatia on amending the Decision on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Pomer from 7 February 2008 (Official Gazette of the Republic of Croatia, NN 18/08),
- Decision on amending the Decision on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Pomer (Official Gazette of the Republic of Croatia, NN 115/15),
- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Opatija dated 15 October 1998 (Official Gazette of the Republic of Croatia, NN 138/98),
- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Cres (Official Gazette of the Republic of Croatia, NN 138/98),

1.4. Legal framework within which the Company operates and the basis for presenting financial statements (continued)

- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Supetarska Draga dated 15 October 1998 (Official Gazette of the Republic of Croatia, NN 138/98),
- Decision of the County Council of the Primorje-Gorski Kotar County on granting a concession for the port of nautical tourism Marina ACI Rab dated 10 June 1998 (Official Gazette of the Primorje-Gorski Kotar County, No 14/99),
- Decision of the County Council of the Zadar County on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Šimuni dated 7 July 1998 (Decision of the County Council of the Zadar County, Classification No 342-01/98.01/25, Entry No 2198/1-03-2, from 7 July 1998),
- Decision of the County Council of the Šibenik-Knin County on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Piškera dated 8 March 1999 (Official Gazette of the Šibenik-Knin County, No 5/99),
- Decision of the County Council of the Šibenik-Knin County on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Žut dated 8 March 1999 (Official Gazette of the Šibenik-Knin County, No 5/99),
- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Jezera dated 15 October 1998 (Official Gazette of the Republic of Croatia, NN 138/98),
- Decision of the Government of the Republic of Croatia on amending the Decision on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Jezera dated 28 November 2002 (Official Gazette of the Republic of Croatia, NN 145/02)
- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Vodice dated 15 October 1998 (Official Gazette of the Republic of Croatia, NN 138/98),
- Decision of the Government of the Republic of Croatia on amending the Decision on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Vodice dated 28 November 2002 (Official Gazette of the Republic of Croatia, NN 145/02),
- Decision of the County Council of the Šibenik-Knin County on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Skradin dated 8 March 1999 (Official Gazette of the Šibenik-Knin County, No 5/99),
- Decision of the County Council of the Split-Dalmatia County on granting the right to use and enjoy the special purpose port – port of nautical tourism of Trogir dated 10 October 2007 (Official Gazette of the -Dalmatia County, No 7/9),

1.4. Legal framework within which the Company operates and the basis for presenting financial statements (continued)

- Decision of the County Council of the Split-Dalmatia County on amending the Decision on granting the right to use and enjoy the special purpose port – port of nautical tourism of Trogir dated 3 December 1998 (Official Gazette of the -Dalmatia County, No 8/98),
- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Split dated 15 October 1998 (Official Gazette of the Republic of Croatia, NN 138/98),
- Decision of the County Council of the Split-Dalmatia County on granting the concession on maritime domain for the use and commercial use of the special purpose port – port of nautical tourism of Milna dated 7 June 1999 (Official Gazette of the Split-Dalmatia County, No 4/99),
- Decision of the County Council of the Split-Dalmatia County on granting the right to use and enjoy the special purpose port – port of nautical tourism of Vrboska dated 10 October 1997 (Official Gazette of the Split-Dalmatia County, No 7/97),
- Decision of the County Council of the Split-Dalmatia County on amending the Decision on granting the right to use and enjoy the special purpose port – port of nautical tourism of Vrboska dated 3 December 1998 (Official Gazette of the Split-Dalmatia County, No 8/98),
- Decision of the County Council of the Split-Dalmatia County on granting the concession on maritime domain for the use and commercial use of the special purpose port – port of nautical tourism of Palmižana dated 7 June 1999 (Official Gazette of the Split-Dalmatia County, No 4/99),
- Decision of the County Council of the Dubrovnik-Neretva County on granting the concession on maritime domain for the use and commercial use of the special purpose port – port of nautical tourism of Korčula dated 15 February 1999,
- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Dubrovnik dated 15 October 1998 (Official Gazette of the Republic of Croatia, NN 138/98),
- Decision of the Government of the Republic of Croatia on amending the Decision on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Dubrovnik dated 11 November 2004 (Official Gazette of the Republic of Croatia, NN 162/04),
- Decision on the selection of the most economically advantageous tenderer bidding for the concession on maritime domain for the commercial use of the special purpose port, anchorage in Podražanj Bay, the Island of Žut (Official Gazette of the Šibenik-Knin County, No 8/2011),
- Maritime Code (Official Gazette of the Republic of Croatia, NN 181/04, 76/07, 146/08, 61/11, 56/13, 26/15, 17/19),
- Maritime Domain and Seaports Act (Official Gazette of the Republic of Croatia, NN 158/03, 100/04, 141/06, 38/09, 123/11, 56/16, 98/19) and

1.4. Legal framework within which the Company operates and the basis for presenting financial statements (continued)

- Regulation on classification of ports open to public transport and special purpose ports (Official Gazette of the Republic of Croatia, NN110/04, 82/07).

On the basis of the decision of the Government of the Republic of Croatia on authorising other legal and natural persons to carry out secondary activities of a smaller scale in the ports of nautical tourism in the ACI d.d. system from 2009, the Company uses, in conducting its business, an area of land of 362.651 m² and a water area of 985.584 m², on which 22 marinas and one anchorage were constructed.

In 2007, on the basis of the Government's decisions amending the decisions on granting concessions on maritime domain for nautical tourism ports of Pula, Rab, Šimuni, Žut, Skradin, Trogir, Milna, Vrboska, Palmižana and Korčula, the annex to the contract with ACI Marina Umag, and the extension of the concession period until 2030 for the other ten ports of nautical tourism which were granted concessions by the County, and which were reclassified to special purpose ports of importance for the Republic of Croatia, the concession periods for all marinas in the ACI system have been harmonised, with the exception of ACI Marina Piškera, whose concession period expired on 29 December 2003.

Pursuant to the Decision of the Government of the Republic of Croatia from 16 January 2014, the Company signed a contract for the use of the maritime domain of marina Piškera until 31 December 2030, with an increase in the concession fee for the use of maritime domain. A land area of 15,222 m² and a water area of 21,052 m² are used, for which a concession fee is paid.

On 1 September 2012, ACI d.d. signed a Concession Contract on Maritime Domain with the Dubrovnik-Neretva County, obtaining thereby the right to construction and commercial use of the shoreside and maritime facilities in the special purpose port – marina in the Slano Bay, increasing the area of the maritime domain granted by concession by a total of 66.279 m². The concession was granted for a period of 15 years, counting from the date of signing the Contract and expires on 1 September 2027. The construction of Marina Veljko Barbieri started in 2014, and marina was finally put into operation on 1 August 2016.

The decision of the Government of the Republic of Croatia of 12 December 2013 expanded the port area in Marina Vrboska granted by concession by 6,079 m² and increased the concession fee for the entire concession area of the marina.

The Decision on amending the Decision on granting the concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Rovinj dated 22 October 2015 (Official Gazette of the Republic of Croatia, NN 115/2015) reduced the concession area due to compliance with the spatial planning documentation. The area of the maritime domain subject to this Decision was altered upon obtaining the building inspection certificate from a total of 67,868 m² (16,719 m² land and 51,149 m² sea) to 67,580 m² (16,147 m² land and 51,433 m² sea).

The Decision on amending the Decision on granting the concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Pomer dated 22 October 2015 (Official Gazette of the Republic of Croatia, NN 115/2015) reduced the land concession area while increasing the water concession area of the concession due to compliance with the spatial planning documentation. The area of the maritime domain which is the subject of this Decision was altered from a total of 43,492 m² (9,296 m² of land and 34,628 m² of sea) to 50,195 m² (9,283 m² of land and 40,912 m² of sea).

1.4. Legal framework within which the Company operates and the basis for presenting financial statements (continued)

In 2019 a Decision was adopted on granting concessions on maritime domain for the commercial use and the anchorage system construction in the special purpose ports – ports of nautical tourism – anchorage in the bays of Dunkovac, Vozarica and Srednja Draga, and in May 2020 a contract was signed with the Šibenik-Knin County, increasing the water area by 22,455 m². In September 2021, the ruling of the Administrative Court in Split annulled the decision to grant the concession on the maritime domain.

The Company has an obligation to pay an annual fee to the concession grantor, and the fee is charged to the income statement in the accounting period to which it relates. The annual fee paid by the concessionaire to the concession grantor – the Republic of Croatia or Šibenik-Knin and Dubrovnik-Neretva Counties consists of two parts:

- invariable part in the amount of HRK 0.7 per m² of the area occupied per year for all marinas except marinas Piškera and Vrboska, where the permanent part is calculated in the amount of HRK 10 per m², and marina Veljko Barbieri, where the amount per m² ranges from HRK 4.5 to HRK 6 per m² of the area occupied per year (depending on the five-year period of exploitation). The invariable part of the concession fee for the Žut anchorage is calculated in the amount of HRK 0.7 per m²
- variable part of the fee in the value of 2.5%, which is calculated for all marinas except marinas Piškera and Vrboska, where the variable part amounts to 4% of the total revenue. For Marina Veljko Barbieri, the variable part ranges from 4% to 6% (depending on the five-year period of exploitation). For the anchorage in the bay of Podražanj on the Island of Žut, the variable part is calculated in the value of 10% of the total revenue earned.

NOTE 2 - BASIS ON WHICH FINANCIAL STATEMENTS WERE PREPARED

A summary of significant accounting policies adopted for the preparation of financial statements is listed below. The policies were consistently applied for all periods included in these statements, unless otherwise stated.

2.1. Declaration of compliance and the basis of the representation

The Company's financial statements for the year 2022 have been prepared in accordance with the valid Croatian Accounting Act and the International Financial Reporting Standards, established by the European Commission and published in the Official Journal of the European Union (IFRS).

The Company's financial statements have been prepared in accordance with the valid Croatian Accounting Act and the International Financial Reporting Standards, established by the European Commission and published in the Official Journal of the European Union (IFRS).

2.2. First application of new revisions to existing standards in force for the current reporting period

2.2.1. First application of new amendments to existing standards in force for the current reporting period

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current financial period:

- **Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards"**- Annual Improvements to IFRS Standards 2018-2020 regarding the Subsidiary as a First-time Adopter (effective for annual periods beginning on or after January 1, 2022)
- **Amendments to IFRS 3 "Business Combinations"** - Update of a reference to the Conceptual Framework, adopted in the European Union on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022)
- **Amendments to IFRS 9 "Financial Instruments"** - Annual Improvements to IFRS Standards 2018-2020 regarding fees in the '10 per cent' Test for Derecognition of Financial liabilities (effective for annual periods beginning on or after 1 January 2022)
- **Amendments to IFRS 16 "Leases"** - Annual Improvements to IFRS Standards 2018-2020 for illustrative purposes only
- **Amendments to IAS 16 "Property, plant and equipment"**- Prohibition of cost deduction for proceeds before Intended Use, adopted in the European Union on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022)
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"**- clarification of the costs of fulfilling related to the onerous contracts, adopted in the European Union on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022)

2.2.1. First application of new amendments to existing standards in force for the current reporting period (continued)

- **Amendments to IAS 41 “Agriculture”** - Annual Improvements to IFRS Standards 2018-2020 regarding Taxation in Fair Value Measurements (effective for annual periods beginning on or after January 1, 2022)

The adoption of these amendments to existing standards did not lead to significant changes in the Company’s financial statements

2.2.2. Standards and amendments to existing standards published by the IASB and adopted in the European Union, but not yet in force

At the financial statements approval date, the following amendments to existing standards issued by IASB and adopted in the European Union were published, but not yet effective:

- **Amendments to IFRS 17 “Insurance contracts”** - Initial Application of IFRS 17 and IFRS 9 - Comparative Information, adopted in the European Union on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023)
- **Amendments to IAS 1 “Presentation of financial statements” and IFRS Practice Statement 2 - Disclosure of Accounting Policies**, adopted in the European Union on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023)
- **Amendments to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors”** - Definition of Accounting Estimates, adopted in the European Union on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023)
- **Amendments to IAS 12 “Income Taxes”** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction, adopted in the European Union on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023)

2.2.3. Standards and amendments to the existing standards issued by IASB and not yet adopted by the EU

IFRS currently adopted in the European Union do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, the adoption of which the European Union has not yet decided on April 5 2023 (date of entry into force set out below relate to IFRSs issued by the IASB):

- **Amendments to IFRS 16 “Leases”**- Lease Liability in a Sale and Leaseback, effective for annual periods beginning on or after 1 January 2024
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Classification of Liabilities as Current or Non-current Date, Classification of Liabilities as Current or Non-current - Deferral and Non-current Liabilities with Covenants, effective for annual periods beginning on or after 1 January 2024

2.2.3. Standards and amendments to the existing standards issued by IASB and not yet adopted by the EU (continued)

The Company is currently evaluating the impact of new standards and changes to existing standards on its financial statements. The Company expects that the adoption of these new standards and amendments to existing standards will not lead to significant changes in the Company's financial statements in the period of the first application of the standard.

a) Functional and reporting currency

The items included in the Company's financial statements are noted in the currency of the primary economic environment in which the Company operates ('functional currency'). Financial statements are presented in the Croatia kuna, which represents the functional and reporting currency of the Company.

b) Transaction and foreign currency balances

Transactions in foreign means of payment are converted into functional currency so that the amounts in foreign means of payment are converted at the exchange rate on the day of the transaction. Gains or losses on exchange rate differences occurring in the settlement of those transactions and the conversion of monetary assets and liabilities expressed in foreign currencies are recognised in the profit or loss account. The EUR exchange rate as at 31 December 2021 was EUR 7,53450 (EUR 7,517174 as at 31 December 2021).

Gains or losses on exchange rate differences relating to liabilities per loans received are shown in the Financing expenditure – net section of the Income Statement. Other gains or losses on exchange rate differences are expressed in the other gains/(losses) – net item of the income statement.

2.4. Intangible assets

Intangible assets include non-cash means that can be identified without physical characteristics. Intangible assets are recorded in the statement of financial position only if it is likely that future economic benefits attributable to the means will flow into the Company and that the acquisition cost can be determined. After initial recognition, intangible assets (software licenses) are recorded in the accounts and financial statements at the acquisition cost minus the correction of value and impairment losses. Amortisation of intangible assets with a definite or limited useful life is calculated under the straight-line (linear) method over the estimated useful life or in the agreed period of use. Below is a useful life for intangible assets.

DESCRIPTION	2022.	2021.
Investments in software	3 to 5 years	3 to 5 years

Intangible assets is excluded from the Statement of Financial Position in the event of expenditure or sale or where future economic benefits are not expected from it. The gains and losses earned/incurred by the sale are determined by comparing the income and book value of the asset and are included in other revenue.

2.5. Right-of-use-assets

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low-value assets; and
- Leases with a lease term of twelve months or less from the date of first application.

2.5.1. Right-of-use-assets

Right-of-use assets are recorded separately in the Statement of financial position.

Right-of-use assets are initially calculated in the amount of the lease liabilities, minus all lease incentives received and is increased by:

- any lease payments made on or before the lease commencement date;
- any initial direct costs incurred; and
- the amount of the provision recognised when the Company contractually bears the costs of dismantling, removing or renovating the place where the property is located.

Right-of-use assets are subsequently measured at acquisition costs less accumulated depreciation and any accumulated impairment losses and are adjusted for any remeasurement of the lease liability due to reassessment or lease modifications. Right-of-use assets are depreciated over the useful life of the asset and lease periods on a linear basis, whichever period is shorter.

Below is the useful life of a right-of-use asset:

DESCRIPTION	2022	2021
Office buildings	6 years	6 years
Concessions	8 do 12 years	8 do 12 years
Cars	4 years	2 do 4 years

2.5.2. Lease liabilities

Lease liability is measured at the present value of the remaining lease payments, discounted using the interest rate contained in the lease, if this rate can be easily determined, or the Company's incremental borrowing rates. The Company's incremental borrowing rate is the rate of interest the Company would pay to borrow, over a similar term and with a similar security, the funds necessary to acquire assets of a value similar to value of the right-of-use assets in a similar economic environment, under comparable terms and conditions.

2.5. Right-of-use-assets (continued)

2.5.2. Lease liabilities (continued)

On the date of initial recognition, the book value of lease liabilities also includes:

- Amounts expected to be paid by the lessee under any residual value guarantee;
- The exercise price of purchase options if the lessee is reasonably certain to exercise this option; and
- The payment of lease termination penalties if the lease term reflects the lessee exercising the option to terminate the lease.

After the initial measurement, the lease liability increases to reflect interest on lease liabilities and decreases to reflect the lease payments made. The lease liability is remeasured when there is a change in future lease payments resulting from a change in an index or a rate or when there is a change in the assessment of the term of any lease

2.6. Property, plant and equipment

Land is recorded in at original acquisition cost and is not depreciated. The value of the land was entered into the business books on the basis of a 2006 estimate. The new estimate was made in early 2014 to assess the recoverable value, on the basis of which it was found that no significant deviations occurred.

An individual property, plant and equipment item that meets the asset recognition criteria is measured at cost. The cost of a particular item of property, plant and equipment comprises the purchase price, including import duties and non-refundable purchase taxes, after deducting discounts allowed, and any costs directly attributable to bringing the item of property, plant and equipment to the location and working condition for its intended use.

Subsequent expenditure on assets that meet the recognition criteria is recognised as an asset or addition to the property, and maintenance and repairs debit the expense account in the period in which they were incurred.

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation of an asset begins at the moment when the asset is ready for intended use, and is calculated using the linear method. Land and property in preparation are not depreciated.

Useful lives of asset use are as follows:

DESCRIPTION	2022	2021
Buildings	6 to 40 years	6 to 40 years
Plant and equipment	1 to 32 years	1 to 32 years
Tools and machinery	3 to 10 years	3 to 10 years

2.6. Property, plant and equipment (continued)

Useful life is estimated at the time of purchase of each asset in the group of tangible assets. Useful life is determined on the basis of the expected use of the assets, expected physical wear, technical ageing and the economic benefits that can be achieved through the use of the asset.

Useful life, depreciation method and residual value are reviewed at the end of each financial year, and if expectations differ from previous estimates, changes are recognised as changes in accounting estimates. Assets are excluded from the statement of financial position when they are permanently withdrawn from use or when they are alienated. Gains or losses to be recognised in the profit and loss account are determined as the difference between the income and the book value of the alienated asset.

Property, plant and equipment that have been withdrawn from active use and are held for sale are recorded at book value or at fair value on the day when the assets are withdrawn from active use, whichever is less. If, following the conclusion of a construction contract, there are significant delays in the execution of works, the Company, in accordance with the contractual relations, calculates penalty rates, which represent compensation for damages arising from non-compliance with the contractual deadlines. This compensation is recognised in the Statement of Comprehensive Income in the Other operating income section in the year in which they were incurred.

2.7. Investment property

Investment property refers to commercial premises and represents the property the Company holds to lease out. Investment property is recorded at a historical cost minus the accumulated depreciation. Subsequent expenditures are capitalised only when it is likely that the Company will have future economic benefits from it and when the cost can be measured reliably. All other repair and maintenance costs are charged to the Statement of Comprehensive Income when they are incurred.

The useful life of assets for 2022 is from 6 to 40 years (2021: 6 to 40 years).

2.8. Impairment of assets

a) Impairment of non - financial assets

Assets that are depreciated are checked for impairment when events or changed circumstances indicate that book value may not be recoverable. Impairment loss is recognised as the difference between the book value of an asset and its recoverable amount. Recoverable amount is the fair value of the asset minus the cost of sale or the value of the assets in use, whichever is higher. For impairment review purposes, the asset is allocated to the lowest level (cash generating units) to determine the cash flow individually. Non-financial assets for which impairment losses are reported are checked on each reporting date for the possible elimination of impairments.

b) Impairment of financial assets

Impairment of trade and other receivables is carried out on the basis of assessing the probability of the collection of payment of each receivable based on objective evidence, and if there is objective evidence of impairment of receivables arising after initial recognition, the value of the receivable is reduced and impairment losses are incurred, which are recognised as expenses in the income statement.

Historical probabilities of default or collectability of trade receivables are used to measure the expected impairment loss, which are complemented by future parameters relevant to credit risk.

The general approach of expected losses applies to loans, debt instruments measured at amortised cost. The simplified approach of expected credit losses applies to trade receivables and contractual assets resulting in early recognition of impairment costs.

2.9. Contract assets and contract liabilities

Contracts with customers are presented in the statement of financial position as contract assets representing claims on contracts with customers and a contract liability that reflects the transfer of promised goods or services that customers expect to be entitled to. Contract assets and liabilities are reported in the balance sheet since a signed contract with a client provides the Company to an unconditional right to compensation.

Contract assets and liabilities are reported in the statement of financial position as current assets and liabilities since they refer to a period of up to one year.

Contract assets and liabilities are presented for each individual contract with a customer, are recognised on the balance sheet at the time of the conclusion of the berthing contract, and relate to berthing contracts which received no payment from the client on the balance sheet date.

The subsequent valuation of contract assets is carried out in accordance with the provisions of Note 2.8 in the section Impairment of financial assets.

2.10. Financial assets

The Company recognises financial assets in its financial statements when it becomes a party to contractual terms of an instrument. Depending on the asset management business model and the contractual characteristics of financial asset cash flows, the Company measures financial assets at amortised cost, fair value through other comprehensive income or fair value through profit and loss account.

The Company classifies assets as shown below:

Classification and measurement	Classification and measurement
Assets	
Non – current assets	
Financial assets (Deposits)	Hold to collect/Amortised cost
Current assets	
Cash and cash equivalents	Hold to collect/Amortised cost
Trade and other receivables	Hold to collect/Amortised cost
Financial assets (Deposits)	
Deposits	Hold to collect/Amortised cost
Equity instruments	Fair value through profit and loss (FVTPL)
	Hold to collect/Amortised cost ,
Debt instruments	Hold to collect and sell /Fair value through other comprehensive income

flows – regardless of whether the Company’s goal is: (i) solely the collection of contractual cash flows from assets (hold to collect) or (ii) collect both contractual cash flows and cash flows arising from the sale of assets (hold to collect contractual cash flows and sales), and if none of the above points is applicable, financial assets are classified as part of another business model and measured at fair value through profit and loss.

For the valuation of held debt instruments, it is important which business model applies to each of them individually and whether they show the characteristics of an ordinary loan, i.e., whether their cash flows consist solely of interest and principal. If they show these characteristics and, according to the business model, are not intended for sale but held to maturity, they must be measured at amortised cost. If the business model seeks to partially sell and partially hold these instruments, they are be measured at fair value through other comprehensive profits with subsequent reclassification into the income statement. In all other cases, financial assets are measured at fair value through profit and loss. Equity instrument valuation is measured through the profit and loss account (FVTPL). This is because investments prioritise maximising profits in the short term. The acquisition and sale of equity instruments are based on business policy considerations. Dividends are recognised in the income statement when they do not represent the repayment of principal.

2.10. Financial assets (continued)

Statement of Comprehensive Income are valued at the time of acquisition at the cost of acquisition, which at that time represents their fair value, and the cost of acquiring shares is equal to the “book value” of the shares. Transaction costs directly related to the purchase of shares or holdings are not included in the cost of acquiring shares (holdings) but are charged to expense in the period incurred. The fair values of listed investments are based on current offer prices, and any changes made on the basis of subsequent valuation are recognised in the Income Statement, in the Net Financial Income and Expenses section.

a) Customer contract receivables

Customer contract receivables refer to annual berthing contracts whose fee falls due in full within 7 days from the contract validity period start date. The Company is entitled to compensation unconditionally and at the time of the signing of the contract by a customer it records the contract receivables and contract liability.

Receivables are initially measured at fair value, while the expected loss model is used for subsequent evaluation, using historical data and information.

As trade receivables do not contain a significant financing component in accordance with IFRS 15, and since they cover all those receivables whose maturity is less than one year, a simplified approach to expected losses applies, resulting in an earlier recognition of the impairment of trade receivables. At the end of each business year, the Company develops a model to make an estimate of expected credit losses applying historical data on credit losses from earlier periods. The structure of customers is relatively homogeneous, with a small number of individual claims, and the Company estimates that the amount of expected future losses is insignificant. During the reporting period, there were no significant impacts on the amount of value adjustment of claims against customers.

2.11. Joint venture investment

A joint venture is a type of a joint arrangement in which parties that have joint control over the business are entitled to the net assets of the joint venture. Joint control is the contractually agreed sharing of control over a business, which exists only when unanimous consent of the parties sharing control is required to decide on relevant activities.

When determining the significant impact or joint control, the following factors apply:

- Structure,
- Legal form,
- Contract agreement,
- Other facts and circumstances.

Taking into account these factors, the Company determined that its joint business structured as a special purpose vehicle (SPV) grants rights to net assets and is therefore classified as a joint venture.

The Company's investment in the joint venture is recorded using the equity method. According to the equity method, investment in a joint venture is initially recognised at cost. The book value of the investment is adjusted in order to recognise changes in the Company's share in the joint venture's net assets since the date of the acquisition.

2.11. Joint venture investment (continued)

Statement of comprehensive income reflects the Company's share in the joint venture's operating results. Any changes in the other comprehensive income of the investees are presented within the Company's other comprehensive income section. Unrealised gains and losses from transactions between the Company and the joint venture are eliminated to the level of the Company's share in the joint venture.

When the Company's share in the joint venture's losses becomes equal to or greater than its share in the joint venture, the Company does not recognise any further losses unless there is a legal or constructive obligation or it has made payments on behalf of the joint venture.

The Company's total share in the profit or loss of the joint venture is shown in the Statement of comprehensive income, separately from operating profit, and represents profit or loss after tax. The financial statements of the joint venture are drawn up for the same reporting period as for the Company. Accounting policies are aligned with the Company's accounting policies as appropriate.

After applying the equity method, the Company determines at each reporting date whether there are indicators of impairment of the joint venture. If such indicators exist, the Company calculates the impairment amount as the difference between the recoverable amount of the joint venture and its book value, and then reports a loss in the Statement of comprehensive income under the Joint Venture Profit Share heading. A recoverable amount is the value in use calculated as the present value of the Company's shares in future cash flows or a fair value minus the costs of disposal, whichever is higher.

Upon loss of control of the joint venture, the Company measures and recognises all retained investment at its fair value, unless significant impact is retained. In this case, the Company continues to apply the equity method and does not measure the retained share. The difference between the book value of the investment at the date of the suspension of the equity method use and the fair value of the retained share and the income from disposal is recognised in the income statement.

2.12. Inventory and small inventory

Inventory is valued at the lower of acquisition cost and net realisable value, after provisioning for obsolete inventory. Net realisable value is the selling price in the ordinary course of business less the costs necessary to make a sale. The inventory cost calculation is done using the average weighted value method. Trade goods are shown at a selling price minus taxes and margins. Small inventory is completely written off when placed in recovery.

2.13. Non - current assets held for sale

Non-current assets and sales groups, i.e., disposal groups, are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

This condition is considered to be fulfilled only when the assets in fact, i.e., the sales group, are currently available for sale in their existing state and solely under conditions common for the sale of this type of asset or disposal group and if the sale is highly likely.

2.14. Cash and cash equivalents

Cash and cash equivalents include cash, call deposits and other short-term highly liquid instruments with maturities of three months or less.

2.15. Loans

Loans are initially recognised at fair value less transaction costs. In future periods, loans are reported at amortised cost; any differences between proceeds (less transaction costs) and redemption value are recognised in the income statement for the duration of the loan, using the effective interest rate method. Loans are classified as long-term liabilities other than maturing liabilities within 12 months, which are classified as short-term.

2.16. Current and deferred tax

The amount of corporation tax for the current year is calculated on the basis of the tax laws in force in the Republic of Croatia on the date the Statement of Financial Position is issued. The management periodically evaluates individual items in tax returns with regard to situations where applicable tax provisions are subject to interpretation and considers the formation of provisions, where appropriate, based on the expected amount to be paid to the Tax Administration. The amount of deferred tax is calculated under the balance sheet liability method, on the temporary differences between the tax base of assets and liabilities and their book value in the financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. A deferred tax asset is recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

2.17. Employee benefits

a) Pension and other post – retirement liabilities

In the course of its regular business, simultaneously with salary payment, the Company makes regular payments of contributions in accordance with the law on behalf of its employees who are members of mandatory pension funds. Mandatory pension contributions to funds are reported as part of the cost of salaries when calculated. The Company does not have an additional pension plan and therefore has no other obligations regarding the pensions of employees. Furthermore, the Company has no obligation to provide any other employee benefits after their retirement except for a one-time payment at the very moment of retirement, which is regulated in Company regulations. The balance sheet liability represents the present value of one-off severance pay liabilities at regular retirement at the balance sheet date, which is adjusted on an annual basis to changes in the estimated discount rate, employee turnover rate and legal provisions related to the age of retirement.

2.17. Employee benefits (continued)

b) Severance pay

Severance liabilities are recognised when an employee's employment is terminated by the Company before the regular retirement date or by the employee's decision to voluntarily accept termination of employment in exchange for compensation. The Company recognises severance liabilities when it has demonstrably undertaken an obligation to terminate employment with current employees on the basis of a detailed formal plan, without being able to withdraw from it or when it provides severance pays as a result of the offer to encourage voluntary termination of employment.

c) Long - term employee's benefits

The Company recognises the liability for long-term employee benefits (Years-of-Service awards) evenly during the period in which the award was achieved, based on the actual number of years of service. The liability for long-term employee benefits includes assumptions on the number of employees to whom those benefits should be paid, the estimated cost of those benefits and the discount rate.

d) Short - term employee's benefits

The Company recognises the provision for accumulated unused annual leave when there is a contractual obligation or employees' entitlement, which is the basis for the obligation.

2.18. Long - term provisions and charges

Provisions for severance, lawsuits and employee benefits are recognised when the Company has a present obligation (legal or derivative) arising from past events, when it is likely that the Company will settle this liability and when the amount of the liability can be reliably estimated.

The amount of provision shown reflects the best possible estimate of the expenditure to be paid in order to settle the current obligation at the end of the reporting period, taking into account risks and uncertainty.

2.19. Revenue recognition

A five-step model is used for the recognition of revenues from contracts with customers:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised for each separate performance obligation in the contract in the amount of the transaction price. The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer.

2.19. Revenue recognition (continued)

Revenue is reported in amounts less value added tax, estimated returns, rebates and discounts. The Company recognises revenue when the amount of revenue can be reliably measured, when the Company will have future economic benefits, and when specific criteria for the Company's activities described below are met.

a) Revenue from contracts with customers

Revenue from contracts with customers relate primarily to revenue realised under an annual (or a multi-month) berthing contract and contracts to perform secondary activities.

Contract liability and trade receivables are recognised on the basis of a concluded contract, while the income is recognised over time upon fulfilment of the obligations. In the event of an early termination of the contract, the remaining revenue is recognised upon termination of the contract, in accordance with the terms of contract.

b) Revenue from provision of services

Revenue from services are recognised in the period in which the services are provided, based on the share of services actually provided in relation to the total of services to be provided. Revenue from the provision of services of using annual, monthly and daily berths and other services are recognised evenly during the period when the service is provided.

c) Interest income

Interest income earned on the basis of term deposits and customer interest are recognised on a time-proportional basis using the effective interest rate method.

d) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

2.20. Distribution of dividends

The distribution of dividends to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the General Assembly of the Company's shareholders.

2.21. Value - added tax (VAT)

The Tax Administration requires that VAT be settled on a net basis. VAT resulting from sales and purchase transactions is recognised and reported on the balance sheet on a net basis. In case of impairment loss on receivables, the impairment loss is shown in the gross amount of the receivables, including VAT.

2.22. Accounts payable

Accounts payable are obligations to pay the supplier for the goods or services received during ordinary course of business. Accounts payable are classified as current if they are due within one year or within a normal operating cycle if it is longer. Otherwise, they are classified as long-term. Accounts payable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

NOTE 3 – RISK MANAGEMENT

a) Liquidity risk

The Company manages its liquidity by maintaining adequate reserves, using appropriate banking products, continuously monitoring forecast and realised cash inflows and outflows, and reconciling the maturity of financial assets and financial liabilities. The objective of liquidity risk and control management is to ensure that the Company is able to make payments at all times. Prudent liquidity risk management includes keeping sufficient amounts of cash, managing surpluses of available funds, and ensuring the availability of funds by adequate amount of committed lines of credit. Trade payables and other liabilities are shown in notes 31 and 33 accompanying the financial statements.

The following table analyses the expected maturity of the Company's non-derivative financial assets. The tables are drawn up on the basis of undiscounted contractual maturities of financial assets, including the interest to be earned on those assets. Disclosing information on non-derivative financial assets is essential in order to understand how the Company manages liquidity risk, since liquidity is managed based on the net amount of financial assets and financial liabilities.

in thousands of HRK	Weighted average effective interest rate %	Up to 1 mth	From 1 to 3 mths	From 3, mths to 1 yr	Total
31 December 2022					
Interest - free					
Cash and cash equivalents	-	134,336	-	-	134,336
Trade receivables	-	2,635	-	-	2,635
Contract assets	-	-	-	7,129	7,129
Other receivables	-	1,907	-	1,534	3,441
		138,878	-	8,663	147,541
Fixed interest rate instruments					
Deposits	0.7%	-	-	87,851	87,851
		138,878	-	96,514	235,392

NOTE 3 – RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

in thousands of HRK	Weighted average effective interest rate %	Up to 1 mth	From 1 to 3 mths	From 3, mths to 1 yr	Total
31 December 2021					
Interest - free					
Cash and cash equivalents	-	136,449	-	-	136,449
Trade receivables	-	5,537	-	-	5,537
Contract assets	-	-	-	12,130	12,130
Other receivables	-	2,407	-	2,560	4,967
		144,393	-	14,690	159,083
Fixed interest rate instruments					
Deposits	0.46%	-	-	50,181	50,181
		144,393	-	64,871	209,264

The following tables analyse the remaining period until the contractual maturity of the Company's non-derivative financial assets. The tables are drawn up on the basis of undiscounted cash outflows on financial liabilities by the earliest date on which payment may be requested from the Company. The table includes cash outflows by both principal and interest.

in thousands of HRK	Weighted average effective interest rate %	Up to 1 mth	From 1 to 3 mths	From 3, mths to 1 yr	From 1 yr, to 5 Yr	Total
31 December 2022						
Interest - free						
Trade payables	-	4,256	-	3,414	-	7,670
Contract liabilities	-	-	-	5,726	-	5,726
Other liabilities	-	6,394	8,230	12,696	3,264	30,584
		10,650	8,230	21,836	3,264	43,980
Loan liabilities	-	110	2,675	8,032	48,181	58,998
Lease liabilities	-	192	1,782	2,000	10,505	14,287
		10,952	12,687	31,868	61,950	117,265

NOTE 3 - RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

in thousands of HRK	Weighted average effective interest rate %	Up to 1 mth	From 1 to 3 mths	From 3, mths to 1 yr	From 1 yr, to 5 Yr	Total
31 December 2021						
Interest - free						
Trade payables	-	6,745	-	9,805	-	16,550
Contract liabilities	-	-	-	9,602	-	9,602
Other liabilities	-	5,374	9,278	4,375	3,621	22,648
		12,119	9,278	23,782	3,621	48,800
Loan liabilities	-	129	2,670	8,012	58,753	69,564
Lease liabilities	-	-	1,755	2,014	13,451	17,220
		12,248	13,703	33,808	75,825	135,584

NOTE 3 – RISK MANAGEMENT (continued)

b) Capital risk management

The Company manages capital in order to ensure its going concern.

The indebtedness on the date of the financial position statement was as follows:

Debt	31 December 2022	31 December 2021
Long - term loans	48,181	58,753
Current portion of long-term liabilities	10,707	10,811
Cash and cash equivalents	134,336	136,449
Net debt	75,448	66,885
Principal	525,368	499,844
Debt - to - principal ratio	14.4%	13.4%

c) Credit risk

The Company's credit risk-bearing assets consist mainly of financial deposits and trade receivables.

The Company's sales policies are defined in such a way that the credit risk is relatively low (in principle, under the annual and monthly berthing contracts, the services are paid in advance). In addition, even in the case of payment by instalments, the Company's credit risk is reduced by implementing strict measures to control the collection and delivery of services, as well as by obtaining debtor's instruments of collateral. Credit risk relating to cash and cash equivalents is relatively low given the agreed fixed interest on term deposits in banks with which the Company has a long-standing successful cooperation.

d) Market risk

Market risk is the risk of fluctuations in fair value or future cash flows of financial instruments due to changes in market prices, and covers the following three risks:

currency risk – The Company is exposed to currency risk arising from the fluctuations in the EUR exchange rate and relating predominantly to recognised assets and liabilities. The Company has no significant assets and/or liabilities reported in other foreign currencies. Compared to the reported state as at 31 December 2022, if the EUR exchange rate were to rise/decrease by 1% compared to HRK (2021, 1%), assuming that all other indicators remained unchanged, profit before tax for the reporting period would be HRK 184 thousand (in 2020, HRK 651 thousand) higher/ lower, mainly as a result of gains/losses from exchange rate differences in converting from EUR in financial assets, foreign exchange accounts and loans;

After the balance-sheet date, in accordance with the Introduction of the Euro as the Official Currency in the Republic of Croatia Act, the euro was adopted as the official currency, and the Company is not exposed to significant currency risk.

NOTE 3 – RISK MANAGEMENT (continued)

d) Market risk (continued)

interest rate risk – the risk of fluctuations in fair value or future cash flows of financial instruments due to changes in market interest rates. The Company is not exposed to significant interest rate risk given the agreed fixed interest on term deposits and loans;

other price risks – the risk of fluctuations in fair value or future cash flows of a financial instrument due to changes in market prices, which do not arise from interest rate or currency risk.

In the observed period, the Company generated interest income on term deposits in the amount of HRK 286 thousands (in 2021, HRK 259 thousands).

e) Fer vrijednost financijskih instrumenata

The fair value of financial assets and financial liabilities is determined as follows:

- The fair value of financial assets and financial liabilities traded on active liquid markets under standard conditions is determined with reference to the quoted market price.
- The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on the analysis of discounted cash flow, using prices from existing market transactions.

Fair value indicators recognised in balance sheet

Financial instruments that are measured at fair value after initial recognition are classified into three groups in accordance with IFRS 13:

1. Level 1 Observable Indicators – fair value indicators are derived from (unadjusted) prices quoted in active markets for identical assets and identical liabilities
2. Level 2 Observable Indicators – fair value indicators are derived from data other than quoted prices included within Level 1, and refer to the asset or liability in question (i.e., their prices) or are indirect (derived from prices), and
3. Level 3 Indicators – indicators derived using valuation methods in which data on assets or liabilities that are not based on available market data (unobservable inputs) are used

Financial assets at fair value through the profit and loss account are recognised in the Level 1 Observable Indicators and is made up of shares, which are valued in accordance with market prices (Central Depository and Clearing Company) and the value of which is adjusted on each reporting date through Statement of Comprehensive Income.

NOTE 4 - KEY ACCOUNTING ESTIMATES

The Management Board is required to use judgments in the process of applying the Company's accounting policies. Estimates are continuously evaluated and are based on experience and other factors, including expectations of future events deemed acceptable under pre-existing circumstances. The Company makes estimates and creates assumptions regarding the future. The resulting accounting estimates, by definition, rarely correspond to actual results. The following provides estimates and assumptions that could lead to a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year

Lawsuits and legal claims

The Company is a party to a number of lawsuits arising from ordinary business. Provisions are recorded if there is a present liability resulting from a past event (taking into account all available evidence, including the opinion of legal experts) where it is likely that the settlement of the obligation will require a drain on resources and if the amount of the obligation can be reliably estimated. Provisions for lawsuits and legal claims are made on the basis of the Management Board's assessment of potential losses after consulting a lawyer.

Useful life of property, plant and equipment

The Management determines and reviews the useful life and associated depreciable cost of property, plant and equipment. This assessment is based on the estimated remaining useful life of assets and the duration of concession contract periods. The Management will increase the depreciable cost if the useful life of an asset is estimated to be lower than before the evaluation or will write off ageing and discarded assets. The useful life of assets will be reviewed from time to time to determine whether there are circumstances to change the estimate in relation to the previously established one. Changes to the estimate, if any, will be displayed in future periods through the changed depreciable cost over the remaining, changed useful life.

If depreciation rates on property, plant and equipment were 5% higher/lower, assuming unchanged other variables, net profit for the year and net book value of property, plant and equipment would be HRK 3.422 (2021.: HRK 2.971) lower/higher.

Actuarial estimates

Actuarial estimates were applied when calculating employee benefits. The cost of defined salaries was determined using actuarial estimates. Actuarial estimates include the identification of assumptions about discount rates, future increases in salaries and mortality or fluctuation rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty.

Availability of taxable profit for which deferred tax assets may be recognised

Deferred tax assets are recognised for any unused tax losses to the extent that it is probable that profit will be made that will allow its use.

NOTE 5 - BUSINESS SEGMENT REPORTING

The Company beholds business as a whole, i.e., as one segment. In addition, it beholds and evaluates its performance on a geographical basis, type and market in which revenue is generated. Revenue analysed as part of business segments include operating and financial revenue.

Total revenue and non-current tangible and intangible assets shown geographically

In thousands HRK	Total revenue		Non-current tangible and intangible assets	
	2022	2021	31 December 2022	31 December 2021
Umag	11,107	9,798	5,351	6,906
Rovinj	14,594	12,532	117,911	133,327
Pula	6,719	6,002	6,671	7,755
Pomer	9,183	8,805	22,865	25,663
Opatija	14,708	14,311	9,495	12,677
Cres	15,346	14,185	19,750	23,725
Supetarska Draga	7,079	6,266	4,428	5,454
Rab	3,910	2,918	2,873	2,280
Šimuni	6,229	5,731	5,181	5,535
Žut	3,800	2,424	7,400	6,850
Pišķera	3,650	3,045	8,386	6,332
Jezera	9,621	8,673	8,704	8,456
Vodice	13,727	12,165	8,806	8,981
Skradin	11,741	10,709	6,775	7,611
Trogir	11,851	10,183	8,464	5,474
Split	30,738	25,798	36,644	39,510
Milna	10,051	7,598	9,374	9,764
Vrboska	4,164	3,774	3,266	3,891
Palmižana	12,185	9,524	3,822	4,444
Korčula	9,079	3,578	34,806	38,013
Dubrovnik	24,703	22,899	62,016	36,435
Veljko Barbieri	6,099	5,431	30,909	37,665
ACI Sail	5,405	4,987	19,235	21,487
General administrative and technical services	4,665	4,291	9,429	9,188
	250,354	215,627	452,561	467,423

NOTE 5 - BUSINESS SEGMENT REPORTING (continued)

Total revenue per market in which they are generated

The Company operates in two main territorial areas, i.e., markets, by which total revenue is shown, while all non-current assets are related to the Croatian market.

In thousands HRK	Total revenue		Non-current tangible and intangible assets	
	2022	2021	31 December 2022	31 December 2021
Domestic market	102,244	86,592	452,561	467,423
Foreign market	148,110	129,035	-	-
	250,354	215,627	452,561	467,423

Information on major customers

The total net claims against customers as at 31 December 2022 amounted to HRK 2,635 (as at 31 December 2021, HRK 5,537). All receivables are related to services, and the Company did not have any individual receivables greater than 10% of the total trade receivables as at 31 December 2022.

NOTE 6 – SALES REVENUE

In thousands HRK	2022	2021
Annual berthing service	109,612	102,126
Monthly berthing service	12,288	11,087
Daily berthing service	73,705	56,454
Other boating services	14,616	12,317
Income from business and technical cooperation	23,306	19,034
Income from boat rental and charter	5,220	4,593
	238,747	205,611

NOTE 7 – OTHER OPERATING REVENUE

In thousands HRK	2022	2021
Revenue from re-invoiced overhead costs	5,267	3,206
Advertising revenue	1,002	919
Income from provisions for lawsuits reversed	601	99
Collection of accounts receivable previously adjusted (Note 22)	590	1,371
Income from damages compensations	315	590
Income from contract penalties	100	0
Revenue from previous years	68	297
Prihodi od prodaje rashodovanih sredstava i dugotrajne imovine	46	22
Other revenue	478	493
	8,467	6,997

NOTE 8 – COST OF RAW AND OTHER MATERIALS

In thousands HRK	2022	2021
Material costs	2,382	2,709
Energy costs	15,247	7,800
Maintenance material costs	1,432	1,371
Small inventory costs	-	6
	19,061	11,886

NOTE 9 – PERSONEL COSTS

In thousands HRK	2022	2021
Gross wages	58,082	53,356
Severance pays	1,164	1,228
Other benefits	6,798	5,703
	66,044	60,287

In 2022 the Company employed 358 employees on average (2021: 355).

- i) Pension contributions calculated by the Company to pay into mandatory pension funds for the year ended 31 December 2021 amount to HRK 9,899 (2021: HRK 9,944).
- ii) Other employee benefits include transportation costs, training, untaken annual leave liability and occasional bonuses.

NOTE 10 – DEPRECIATION, AMORTIZATION AND VALUE IMPAIRMENT

In thousands HRK	2022	2021
Depreciation of property, plant and equipment	56,885	52,639
Property investment depreciation	8,539	8,945
Right-of-use depreciation	3,169	3,282
Amortisation of intangible assets	444	462
Impairment of non-current assets	218	711
	69,255	66,039

A detailed explanation of the depreciation and amortization cost and value impairment of non-current assets is given in notes 16, 17, 18 and 19.

NOTE 11 – OTHER EXTERNAL COSTS

In thousands HRK	2022	2021
Maintenance and security services	14,463	11,660
Utilities	8,976	7,553
Promotional services, sponsorships and boat show costs	6,767	4,147
Mail, transport and communications services	4,131	3,705
Intellectual and personal services	3,924	3,834
Berth brokers costs	946	885
Lease services	357	220
Cost of goods sold	334	248
Other external service costs	3,403	2,210
	43,301	34,462

NOTE 12 – OTHER OPERATING EXPENCES

In thousands HRK	2022	2021
Maritime domain – concessions i)	8,394	6,748
Insurance costs	1,840	2,703
Value adjustment and trade receivables (Note 22)	1,666	1,483
Contributions, membership fees and similar duties	1,120	974
Representation costs	853	566
Bank fees and payment transactions costs	743	597
Unamortised value of disposal/sold assets	432	1,668
Subsequently identified operating costs	414	2,303
Per diem and travel expenses	350	288
Reimbursement to members of the Management Board Supervisory Board and Audit Committee	229	207
Provisions for fees and risks	111	359
Indemnity expense	94	75
Other operating expenses	1,055	4,125
	17,301	22,096

- i) Fees for maritime domain - concessions relate to variable payments based on concluded concession contracts, which are not stated as right-to-use property. In Note 17, the costs of the variable part of the concession fee are stated in addition to other leases not covered by IFRS 16.

NOTE 13 – NET FINANCIAL EXPENSES

In thousands HRK	2022	2021
Financial income		
Interest income	472	555
Dividend income	11	16
Exchange rate gains	2,656	2,448
	3,139	3,019
Financial expenses		
Cost of interest on loans	(509)	(1,032)
Exchange rate losses	(2,359)	(2,258)
Interest expense on lease liabilities	(197)	(281)
Unrealized losses on financial assets	(1)	(3)
	(3,066)	(3,574)
	73	(555)

NOTE 14 – INCOME TAX

The table below shows the reconciliation between accounting profit and income tax.

In thousands HRK	2022	2021
Income tax recognised in the statement of comprehensive income		
Current tax	6,362	3,886
Impact of temporarily non-deductible provisions	(165)	(141)
	6,197	3,745

NOTE 14 - INCOME TAX (continued)

In thousands HRK	2022	2021
Reducing the accounting profit to the income tax of the current year		
Pre-tax profit	31,840	17,080
Impact of non-taxable income	(892)	(435)
Impact of non-deductible expenses	4,398	4,944
Tax base (profit after increase/decrease)	35,346	21,589
Income tax	(6,362)	(3,886)
Impact of temporarily non-deductible provisions	165	141
Income tax recognised in the statement of comprehensive income	(6,197)	(3,745)

In accordance with tax regulations, the Tax Administration may at any time review the Company's books and records for a period of three years after the end of the year in which the tax liability is stated and may impose additional tax obligations and penalties. The Company's Management Board is not aware of any circumstances that could lead to potential significant liabilities based on the audits performed.

NOTE 15 - BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profits attributable to the Company's ordinary shareholders with an average number of ordinary shares weighed over a period.

Basic earnings per share

	2022	2021
Net profit (in thousands HRK)	25,643	13,335
Number of ordinary shares	111,060	111,060
Basic earnings per share (in HRK)	230.89	120.07

NOTE 16 - PROPERTY, PLANT AND EQUIPMENT

In thousands HRK	Land	Buildings	Plants and equipment	Tools, machinery, vehicles	Other tangible assets	Tangible assets under construction	Advances for tangible assets	Total
Acquisition Cost								
Balance as at 1 January 2022	22,913	786,974	154,092	106,960	2,910	21,643	3,197	1,098,689
Additions	-	-	-	-	-	55,224	-	55,224
Activations	-	40,050	21,301	3,569	45	(64,965)	-	-
Reclassification	-	995	-	(5)	-	(364)	-	626
Impairment	-	-	-	-	-	-	-	-
Disposals	-	(3,397)	(3,327)	(4,986)	-	-	(1,988)	(13,698)
Balance as at 31 December 2022	22,913	824,622	172,066	105,538	2,955	11,538	1,209	1,140,841
Accumulated depreciation								
Balance as at 1 January 2021	-	521,726	110,016	75,462	1,742	-	-	708,946
Depreciation	-	40,689	10,284	5,611	301	-	-	56,885
Reclassification	-	965	-	-	-	-	-	965
Disposals	-	(3,189)	(3,139)	(4,971)	-	-	-	(11,299)
Balance as at 31 December 2022	-	560,191	117,161	76,102	2,043	-	-	755,497
Net book value								
Balance as at 1 January 2022	22,913	265,248	44,076	31,498	1,168	21,643	3,197	389,743
Balance as at 31 December 2022	22,913	264,431	54,905	29,436	912	11,538	1,209	385,344

NOTE 16 - PROPERTY, PLANT AND EQUIPMENT (continued)

In thousands HRK	Land	Buildings	Plants and equipment	Tools, machinery, vehicles	Other tangible assets	Tangible assets under construction	Advances for tangible assets	Total
Acquisition Cost								
Balance as at 1 January 2021	22,913	767,847	149,200	109,718	2,910	14,053	2,603	1,069,244
Additions	-	-	-	-	-	42,250	594	42,844
Activations	-	25,960	7,224	846	-	(34,030)	-	-
Reclassification	-	958	15	-	-	-	-	973
Impairment	-	-	-	-	-	(630)	-	(630)
Disposals	-	(7,791)	(2,347)	(3,604)	-	-	-	(13,742)
Balance as at 31 December 2021	22,913	786,974	154,092	106,960	2,910	21,643	3,197	1,098,689
Accumulated depreciation								
Balance as at 1 January 2021	-	490,833	102,637	72,541	1,442	-	-	667,453
Depreciation	-	36,606	9,431	6,519	300	-	-	52,856
Reclassification	-	730	15	-	-	-	-	745
Disposals	-	(6,443)	(2,067)	(3,598)	-	-	-	(12,108)
Balance as at 31 December 2021	-	521,726	110,016	75,462	1,742	-	-	708,946
Net book value								
Balance as at 1 January 2021	22,913	277,014	46,563	37,177	1,468	14,053	2,603	401,791
Balance as at 31 December 2021	22,913	265,248	44,076	31,498	1,168	21,643	3,197	389,743

NOTE 17 - RIGHT - OF - USE ASSETS

In thousands HRK	Concessions	Vehicles	Office building	Total
Balance as at 1 January 2022	14,057	1,297	1,535	16,889
Additions	-	140	-	140
Depreciation	(1,700)	(688)	(780)	(3,168)
Balance as at 31 December 2022	12,357	749	755	13,861

Liabilities under lease agreements

In thousands HRK	Concessions	Vehicles	Office building	Total
Balance as at 1 January 2022	14,292	1,361	1,567	17,220
Additions	-	140	-	140
Interest cost	128	51	18	197
Payment under lease agreements	(1,801)	(756)	(714)	(3,271)
Balance as at 31 December 2022	12,619	796	871	14,286

In thousands HRK	to 3 months	from 3 to 12 months	from 1 to 2 years	from 2 to 5 years	over 5 years
Balance as at 31 December 2022					
Liabilities under lease agreements - concessions	1,386	819	1,749	4,952	3,713
Liabilities under lease agreements - business offices	202	669	-	-	-
Liabilities under lease agreements - vehicles	194	512	35	56	-
	1,782	2,000	1,784	5,008	3,713

NOTE 17 – RIGHT - OF - USE ASSETS (continued)

Short-term leases and low-value leases

In thousands HRK	2022	2021
Short-term leases	180	106
Low-value leases	23	31
Costs of the variable part of the concession	8,394	6,748
Future undiscounted liabilities on short-term leases		-

The Company applies the exemption for short-term leases and low-value leases, and the costs of these leases are stated in Note 11 under Lease costs, while the costs of the variable part of the concession fee are stated in Note 12 under Maritime domain - concessions.

NOTE 18 - INVESTMENT PROPERTY

In thousands HRK	Investment property	Investment property under construction	Advances for investment property	Total
Acquisition cost				
Balance as at 1 January 2022	235,898	-	-	235,898
Additions	-	77	-	77
Activation	163	(163)	-	-
Reclassification	(990)	86	-	(904)
Impairment	-	-	-	-
Disposals	(435)	-	-	(435)
Balance as at 31 December 2022	234,636	-	-	234,636
Accumulated depreciation				
Balance as at 1 January 2022	177,234	-	-	177,234
Depreciation	8,539	-	-	8,539
Reclassification	(965)	-	-	(965)
Disposals	(411)	-	-	(411)
Balance as at 31 December 2022	184,397	-	-	184,397
Net book value				
Balance as at 1 January 2022	58,664	-	-	58,664
Balance as at 31 December 2022	50,239	-	-	50,239

In thousands HRK	Investment property	Investment property under construction	Advances for investment property	Total
Acquisition cost				
Balance as at 1 January 2021	236,711	95	151	236,957
Additions	-	574	-	574
Activation	574	(574)	-	-
Reclassification	(973)	-	-	(973)
Impairment	-	(95)	-	(95)
Disposals	(414)	-	(151)	(565)
Balance as at 31 December 2021	235,898	-	-	235,898
Accumulated depreciation				
Balance as at 1 January 2021	169,405	-	-	169,405
Depreciation	8,946	-	-	8,946
Reclassification	(745)	-	-	(745)
Disposals	(372)	-	-	(372)
Balance as at 31 December 2021	177,234	-	-	177,234
Net book value				
Balance as at 1 January 2021	67,306	95	151	67,552
Balance as at 31 December 2021	58,664	-	-	58,664

The Company made an estimate of the fair value of property investment using planned revenue from secondary activities until the date of expiry of concession contracts and the book value of property investment as at 31 December 2022. The value of discounted cash receipts from the revenue of secondary activities amounts to HRK 140,8 million. The discount rate used for future cash flows was 9,04%.

NOTE 19 – INTANGIBLE ASSETS

In thousands HRK	Software	Intangible assets under construction	Total
Acquisition cost			
Balance as at 1 January 2022	11,151	1,527	12,678
Additions	-	1,642	1,642
Activation	1,127	(1,127)	-
Disposals	-	(209)	(209)
Balance as at 31 December 2022	12,278	1,833	14,111
Accumulated depreciation			
Balance as at 1 January 2022	10,551	-	10,551
Depreciation	444	-	444
Disposals	-	-	-
Balance as at 31 December 2022	10,995	-	-
Net book value			
Balance as at 1 January 2022	600	1,527	2,127
Balance as at 31 December 2022	1,283	1,833	3,116

In thousands HRK	Software	Intangible assets under construction	Total
Acquisition cost			
Balance as at 1 January 2021	10,785	752	11,537
Additions	9	1,145	1,154
Activation	370	(370)	-
Disposals	(13)	-	(13)
Balance as at 31 December 2021	11,151	1,527	12,678
Accumulated depreciation			
Balance as at 1 January 2021	10,102	-	10,102
Depreciation	462	-	462
Disposals	(13)	-	(13)
Balance as at 31 December 2021	10,551	-	10,551
Net book value			
Balance as at 1 January 2021	683	752	1,435
Balance as at 31 December 2021	600	1,527	2,127

For the purposes of calculating depreciation, the useful life of software and licences is five years.

NOTE 20 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The net book value of investment accounted for using the cost method includes:

In thousands HRK	31 December 2022	31 December 2021
Joint venture: ACI - Gitone d.o.o.	500	500
Capital reserves	4,500	-
Loss brought forward	(216)	-
Net loss for the year (100%)	(959)	(432)
Share of joint venture loss (50%)	(479)	(216)
	4,305	284

Investing in a joint venture refers to the establishment of ACI - Gitone d.o.o, a limited liability company operating in the hospitality, tourism, and nautical tourism services sector, which was founded with Gitone Kvarner d.o.o. in Zagreb on 22 February 2021, when the Articles of Association were signed by the partners. By paying HRK 500,000 in founding capital, the Company became the owner of a 50% share in the joint venture. The main activities of ACI - Gitone d.o.o. are hospitality, tourism, and nautical tourism services. As at 31 December 2022, the Company's ownership share in the joint venture was 50%.

In early April 2022, ACI d.d. and Gitone Kvarner d.d. took a decision to increase the capital reserves of ACI - Gitone d.o.o. for 2022 in the total amount of HRK 9 million to be paid in equal amounts by the partners in the company, namely 50%, which for ACI d.d. amounts to HRK 4.5 million.

As at 31 December 2022, the Company's share in the joint venture, in addition to the loss carried forward from 2021 in the amount of HRK 216,000, a loss was also recorded for the current financial year, i.e. 50% of after-tax loss made by ACI - GITONE d.o.o. in 2021 in the amount of HRK 480,000. The Company recognised a share in the investee's loss in the same amount in the Comprehensive Income Statement.

The table below summarises the financial information for the Company's joint venture. The information given is equivalent to the amounts reported in the joint venture's financial statements, which means that it does not refer to the Company's share in these amounts. The results of the joint venture are expressed in Croatian kunas, which is both a functional and reporting currency. The end of the year of the joint venture coincides with the end of the Company's year (i.e., both companies end the year on 31 December).

NOTE 20 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The summary profit and loss account and the Statement of comprehensive income for ACI - Gitone d.o.o.:

In thousands HRK	31 December 2022	31 December 2021
EXPENSES		
Cost of material and services	466	246
<i>Costs of raw and other materials</i>	43	12
<i>Other external costs</i>	423	234
Personel cost	430	149
Other expenses	63	37
	959	432

Below is the summary statement of financial position for ACI - Gitone d.o.o.:

In thousands HRK	31 December 2022	31 December 2021
ASSETS		
Tangible assets under construction	5,660	1,678
Cash at bank and in hand	2,905	75
Receivables from the State and other institutions	53	114
Receivables for advance payments	75	-
Expenses paid for the future period	2	-
	8,695	1,867
CAPITAL AND LIABILITIES		
Capital and reserves	8,609	568
Issued share capital	1,000	1,000
Capital reserves	9,000	-
Loss brought forward	(432)	-
Net loss for the period	(959)	(432)
Short-term liabilities	86	1,299
Trade payables – related parties	9	594
Trade payables	32	665
Employee related liabilities	21	21
Liabilities for taxes, contributions and similar duties	15	17
Other short-term liabilities	9	2
	8,695	1,867

NOTE 20 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Adjustment with the book value:

In thousands HRK	31 December 2022	31 December 2021
Initial net assets as at 1 January	500	500
<i>Capital reserves</i>	4,500	-
Loss brought forward	(216)	-
<i>(Loss) for the period</i>	(479)	(216)
Closing net assets	4,305	284

NOTE 21 – DEFERRED TAX ASSETS

Deferred tax assets are recognised for any deductible temporary differences to the extent that is probable that taxable profit will be available against which deductible temporary differences can be utilised. Deferred tax assets are not discounted.

The costs of provisions for interest on lawsuits and decisions of government bodies, long-term provisions of Years-of- Service awards are temporarily non-deductible and form the basis for deferred tax assets in 2022. On the other hand, deferred tax assets were reduced on the basis of the recognition of previously non-deductible provisions.

The change in the temporary differences of deferred tax assets is as follows:

In thousands HRK	Openin g balance	Recognition of deferred tax assets in the Statement of Financial Position	Recognised in the Statement of Comprehensiv e Income	Closing balance
2022				
Provisions for Years-of-Service awards and severance pays	328	-	(53)	275
Provisions for interest on lawsuits and decisions of government bodies	26	1	(20)	7
Correction of values of assets for sale	51	-	(40)	11
Amortisation based on lease agreement	61	5	(6)	60
Building depreciation above the tax-allowable rate	-	145	-	145
Value adjustment of financial assets	39	86	-	125
Value adjustment of claims against customers and other value adjustment	6	56	(1)	61
Impact of temporarily non-deductible provisions	511	293	(120)	684

NOTE 21 – DEFERRED TAX ASSETS (continued)

In thousands HRK	Opening balance	Recognition of deferred tax assets in the Statement of Financial Position	Recognised in the Statement of Comprehensive Income	Closing balance
2021				
Provisions for Years-of-Service awards and severance pays	378	58	(108)	328
Provisions for interest on lawsuits and decisions of government bodies	18	20	(12)	26
Provisions for employee benefits and bonuses	242	-	(242)	-
Correction of values of assets for sale	12	39	-	51
Amortisation based on lease agreement	83	(22)	-	61
Value adjustment of financial assets	-	39	-	39
Value adjustment of claims against customers and other value adjustment	-	6	-	6
Impact of temporarily non-deductible provisions	733	140	(362)	511

NOTE 22 – TRADE RECEIVABLES

In thousands HRK	31 December 2022	31 December 2021
Domestic trade receivables	6,860	9,437
Foreign trade receivables	1,818	1,884
Impairment on receivables from customers	(6,043)	(5,784)
Net trade receivables	2,635	5,537

Changes to trade receivables impairment provisions are as follows:

In thousands HRK	31 December 2022	31 December 2021
Balance at the beginning of the year	5,784	6,626
Value adjustment during the year (note 12)	1,255	1,483
Collection of accounts receivable previously adjusted (note 7)	(590)	(1,371)
Write-off of accounts receivable previously adjusted	(406)	(954)
	6,043	5,784

NOTE 22 – TRADE RECEIVABLES (continued)

As at 31 December 2022, trade receivables in the amount of HRK 2,086 (2021.: HRK 5,102) were due, but were not impaired.

In thousands HRK	31 December 2022	31 December 2021
up to 3 months	1,528	2,928
from 3 months to 1 year	558	2,174
	2,086	5,102

Knjigovodstvena vrijednost potraživanja od kupaca po valutama je kako slijedi:

In thousands HRK	31 December 2022	31 December 2021
EUR	1	23
HRK	2,634	5,514
	2,635	5,537

The book value of short-term receivables is approximately equal to their fair value owing to short due dates.

NOTE 23 – CONTRACT ASSETS

The Company recognised contract assets under contracts with customers as shown below:

In thousands HRK	31 December 2022	31 December 2021
Domestic market	2,860	7,478
Foreign market	4,269	4,652
	7,129	12,130

The management expects that contract assets obtained by active contracts as at 31 December 2022 will be invoiced and charged during the next reporting period.

NOTE 24 – OTHER RECEIVABLES

In thousands HRK	31 December 2022	31 December 2021
Prepaid expenses	857	1,042
Government receivables (VAT)	779	1,861
Advances to suppliers	749	348
Accrued revenue not due yet	190	137
Credit card receivables	189	62
Employee receivables	11	84
Other receivables	666	1,326
	3,441	4,860

NOTE 25 – DEPOSITS

In thousands HRK	31 December 2022	31 December 2021
Term deposit - HRK	35,000	20,000
Term deposit - EUR	52,742	30,069
Deposits for other business activities	109	112
	87,851	50,181

Term deposits with commercial banks are made for up to 1 year.

Deposits are made with fixed maturities and fixed interest rates that are approximately equivalent to market rates.

NOTE 26 – CASH AND CASH EQUIVALENTS

In thousands HRK	31 December 2022	31 December 2021
Home currency accounts	86,402	30,126
Foreign currency accounts	47,887	106,220
Cash on hand	47	103
	134,336	136,449

Funds in accounts are denominated in the following currencies:

In thousands HRK	31 December 2022	31 December 2021
HRK	86,392	30,182
EUR	46,655	104,738
USD	1,142	1,529
Other currencies	147	-
	134,336	136,449

NOTE 27 – ISSUED SHARE CAPITAL

The total number of shareholders as at 31 December 2022 was 664 (as at 31 December 2021.: 683).

The share capital for 2022 and 2021 amounts to HRK 399,816,000 and is divided into 111,060 ordinary shares with the stock symbol ACI and an individual nominal amount of HRK 3,600.

The ownership structure of the Company as at 31 December 2022 was as follows:

OWNERSHIP STRUCTURE	TOTAL NUMBER OF SHARES	NOMINAL VALUE (in HRK)	SHARE CAPITAL (%)
REPUBLIC OF CROATIA (Shareholder proxy on 85.615 shares is the Ministry of Physical Planning, Construction and State Assets)	87,275	314,190,000	78.58%
OTP Bank d.d. (AZ OMF – B category)	9,297	33,469,200	8.37%
ERSTE&STEIERMARKISCHE BANK d.d. (PBZ CO OMF – B category)	3,352	12,067,200	3.02%
RAIFFEISENBANK AUSTRIA d.d. (aggregate custodial account for DP)	1,269	4,568,400	1.14%
ZAGREBAČKA BANKA d.d. (AZ PROFIT Open Voluntary Pension Fund)	1,243	4,474,800	1.12%
BAHOVEC d.o.o.	650	2,340,000	0.59%
OTP Bank d.d. (AZ Mandatory Pension Fund – A category)	511	1,839,600	0.46%
CROATIAN HEALTH INSURANCE FUND (Shareholder proxy is the Ministry of Physical Planning, Construction and State Assets)	362	1,303,200	0.33%
IMPARS d.o.o.	305	1,098,000	0.27%
BIUK SLAVKO	184	662,400	0.17%
MINORITY SHAREHOLDERS	6,612	23,803,200	5.95%
	111,060	399,816,000	100.00%

NOTE 27 – ISSUED SHARE CAPITAL (continued)

The ownership structure of the Company as at 31 December 2021 was as follows:

OWNERSHIP STRUCTURE	TOTAL NUMBER OF SHARES	NOMINAL VALUE (in HRK)	SHARE CAPITAL (%)
REPUBLIC OF CROATIA (Shareholder proxy on 85.615 shares is the Ministry of Physical Planning, Construction and State Assets)	87,275	314,190,000	78.58%
OTP Bank d.d. (AZ OMF – B category)	9,297	33,469,200	8.37%
ERSTE&STEIERMARKISCHE BANK d.d. (PBZ CO OMF – B category)	3,352	12,067,200	3.02%
RAIFFEISENBANK AUSTRIA d.d. (aggregate custodial account for DP)	1,269	4,568,400	1.14%
ZAGREBAČKA BANKA d.d. (AZ PROFIT Open Voluntary Pension Fund)	1,243	4,474,800	1.12%
BAHOVEC d.o.o.	650	2,340,000	0.59%
OTP Bank d.d. (AZ Mandatory Pension Fund – A category)	511	1,839,600	0.46%
CROATIAN HEALTH INSURANCE FUND (Shareholder proxy is the Ministry of Physical Planning, Construction and State Assets)	362	1,303,200	0.33%
BIUK SLAVKO	184	662,400	0.17%
MINORITY SHAREHOLDERS	6,917	24,901,200	6.23%
	111,060	399,816,000	100%

NOTE 28 – RESERVES AND RETAINED EARNINGS

In thousands HRK	31 December 2022	31 December 2021
Legal reserves	19,991	19,991
Retained earnings	79,919	66,703
Net profit for the year	25,643	13,335
	125,553	100,029

NOTE 29 – LOAN LIABILITIES

In thousands HRK	31 December 2022	31 December 2021
Loan liabilities	48,181	58,753
Current maturities of loan liabilities	10,817	10,811
	58,998	69,564

In 2018, the Company raised an investment loan with a commercial bank totalling EUR 13.5 million for the purpose of financing a capital investment in Marina Rovinj. The loan was secured by a promissory note issued to the total amount of the loan. In September 2021, an additional loan agreement was signed, granting the Company a significantly more favourable interest rate compared to the one agreed upon when the loan was made in 2018. The additional agreement determined the interest rate at 0.7% compared to 1.47%, which was initially agreed upon).

DMaturity of long-term liabilities as at 31 December:

In thousands HRK	31 December 2022	31 December 2021
Between 1 and 2 years	10,707	10,682
Between 2 and 5 years	32,121	32,047
Over 5 years	5,353	16,024
	48,181	58,753

NOTE 30 - PROVISIONS

In thousands HRK	Years-of-service awards	Unused annual leave	Severance pay	Provisions for lawsuits	Total
Balance as at 31 December 2020	988	595	674	1,848	4,105
Provisions	237	1,524	1,197	359	3,317
Utilised	(165)	(559)	(377)	(116)	(1,217)
Reversed	-	-	-	(98)	(98)
Balance as at 31 December 2021	1,060	1,560	1,494	1,993	6,107
Provisions	108	1,959	1,202	112	3,460
Utilised	(90)	(1,552)	(1,916)	(344)	(3,903)
Reversed	(261)	-	(76)	-	(415)
Banace as at 31 December 2022	817	1,967	704	1,761	5,249
Long-term part	714	-	644	1,535	2,893
Short-term part	103	1,967	60	226	2,356

As at 31 December 2022, the Company made a calculation of long-term provisions for Years-of-Service awards and severance pays. Actuarial assumptions listed below were used when calculating. When calculating the reserve, the projected unit credit method was used, defined by IAS 19, in such a way that in each year of work the present value of the proportional part of the expected amount of the obligation is deducted depending on the total time until the obligation will be paid, while the retirement age is determined for each employee taking into account his or her present age and the years of actual service completed with the employer, with the average retirement age of 63 years for women and 65 years for men used. The calculation of provisions for severance pay upon retirement is calculated using the amount of HRK 10,000.

The employee turnover rate is 5.35% on average (the average of 8 years was used), and, regarding mortality, the Croatian National Bureau of Statistics data for the period from 2010 to 2012 were used, while the rate of the average annual yield to maturity of the ten-year bond issued by the Republic of Croatia in HRK (CNB) in the amount of 4.14% was used as the discount rate.

Provisions for costs of lawsuits against the Company that have already started are made upon discovery that a dispute has been initiated and are based on the assessment of the outcome of the dispute. The Management believes that the cost provision that has been made is sufficient for possible obligations that may ensue.

NOTE 31 - CONTRACT LIABILITIES

In thousands HRK	31 December 2022	31 December 2021
Domestic market	2,301	5,875
Foreign market	3,425	3,727
	5,726	9,602

NOTE 32 - TRADE PAYABLES

In thousands HRK	31 December 2022	31 December 2021
Domestic trade payables	7,564	15,485
Foreign trade payables	106	1,065
	7,670	16,550

NOTE 33 - DEFFERED REVENUE

In thousands HRK	31 December 2022	31 December 2021
Deferred revenue from annual berthing services	52,071	42,329
Other deferred revenue	442	397
	52,513	42,726

NOTE 34 - OTHER SHORT-TERM LIABILITIES

In thousands HRK	31 December 2022	31 December 2021
Other operating costs calculated	6,394	554
Concessions for maritime domain - variable fee	5,496	4,439
Liabilities for other taxes and contributions and other duties	4,768	6,785
Employee related liabilities	3,370	2,798
Liabilities due to shares in results	518	518
Liabilities for advances received	92	308
Other short-term liabilities	650	76
	21,288	15,478

NOTE 35 - COMMITMENTS

At the 31 December 2022, the purchase of non-current tangible assets in the amount of HRK 2,730 thousand (2021: HRK 37,890 thousand) was contracted, but not yet realised and is therefore not shown on the balance sheet as at 31 December 2022.

NOTE 36 - RELATED PARTY TRANSACTIONS

In 2021, ACI d.d., in partnership with Gitone Kvarner d.o.o., founded a new company ACI-Gitone d.o.o. in order to jointly apply for a tender for the construction and commercial use of a marina in Rijeka.

Companies controlled by Republic of Croatia that had significant transactions with the Company u 2021 are: Hrvatska elektroprivreda d.d., INA – industrija nafte d.d., Državne nekretnine d.d., Narodne novine d.d., Plovput d.o.o., HP – Hrvatska pošta d.d., Croatia airlines d.d., Hrvatske šume d.o.o., Hrvatske vode, Hrvatska poštanska banka d.d., and Financijska agencija (FINA).

In thousands HRK	31 December 2022	31 December 2021
RECEIVABLES		
Trade receivables	124	503
<i>ACI - Gitone d.o.o</i>	<i>2</i>	<i>432</i>
<i>Other related parties</i>		
INA industrija nafte d.d.	122	71
LIABILITIES		
Trade payables	1,027	346
<i>Other related parties</i>		
HEP opskrba d.o.o.	727	-
INA industrija nafte d.d.	108	-
Hrvatska elektroprivreda d.d.	86	193
Državne nekretnine d.o.o.	57	57
Hrvatska pošta d.d.	8	13
Other	41	83
<hr/>		
In thousands HRK	2022	2021
REVENUE		
Sales revenue	4,444	2,805
<i>ACI - Gitone d.o.o.</i>	<i>7</i>	<i>26</i>
<i>Other related parties</i>		
INA industrija nafte d.d.	4,180	2,771
Other	257	8
RASHODI		
Cost of material and services	15,788	7,955
<i>Other related parties</i>		
HEP opskrba d.o.o.	10,421	3,638
INA kartice d.d.	1,899	1,176
HEP - operator distribucijskog sustava	1,426	1,244
HEP elektra d.o.o.	1,338	1,407
HP - Hrvatska pošta d.d.	99	118
Other	605	372

NOTE 36 - RELATED PARTY TRANSACTIONS (continued)

Key management income

In thousands HRK	2022	2021
Salaries and other short-term incomes – Management Board	1,590	1,094
Compensations for members of Supervisory Board and Audit Committee	169	150
	1,759	1,244

Key management relates to the Management Board of the Company, and as at 31 December 2023 consists of 3 members (2021: 1 member).

NOTE 37 - CONTINGENT LIABILITIES

Several lawsuits are currently being filed against the Company. Based on its findings, the Company recorded in its business books the provisions of costs for potential losses under the disputes in which it is involved.

NOTE 38 - EVENTS AFTER THE REPORTING DATE

After the balance-sheet date, in accordance with the Introduction of the Euro as the Official Currency in the Republic of Croatia Act, the euro was adopted as the official currency in the Republic of Croatia. The 2022 financial statements have been prepared in the Croatian kuna, which was the functional and reporting currency in use until 31 December 2022, whereas all future financial statements will be prepared in the euro as the new functional and reporting currency.

In addition, after 31 December 2022, there were no events that would have a significant impact on the financial statements for the period ended 31 December 2022, i.e., they are not of such importance to the Company's operations to require being reported in the notes to the financial statements.

NOTE 39 - FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Management Board and authorized for issue on 5 April 2023.

Kristijan Pavić

President of the Management Board

PhD. Ivan Herak

Member of the Management Board

Josip Ostrogović

Member of the Management Board

ISSUER'S GENERAL DATA

Reporting period:

1.1.2022

to

31.12.2022

Year:

2022

Annual financial statements

Registration number (MB): 03267628

Issuer's home Member
State code:

HR

Entity's registration number
(MBS): 040002541Personal identification
number (OIB): 17195049659

LEI: 7478000090X86WBQ6C10

Institution code: 1181

Name of the issuer: Adriatic Croatia International Club, za djelatnost marina d.d.

Postcode and town: 51000

Rijeka

Street and house number: Rudolfa Strohala 2

E-mail address: ida.bajc@aci-club.hr

Web address: www.aci-marinas.com

Number of employees
(end of the reporting period): 331

Consolidated report: KN (KN-not consolidated/KD-consolidated)

Audited: RD (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS)

Registered office:

MB:

Bookkeeping firm: (Yes/No)

(name of the bookkeeping firm)

Contact person: Ida Bajc
(only name and surname of the contact person)

Telephone: 051/257-288

E-mail address: ida.bajc@aci-club.hr

Audit firm: BDO Croatia d.o.o.
(name of the audit firm)Certified auditor: Ivan Čajko
(name and surname)

BALANCE SHEET
balance as at 31.12.2022

in HRK

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	468.218.249	457.549.948
I INTANGIBLE ASSETS (ADP 004 to 009)	003	19.016.821	16.977.329
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	17.490.038	15.144.495
3 Goodwill	006	0	0
4 Advance payments for purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	1.526.783	1.832.834
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	448.406.219	435.583.874
1 Land	011	22.913.378	22.913.378
2 Buildings	012	265.247.731	264.431.586
3 Plant and equipment	013	44.069.750	54.779.232
4 Tools, working inventory and transportation assets	014	31.504.310	29.562.569
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	3.196.415	1.209.008
7 Tangible assets in preparation	017	21.643.199	11.537.614
8 Other tangible assets	018	1.167.756	911.145
9 Investment property	019	58.663.680	50.239.342
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	284.247	4.304.750
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	284.247	4.304.750
5 Investment in other securities of companies linked by virtue of participating interest	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V. Deferred tax assets	036	510.962	683.995
C) CURRENT ASSETS (ADP 038+046+053+063)	037	208.758.300	236.548.631
I INVENTORIES (ADP 039 to 045)	038	673.295	2.110.012
1 Raw materials	039	0	0
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	673.295	2.110.012
5 Advance payments for inventories	043	0	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	21.348.125	12.156.730
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interest	048	432.183	2.186
3 Customer receivables	049	5.104.459	2.633.159
4 Receivables from employees and members of the undertaking	050	84.258	10.702
5 Receivables from government and other institutions	051	1.914.855	795.971
6 Other receivables	052	13.812.370	8.714.712
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	50.288.552	87.945.908
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057	0	0
5 Investment in other securities of companies linked by virtue of participating interest	058	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059	0	0
7 Investments in securities	060	107.498	95.165
8 Loans, deposits, etc. given	061	50.181.054	87.850.743
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	136.448.328	134.335.981
D) PREPAID EXPENSES AND ACCRUED INCOME	064	1.178.492	1.048.044
E) TOTAL ASSETS (ADP 001+002+037+064)	065	678.155.041	695.146.623
OFF-BALANCE SHEET ITEMS	066	0	0

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d.

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	499.845.030	525.369.067
I. INITIAL (SUBSCRIBED) CAPITAL	068	399.816.000	399.816.000
II CAPITAL RESERVES	069	0	0
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	19.990.800	19.990.800
1 Legal reserves	071	19.990.800	19.990.800
2 Reserves for treasury shares	072	0	0
3 Treasury shares and holdings (deductible item)	073	0	0
4 Statutory reserves	074	0	0
5 Other reserves	075	0	0
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	66.702.878	79.919.396
1 Retained profit	084	66.702.878	79.919.396
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	13.335.352	25.642.871
1 Profit for the business year	087	13.335.352	25.642.871
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	3.229.835	2.892.857
1 Provisions for pensions, termination benefits and similar obligations	091	719.236	644.405
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	1.534.000	1.534.000
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	976.599	714.452
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	72.595.193	59.056.969
1 Liabilities towards undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	099	0	0
3 Liabilities towards companies linked by virtue of participating interest	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities towards banks and other financial institutions	103	58.752.649	48.181.144
7 Liabilities for advance payments	104	0	0
8 Liabilities towards suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	13.842.544	10.875.825
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	56.150.459	46.642.834
1 Liabilities towards undertakings within the group	110	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	111	0	0
3 Liabilities towards companies linked by virtue of participating interest	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities towards banks and other financial institutions	115	10.682.299	10.706.920
7 Liabilities for advance payments	116	0	0
8 Liabilities towards suppliers	117	16.550.099	7.770.074
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	2.921.587	3.533.496
11 Taxes, contributions and similar liabilities	120	13.703.131	15.792.005
12 Liabilities arising from the share in the result	121	517.771	518.180
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	11.775.572	8.322.159
E) ACCRUALS AND DEFERRED INCOME	124	46.334.524	61.184.896
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	678.155.041	695.146.623
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01. to 31.12.2022

in HRK

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (AOP 002 do 006)	001	212.607.703	247.214.601
1 Income from sales with undertakings within the group	002	0	0
2 Income from sales (outside group)	003	205.610.688	238.753.536
3 Income from the use of own products, goods and services	004	0	0
4 Other operating income with undertakings within the group	005	0	0
5 Other operating income (outside the group)	006	6.997.015	8.461.065
II OPERATING EXPENSES (AOP 08+009+013+017+018+019+022+029)	007	194.756.881	214.968.605
1 Changes in inventories of work in progress and finished goods	008	0	0
2 Material costs (AOP 010 do 011)	009	46.348.216	62.362.064
a) Costs of raw material	010	11.886.488	19.061.295
b) Costs of goods sold	011	248.020	334.465
c) Other external costs	012	34.213.708	42.966.304
3 Staff costs (AOP 014 do 016)	013	52.955.828	56.473.083
a) Net salaries and wages	014	33.154.405	35.228.955
b) Tax and contributions from salaries expenses	015	12.423.595	13.416.469
c) Contributions on salaries	016	7.377.828	7.827.659
4 Depreciation	017	65.327.634	69.036.591
5 Other expenses	018	17.003.659	21.409.118
6 Value adjustments (AOP 020+021)	019	2.194.965	1.884.863
a) fixed assets other than financial assets	020	711.439	218.400
b) current assets other than financial assets	021	1.483.526	1.666.463
7 Provisions (AOP 023 do 028)	022	3.124.369	2.211.876
a) Provisions for pensions, termination benefits and similar obligations	023	1.003.458	34.455
b) Provisions for tax liabilities	024	0	0
c) Provisions for ongoing legal cases	025	359.164	110.952
d) Provisions for renewal of natural resources	026	0	0
e) Provisions for warranty obligations	027	0	0
f) Other provisions	028	1.761.747	2.066.469
8 Other operating expenses	029	7.802.210	1.591.010
III FINANCIAL INCOME (AOP 031 do 040)	030	3.018.826	3.138.968
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032	784	8.935
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0
4 Other interest income from operations with undertakings within the group	034	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0
6 Income from other long-term financial investments and loans	036	0	0
7 Other interest income	037	554.694	472.285
8 Exchange rate differences and other financial income	038	2.447.673	2.655.711
9 Unrealised gains (income) from financial assets	039	15.675	2.037
10 Other financial income	040	0	0
IV FINANCIAL EXPENDITURE (AOP 042 do 048)	041	3.573.555	3.065.931
1 Interest expenses and similar expenses with undertakings within the group	042	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0
3 Interest expenses and similar expenses	044	1.302.410	694.505
4 Exchange rate differences and other expenses	045	2.258.302	2.358.939
5 Unrealised losses (expenses) from financial assets	046	2.472	1.140
6 Value adjustments of financial assets (net)	047	0	0
7 Other financial expenses	048	10.371	11.347
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	049	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	215.753	479.497
IX TOTAL INCOME (AOP 001+030+049 +050)	053	215.626.529	250.353.569
X TOTAL EXPENDITURE (AOP 007+041+051 + 052)	054	198.546.189	218.514.033
XI PRE-TAX PROFIT OR LOSS (AOP 053-054)	055	17.080.340	31.839.536
1 Pre-tax profit (AOP 053-054)	056	17.080.340	31.839.536
2 Pre-tax loss (AOP 054-053)	057	0	0
XII INCOME TAX	058	3.744.988	6.196.665
XIII PROFIT OR LOSS FOR THE PERIOD (AOP 055-059)	059	13.335.352	25.642.871
1 Profit for the period (AOP 055-059)	060	13.335.352	25.642.871
2 Loss for the period (AOP 059-055)	061	0	0

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (AOP 063-064)	062	0	0
1 Pre-tax profit from discontinued operations	063	0	0
2 Pre-tax loss on discontinued operations	064	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0
1 Discontinued operations profit for the period (AOP 062-065)	066	0	0
2 Discontinued operations loss for the period (AOP 065-062)	067	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (AOP 055+062)	068	0	0
1 Pre-tax profit (AOP 068)	069	0	0
2 Pre-tax loss (AOP 068)	070	0	0
XVII INCOME TAX (AOP 058+065)	071	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (AOP 068-071)	072	0	0
1 Profit for the period (AOP 068-071)	073	0	0
2 Loss for the period (AOP 071-068)	074	0	0
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 (AOP 076+077)	075	0	0
1 Attributable to owners of the parent	076	0	0
2 Attributable to minority (non-controlling) interest	077	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	078	13.335.352	25.642.871
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (AOP 80 + 87)	079	0	0
III Items that will not be reclassified to profit or loss (AOP 081 do 085)	080	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0
5 Other items that will not be reclassified	085	0	0
6 Income tax relating to items that will not be reclassified	086	0	0
IV Items that may be reclassified to profit or loss (AOP 088 do 095)	087	0	0
1 Exchange rate differences from translation of foreign operations	088	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0
6 Changes in fair value of the time value of option	093	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0
8 Other items that may be reclassified to profit or loss	095	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (AOP 080+087 - 086 - 096)	097	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 078+097)	098	13.335.352	25.642.871
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 100+101)	099	0	0
1 Attributable to owners of the parent	100	0	0
2 Attributable to minority (non-controlling) interest	101	0	0

STATEMENT OF CASH FLOWS - direct method
for the period 01.01.2021 to 31.12.2022

in HRK

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Cash receipts from customers	001	267.094.444	320.459.898
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	588.369	262.814
4 Cash receipts from tax refund	004	0	0
5 Other cash receipts from operating activities	005	845.528	960.092
I Total cash receipts from operating activities (ADP 001 to 005)	006	268.528.341	321.682.804
1 Cash payments to suppliers	007	-63.802.301	-91.338.795
2 Cash payments to employees	008	-59.108.105	-64.976.234
3 Cash payments for insurance premiums	009	-63.744	-53.585
4 Interest paid	010	-1.223.260	-569.401
5 Income tax paid	011	0	-3.365.795
6 Other cash payments from operating activities	012	-44.357.890	-52.205.736
II Total cash payments from operating activities (ADP 007 to 012)	013	-168.555.300	-212.509.546
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 006 + 013)	014	99.973.041	109.173.258
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	015	22.315	45.578
2 Cash receipts from sales of financial instruments	016	0	0
3 Interest received	017	452.654	337.159
4 Dividends received	018	784	8.935
5 Cash receipts from repayment of loans and deposits	019	0	0
6 Other cash receipts from investment activities	020	22.533.843	0
III Total cash receipts from investment activities (ADP 015 to 020)	021	23.009.596	391.672
1 Cash payments for the purchase of fixed tangible and intangible assets	022	-40.456.374	-55.266.927
2 Cash payments for the acquisition of financial instruments	023	0	-4.500.000
3 Cash payments for loans and deposits	024	0	0
4 Acquisition of a subsidiary, net of cash acquired	025	0	0
5 Other cash payments from investment activities	026	-10.500.000	-37.581.726
IV Total cash payments from investment activities (ADP 022 to 026)	027	-50.956.374	-97.348.653
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 021 + 027)	028	-27.946.778	-96.956.981
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	029	0	0
2 Cash receipts the from issue of equity financial instruments and debt financial instruments	030	0	0
3 Cash receipts from credit principals, loans and other borrowings	031	0	0
4 Other cash receipts from financing activities	032	0	0
V Total cash receipts from financing activities (ADP 029 to 032)	033	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	034	-10.684.144	-10.717.051
2 Cash payments for dividends	035	-19.416	-118.834
3 Cash payments for finance lease	036	0	0
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	037	0	0
5 Other cash payments from financing activities	038	-3.968.124	-3.879.589
VI Total cash payments from financing activities (ADP 034 to 038)	039	-14.671.684	-14.715.474
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 033 +039)	040	-14.671.684	-14.715.474
1 Unrealised exchange rate differences in cash and cash equivalents	041	115.252	386.850
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 014 + 028 + 040 + 041)	042	57.469.831	-2.112.347
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	043	78.978.497	136.448.328
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 042+043)	044	136.448.328	134.335.981

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - GFI

Name of issuer: **Adriatic Croatia International Club, za djelatnost marina, d.d.**
 Personal identification number (OIB): **17195049659**

Reporting period: **01.01.-31.12.2022**

Notes to the financial statements are to be drawn up in accordance with the International Financial Reporting Standards (hereinafter: IFRS) in such a way that they:

- present information about the basis for the preparation of the financial statements and the specific accounting policies used in accordance with the International Accounting Standard 1 (IAS 1),
- disclose any information required by IFRSs that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity,
- provide additional information that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity, but is relevant for understanding any of them.
- in the notes to the financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1. issuer's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the issuer is undergoing liquidation, bankruptcy proceedings, shortened termination proceeding extraordinary administration

Adriatic Croatia International Club, za djelatnost marina d.d. (ACI d.d.), Republic of Croatia, OIB number 17195049659 and Registration number 040002541

2. adopted accounting policies

Accounting policies applied are presented as part of Annual report, chapter 2.

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 issuer within the group or company linked by virtue of participating interest shall be disclosed separately
During 2022 there were no such obligations or commitments

4. the amount of advances and credits granted to the members of the administrative, managerial and supervisory bodies, with indications of the interest rates, main conditions and any amounts repaid, written-off or revoked, as well as commitments entered into on their behalf by way of guarantees of any kind, with an indication of the total for each category
During 2022 no such payments were made.

5. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence

Both income and expenditures are presented in detail in the Annual report for 2022 in the Management report, from Sales revenue trends to profitability trends, and in the notes to financial statements for the year ended 31 December 2022 (notes 5 to 13)

6. amounts owed by the issuer and falling due after more than five years, as well as the total debts of the issuer covered by valuable security furnished by the issuer, specifying the type and form of security
Company was one long term investment loan with contracted quarterly payments ending 30 June 2028. Total balance as at 31 December 2022 amounts to HRK 58.9 million. The loan was secured by a promissory note issued to the total amount of the loan

7. average number of employees during the financial year
During 2022, Company had on average 358 employees

8. where, in accordance with the regulations, the issuer 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
During 2022, Company did not capitalize cost of salaries.

9. the amount of the emoluments granted in respect of the financial year to the members of the administrative, managerial and supervisory bodies by reason of their responsibilities, and any commitments arising or entered into in respect of retirement pensions for former members of those bodies, with an indication of the total for each category
During 2022, compensation for Management Board members amounts to HRK 1.590 thousand, while compensation for Supervisory Board members and Audit Committee members amounts to HRK 169 thousand.

10. the average number of persons employed during the financial year, broken down by categories and, if they are not disclosed separately in the profit and loss account, the staff costs relating to the financial year, broken down between net salaries and wages, tax costs and contributions from salaries, contributions on salaries and other salary costs, excluding cost allowances
Average number of employees by hours worked is 347, gross wages amounts to HRK 66.0 million, consisting of net salaries in the amount of HRK 36.8 million, cost of taxes and contribution in the amount of HRK 13.4 million and cost of contributions on gross wages in the amount of HRK 7.8 million, severance payments amounts to HRK 1.2 million, and other employee benefits amounts to HRK 6.8 million.

11. 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

As at 31 December 2021, deferred tax assets amounts to HRK 510 thousand, and during the year it was decreased by HRK 362 thousand, and increased by HRK 173 thousands by deferred tax assets recognized in the Statement of Financial Position.

12. the name and registered office of each of the companies in which the issuer, either itself or through a person acting in their own name but on the issuer'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 company concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the company concerned does not publish its balance sheet and is not controlled by another company
The Company concluded a Joint Venture Agreement with Gitone Kvarner d.o.o., from Zagreb ad has a 50% share. All decisions of Management Board are to be approved from both owners, so the investment is classified as Joint Venture. The company was founded for submitting a tender for the award of the concession on the construction and commercial use of the nautical port of Porto Baroš in Rijeka. As at 31 December 2022 the company's share capital in the amount of HRK 5 million, of which 4.5 million refers to capital reserves, was impaired by 50% loss for the year 2022 of the Company ACI - Gitone d.o.o. in the amount of HRK 479 thousand, and loss brought forward from the year 2021, so the net book value of investment calculated using the cost method as at 31 December amounts HRK 4.3 million.

13. 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
Companies share capital consists of 111.060 shares with nominal value of HRK 3,600.

14. where there is more than one class of shares, the number and the nominal value or, in the absence of a nominal value, the accounting value for each class
Company has one class of shares (ISIN HRACI0RA0000).

15. 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
During the reporting period no such instruments were used.

16. the name, registered office and legal form of each of the companies of which the issuer is a member having unlimited liability
During 2022 no such companies exist.

17. the name and registered office of the company which draws up the consolidated financial statements of the largest group of companies of which the issuer forms part as a controlled group member
Company does not prepare consolidated financial statements.

18. the name and registered office of the company which draws up the consolidated financial statements of the smallest group of companies of which the issuer forms part as a controlled group member and which is also included in the group of companies referred to in point 17.
Company does not prepare consolidated financial statements.

19. the place where copies of the consolidated financial statements referred to in points 17 and 18 may be obtained, provided that they are available
Company does not prepare consolidated financial statements.

20. the proposed appropriation of profit or treatment of loss, or where applicable, the appropriation of the profit or treatment of the loss

The Management Board of ACI d.d. proposes to the Supervisory Board of the Company to allocate the realised net profit of the current year in the amount of HRK 25,642,870.99 to retained earnings. Proposed decision on profit distribution is consisted in Management report for the year 2022.

21. the nature and business purpose of the company's arrangements that are not included in the balance sheet and the financial impact on the company 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 company
During the reporting period no such arrangement were made.

22. 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

After 31 December 2022, there were no effect on financial statements for period ended as at 31 December 2022, or they are not of such importance to the Company's operations that they would require disclosure in the Notes to the financial statements in Annual report for the 2022.

23. the net income broken down by categories of activity and into geographical markets, in so far as those categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services are organised.

The Company operates in two main territorial areas, i.e., markets: domestic market which generated HRK 102.2 million, and foreign market which generated HRK 148.1 million. Sales revenues are generated from berthing services (annual, monthly and daily berthing) in the total amount of HRK 195.6 million, other boating services in the amount of HRK 19.8 million (including ACI Sail), and income from business and technical cooperation in the amount of HRK 23.3 million.

24. the total fees for the financial year charged by each statutory auditor or audit firm for the statutory audit of the annual financial statements, i.e. annual consolidated financial statements, the total fees charged for other assurance services, the total fees charged for tax advisory services and the total fees charged for other non-audit services, total research and development expenditure as the basis for granting state aid.
The total amount of fees for the statutory audit of annual financial statements for 2022 is HRK 80 thousand, for tax consulting the fee amounted to HRK 67 thousand, while the Company paid a total of HRK 1.004 thousand for consulting services in 2022.

Reconciliation of positions under IFRS and GFI POD

MSFI Item	NOTE	in 000 HRK	GFI - POD	ADP CODE	in 000 HRK
ASSETS					
Property, Plant and Equipment	16	385.345		ADP 010 (ADP 011 do 019)	435.584
Investment property	18	50.239	Tangible assets		
Intangible Assets	19	3.116		ADP 003 (ADP 004 do 009)	16.977
Right-of-Use Assets	17	13.861	Intangible assets		
Customer receivables	22	2.635	Receivables	ADP 046 (ADP 047 do 052)	12.157
Contract Assets	23	7.129	Prepaid expenses and Accrued income	ADP 064	1.048
Other receivables	24	3.441			
LIABILITIES					
Lease liabilities	17	10.505	Other long-term Liabilities	ADP 107	10.876
Other long-term Liabilities		371			
Loan Liabilities	29	10.817	Liabilities towards banks and other financial institutions	ADP 115	10.707
			Other short-term Liabilities - Interest	ADP 123	110
Contract Liabilities	31	5.726	Other short-term Liabilities - Contract liabilities	ADP 123	5.726
Short-term lease liabilities	17	3.781	Other short-term Liabilities - Lease liabilities	ADP 123	1.856
			Taxes, contributions and similar liabilities - concession	ADP 120	1.845
				ADP 117	100
Short-term Provisions	30	2.355	Accruals and deferred income - Provisions	ADP 124	2.192
			Provisions for Years-of-use awards and Severance pay	ADP 119	163
STATEMENT OF PROFIT OR LOSS					
MSFI Item	NOTE	in 000 HRK	GFI - POD	ADP CODE	in 000 HRK
Personnel costs	9	66.044	Staff costs	ADP 013 (ADP 14 do 18)	56.473
			Provisions for severance pay and other similar provisions	ADP 023	2.101
			Other expenses - staff costs	ADP 018	7.470
			Value adjustments - by current assets other than financial assets	ADP 021	1.666
Other operating expenses	12	17.300	Other expenses - without staff costs	ADP 018	13.939
			Other operating expenses - without other gains/losses - net	ADP 029	1.585
			Provisions for ongoing legal cases	ADP 025	110
Other gains/losses - net			6 Other operating expenses - other gains/losses - net	ADP 029	6