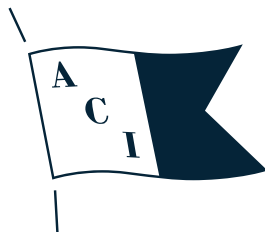


Address: Rudolfa Strohala 2  
Ordinary shares: ISIN HRACI0RA0000  
Economic activity: R 9329  
Market: Regular market  
LEI: 7478000090X86WBQ6C10  
Home member state: Croatia



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



# ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020  
INCLUDING INDEPENDENT AUDITOR'S REPORT



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## GENERAL COMPANY DATA

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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 its business activity, as well as in the anchorages in the bays of Dunkovac, Vozarica and Srednja Draga near Skradin. 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 2020, ACI marinas had 5,865 berths at their disposal, of which 5,279 wet berths and 586 dry berths. 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 anchorages Žut, expiring in 2026, and Vozarica, which will expire in 2032.

### SUPERVISORY BOARD

In 2020, the members of the Supervisory Board were:

- ◆ Dražen Ivanušec, President of the Supervisory Board
- ◆ Dobrica Rončević, Vice President of the Supervisory Board
- ◆ Marijeta Hladilo, Member of the Supervisory Board
- ◆ Tomislav Ninić, Member of the Supervisory Board
- ◆ Edo Karuza, Member of the Supervisory Board (employee representative) until 28 July 2020

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

In 2020, following the four-year term ending in July 2020, the terms that the members of the Supervisory Board were elected to for were restricted to three months, with extensions provided on two occasions, at General Assemblies held on 31 July and 16 November 2020.

### MANAGEMENT BOARD

The Company's Management consists of two members. The structure of the Company's Management Board as at 31 December 2020 was:

- ◆ Kristijan Pavić, President of the Management Board (represents the Company individually and independently)
- ◆ Juraj Bukša, PhD, Member of the Management Board (represents the Company together with the president of the Management Board).

### EMPLOYEES

As at 31 December 2020, the Company had 340 employees, whilst as at 31 December 2019, the Company employed 341 employees.

# MANAGEMENT REPORT FOR THE YEAR 2020

- ◆ Comment from the President of the Management Board
  - ◆ Key performance indicators in 2020
  - ◆ Description of the most important risks and uncertainties
  - ◆ Significant events in the reporting period
  - ◆ Sales revenue trends
  - ◆ Profitability trends
  - ◆ Financial performance indicators
  - ◆ Market capitalization
  - ◆ Ownership structure
  - ◆ Future development of the Company
  - ◆ Corporate governance code
  - ◆ Environmental care and social responsibility
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## COMMENT FROM THE PRESIDENT OF THE MANAGEMENT BOARD

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We can say that we are more than satisfied with the results we achieved, taking into consideration the circumstances in which the whole economy, and especially tourism, found itself in 2020.

We believe that the positive result we achieved is primarily the consequence of maintaining partner relationships with key business partners (annual berth holders and business premises leaseholders) on the one hand, and of cutting down expenses, while retaining all material rights of our employees. We believe that it is the employees and business partners that are our key strength, which we will strive to protect in the coming period as well.

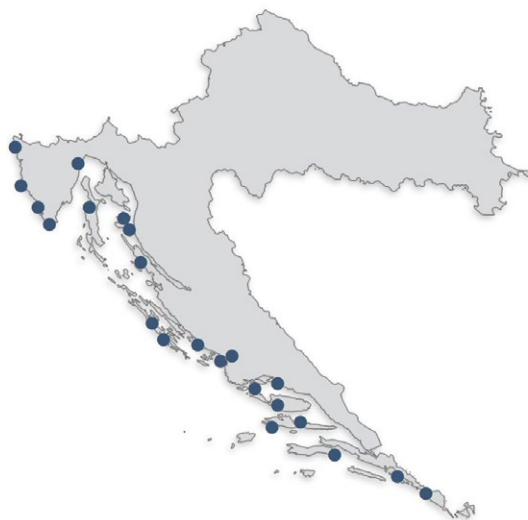
In the previous period, we successfully completed the investments that had been started, we completed the projects we had started, and, in this moment, we are primarily focused on extending concession periods and considering business opportunities in our area, since we believe that it is necessary to ensure the preconditions for a long-term future of the Company, which is now restricted by concession contracts, the majority of which expire in 2030, states Kristijan Pavić, President of the Management Board.



## KEY PERFORMANCE INDICATORS IN 2020

In thousands of HRK	2020	2019
Net profit	198	31,842
Operating income	179,752	232,782
EBITDA	70,336	103,832
Net profit margin	0.1%	13%
EBITDA margin	38%	44%
Debt ratio	27%	29%
CAPEX*	47,512	49,416
Boats days	1,382,289	1,454,365
Number of employees as at 31 December	340	341

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



## DESCRIPTION OF THE MOST IMPORTANT RISKS AND UNCERTAINTIES

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Business objectives for 2020 were not achieved in the degree that was initially planned at the close of 2019; however, taking into consideration the predictions we had in early 2020, and in spite of the coronavirus crisis, the achieved results are satisfactory.

Since the beginning of the epidemic, the activities of the Company have focused on maintaining the health of employees, clients, business partners and visitors of our marinas, but also on concerns about short-, medium- and long-term consequences that this crisis will have on the Company business. In this sense, the priority is protection while simultaneously mitigating the economic consequences. All the decisions the Company Management Board has been making are in accordance with instructions, recommendations and decisions issued by the Republic of Croatia Civil Protection Committee and other competent institutions, and are in keeping with the measures adopted by the Government of the Republic of Croatia with a view to mitigating the negative consequences of the epidemic on the economy of the Republic of Croatia. In order to maintain the financial stability of our business, the Company has temporarily suspended planned investments that have not started yet, as well as the processes of investment maintenance that are not essential.

We believe that the credit risk of the Company is relatively low even in these circumstances (in principle, under the annual and monthly berthing contracts, the 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, as well as ensure collateral instruments. Exposure to the risk of market interest rates change is primarily linked to cash cover, and cash and cash equivalents; however, the Company continuously monitors the trends in interest rates changes on the market, and takes action accordingly, having in mind a favourable outcome for the Company.

The business of ACI marinas is heavily influenced by concession contracts, on the basis of which all ACI concessions (except Marina Veljko Barbieri and the anchorages) expire in 2030. The restricted concessions periods are a factor that has the greatest impact on Company's potential for development. Therefore, activities were undertaken with a view to extending concessions for all marinas within the system. Consequently, in late 2020, the Company received a written response from the relevant ministry confirming and supporting our request for extending the concession contract periods, and stating that, following the collection of all documentation needed, it agreed to propose to the Government of the Republic of Croatia to grant the request.

Extending the concession periods is a prerequisite for the realization of long-term investments in the Company's infra- and suprastructure, which are not economically profitable in the remaining concession period. Investments would create preconditions for broadening the range of services, improving their quality, and achieving significantly better business results. Positive outcome, i.e., the extension of the duration of concession contracts would have a significant impact on the Company's planned business results in the coming period through the influence on the depreciable cost of the existing and new assets, and the amount of concession fees.



## SIGNIFICANT EVENTS IN THE REPORTING PERIOD

The newly arisen situation had an impact on business decision-making and the business direction of the marinas. In accordance with the circumstances, decisions were made to postpone the opening of the seasonal marinas of Rab, Žut, Piškera and Palmižana, which usually started their operation in early April, and the aforementioned marinas started their operation in mid-June, which resulted in difficulties for the Company to achieve a certain level of income.

The Company provided ACI Card members with daily berths in ACI marinas free of charge in June and offered the possibility of decreased obligations for the business partners providing secondary services in the period of reduced activity, and offered them favourable terms in the debtors' collection schedule.

Due to earlier commitments and investments already taking place, in the reporting period the Company invested a total of HRK 47.5 million (compared to HRK 41 million in 2019). Significant investments are related to the ACI SAIL project, primarily intended for the acquisition of the ClubSwan36 sailing boats and SABA 50 catamaran, the construction of a charter terminal in Split, underwater inspection works, repair and maintenance works conducted on anchoring systems and piers, reconstruction and improvement of the toilet and shower facilities for boaters in Marina Žut, the extension of the dry berth area in Marina Dubrovnik, and other investments with a view to improving and raising the standard and quality of services provided in the marinas. It is important to point out that at a repeated public tender in late May, the Company was granted concession to use the maritime domain in the bays of Dunkovac, Vozarica and Srednja for a period of 12 years. The previous concession was terminated at the end of 2018 due to the tender being annulled.



In the crisis resulting from the epidemic, the Company recognized the importance of technology and the availability of information, so the redesigned Company website offers all necessary information to our boaters primarily, but also to all other Company stakeholders. It is our intention to continue upgrading the website with new content and tools with the aim of optimising business processes. Further, the Company announces, in a timely manner, all the measures which are in place and which can have a direct or indirect bearing on our boaters, as well as other visitors to our marinas.

We have successfully published the third issue of the ACI No 1 magazine, which is to a large extent dedicated to the ACI Sail project itself.



## AWARDS AND HONOURS

This summer marked the fourth year in a row that the journalist crew of Nautička patrola ('boating patrol') sailed around the most important Croatian marinas situated along the Adriatic coast – from Umag to Dubrovnik. The presentation and evaluation of 32 Croatian marinas was followed by presenting awards to the best of them, where ACI received the following awards: ACI Marina Cres was awarded the Golden Anchor Award; ACI Marina Dubrovnik received an exclusive award for the development of elite nautical tourism; ACI Marina Žut was given a special My Favourite Marina award, ACI Marina Opatija received the Golden Smile of the Adriatic award, while ACI Marina Šimuni was awarded as the safest corona-free marina.

Following its success in receiving the prestigious title of the No 1 Marina, ACI Marina Rovinj was among the finalists in the best marina award competition, The Best Superyacht Marina Award 2020, which was a recognition of the excellence of its services in nautical tourism. As a modern marina with a unique design and the latest technological solutions, ACI Marina Rovinj offers rich content and quality services, positioning it among the top providers in the segment of nautical tourism around the world.

As an additional recognition of its quality, the Company has four ISO certificates: quality management, environmental management, energy management, and information security management.



## SOCIALLY RESPONSIBLE BUSINESS

In 2020, the Company continued the good practice of conducting business in a socially responsible way by supporting projects that are of interest to the society, or that benefit the local community and the society at large. Towards this end, ACI supports the work of associations and other civil society organisations through donations relating to environmental protection, children and youth, charity activities, science and sport, and so on. Furthermore, the Company uses donations to support the needs of public institutions, etc. and sponsorships to back sporting events, cultural events with local and national importance, and so on. Correspondingly, in the reporting period, there was cost incurred by the Company in the name of given donations in the amount of HRK 2.3 million, HRK 2 million of which pertain to the donation given to the municipality of Dubrovačko Primorje in order to fund the construction of a road leading to ACI Marina Veljko Barbieri, while the cost of HRK 588 thousand was incurred by the Company in the name of sponsorship agreements.

# SALES

## REVENUE TRENDS

### Physical indicators in boat days

Type of berth	2020	2019	Difference	Index
Annual berth	1,221,903	1,231,468	(9,565)	99
Monthly berth	100,493	122,363	(21,871)	82
Daily berth	59,848	100,534	(40,686)	60
<b>Total</b>	<b>1,382,244</b>	<b>1,454,365</b>	<b>(72,122)</b>	<b>95</b>

The Company marked a decrease in physical indicators of 72 thousand boat days, which makes 5% less boat days in relation to the compared year due to the influence of the decrease of physical indicators of the daily berthing services, which mark decrease of 40%. Monthly berthing services also marked a decrease of 18%, whilst boat days in the annual berthing services marked a decrease of 1%.

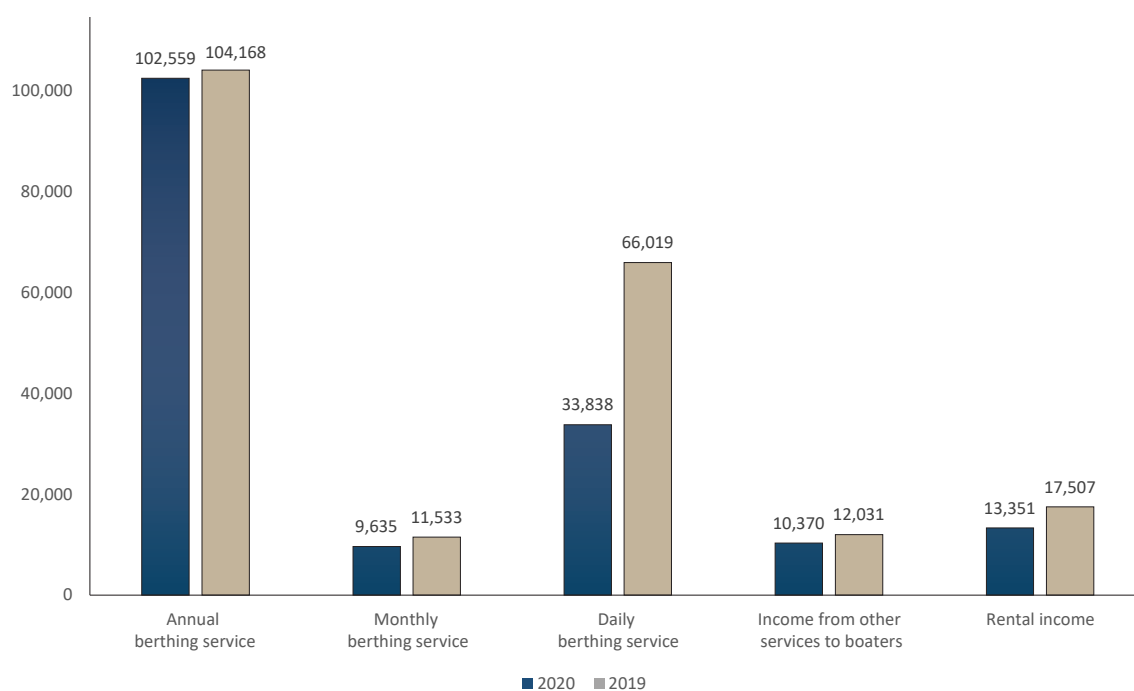
### Physical indicators in metre days

Type of berth	2020	2019	Difference	Index
Annual berth	14,031,193	14,066,127	(34,934)	100
Monthly berth	1,053,286	1,229,261	(175,975)	86
Daily berth	737,064	1,264,276	(527,212)	58
<b>Total</b>	<b>15,821,543</b>	<b>16,559,664</b>	<b>(738,121)</b>	<b>96</b>

Physical indicators in metre days show a similar trend to the boat days one; overall, a decrease of 4% was marked as well. Based on the physical indicators presented, it is apparent that the average length of vessels berthing in ACI marinas was 11.45 metres (2019:11.39). As at 31 December 2020, 3,346 boats were moored in ACI marinas on an annual berth, which makes 17 boats fewer compared to the same day of the previous year, when there were 3,363 boats at berth in ACI marinas.

**Sales revenue by structure**

<i>In thousands of HRK</i>	<b>2020</b>	<b>2019</b>	<b>Difference</b>	<b>Index</b>
Annual berthing service	102,559	104,168	(1,609)	98
Monthly berthing service	9,635	11,533	(1,897)	84
Daily berthing service	33,838	66,019	(32,180)	51
Income from other services to boaters	10,370	12,031	(1,661)	86
Rental income	13,351	17,507	(4,156)	76
<b>Total</b>	<b>169,753</b>	<b>211,258</b>	<b>(41,505)</b>	<b>80</b>



In 2020 the Company marked a decrease in sales revenue in the amount of HRK 41.5 million, or 20% less compared to the same period of the previous year.

The annual berthing service was maintained at almost the same level as the previous year, and the decrease primarily relates to the use of benefits that were offered to boat owners using the annual berthing service.

On the other hand, the loss of sales revenue was primarily marked in providing the daily berthing services (in the amount of HRK 32.2 million, or 49%), principally due to the restrictions of movement in the first quarter and the further spread of the epidemic in the second and third quarter of 2020. Further to the reduced number of visitors in our marinas, a decrease in other nautical services that are provided in the marinas, such as the travel lift and crane services, parking services, as well as the apartment accommodation services in Marina Cres, was also marked, in the total of HRK 1.7 million, or 14%.



**Sales revenue by business unit**

<i>In thousands of HRK</i>	<b>2020</b>	<b>2019</b>	<b>Difference</b>	<b>Index</b>
Umag	8,964	10,502	(1,538)	85
Rovinj	6,931	7,910	(980)	88
Pula	4,985	6,434	(1,449)	77
Pomer	7,792	8,016	(224)	97
Opatija	12,850	13,454	(604)	96
Cres	12,691	13,680	(989)	93
Supetarska Draga	4,965	5,601	(636)	89
Rab	2,097	3,217	(1,120)	65
Šimuni	5,072	5,302	(229)	96
Žut	1,942	2,996	(1,054)	65
Piškera	1,801	2,912	(1,112)	62
Jezera	7,335	8,506	(1,171)	86
Vodice	11,535	12,702	(1,168)	91
Skradin	7,403	9,077	(1,674)	82
Trogir	8,159	11,143	(2,984)	73
Split	18,978	24,636	(5,658)	77
Milna	5,158	7,123	(1,965)	72
Vrboska	2,853	3,903	(1,050)	73
Palmižana	4,828	10,918	(6,090)	44
Korčula	4,967	8,169	(3,203)	61
Dubrovnik	21,701	28,399	(6,698)	76
Veljko Barbieri	5,441	6,537	(1,096)	83
ACI SAIL	1,295	79	1,216	1646
General administrative and technical services	11	42	(31)	25
<b>Total</b>	<b>169,753</b>	<b>211,258</b>	<b>(41,505)</b>	<b>80</b>

As has already been mentioned, all the business units with the exception of ACI SAIL marked a decrease in the sales revenue. The largest decrease was noted in the marinas of Dubrovnik, Palmižana, Split, Korčula and Trogir, i.e., the marinas in the southern Adriatic, which is in accordance with the trends of the overall tourism revenue.

## PROFITABILITY TRENDS

### Overview of results

<i>In thousands of HRK</i>	2020	2019	Difference	Index
Operating revenue	179,752	232,781	(53,029)	77
Operating expenses	177,638	193,134	(15,496)	92
Gross profit	517	39,176	(38,658)	1
<b>Net Profit</b>	<b>198</b>	<b>31,842</b>	<b>(31,644)</b>	<b>1</b>
<b>EBITDA</b>	<b>70,336</b>	<b>103,832</b>	<b>(33,496)</b>	<b>68</b>

There was a decrease in overall operating revenue of HRK 53 million, or 23%, in relation to the comparable period, of which sales revenue decreased by HRK 41.5 million, whereas other operating revenue marked a decrease of HRK 11.5 million. At the same time, operating expenses marked a decrease of HRK 15.5 million, or 8%, in relation to the comparable period, which is shown in greater detail in the structure of operating expenses.

In 2020, there was a positive net financial result in the amount of HRK 198 thousand and EBITDA of HRK 70.3 million.



## Operating expense structure

<i>In thousands of HRK</i>	<b>2020</b>	<b>2019</b>	<b>Difference</b>	<b>Index</b>
Cost of materials and services	39,138	48,494	(9,356)	81
Personnel costs	54,167	60,665	(6,498)	89
Depreciation, amortisation and impairment	68,222	64,185	4,037	106
Other operating expenses	16,090	19,777	(3,687)	81
Other losses - net	21	13	8	162
<b>Total</b>	<b>177,638</b>	<b>193,134</b>	<b>(15,496)</b>	<b>92</b>

Due to the rationalisation measures in the conduct of business and the reduced scope of business activities in the observed period, the operating expenses of the Company decreased in the amount of HRK 15.5 million. Considering the types of expenses, personnel costs were reduced by HRK 6.5 million, by reducing the costs of severance packages, as well as the costs of occasional bonuses and performance bonuses.

The costs of materials, raw materials and services decreased in the amount of HRK 9.4 million due to the decrease in the costs of electricity, water and sewerage, and other utility services, resulting from the reduced fluctuation of visitors in the marinas and from the reduced costs of marketing services.

A significant increase was marked in depreciation costs, due to the activation of Marina Rovinj in early 2020 and other investments into projects that were completed.



## FINANCIAL PERFORMANCE INDICATORS

Financial performance indicators	2020	2019
Operating revenue	179,752	232,781
Total assets	664,305	707,577
EBITDA	70,336	103,832
Annual net profit	198	31,842
ROA	0.03%	4.5%
ROE	0.04%	6.3%
EBITDA Margin	38%	44%
EBIT Margin	1%	17%
Net profit margin	0.1%	13%
Current ratio	1.97	1.94
Cash ratio	0.91	0.84
Financial stability	0.85	0.85
Debt ratio	27%	29%
Total assets-to-capital ratio	1.37	1.40

Based on the key financial performance indicators stated for 2020, and due to the positive gross financial performance result achieved, a decrease is shown in the achieved indicators primarily in the net profit margin, EBITDA margin, return on assets and return on equity.

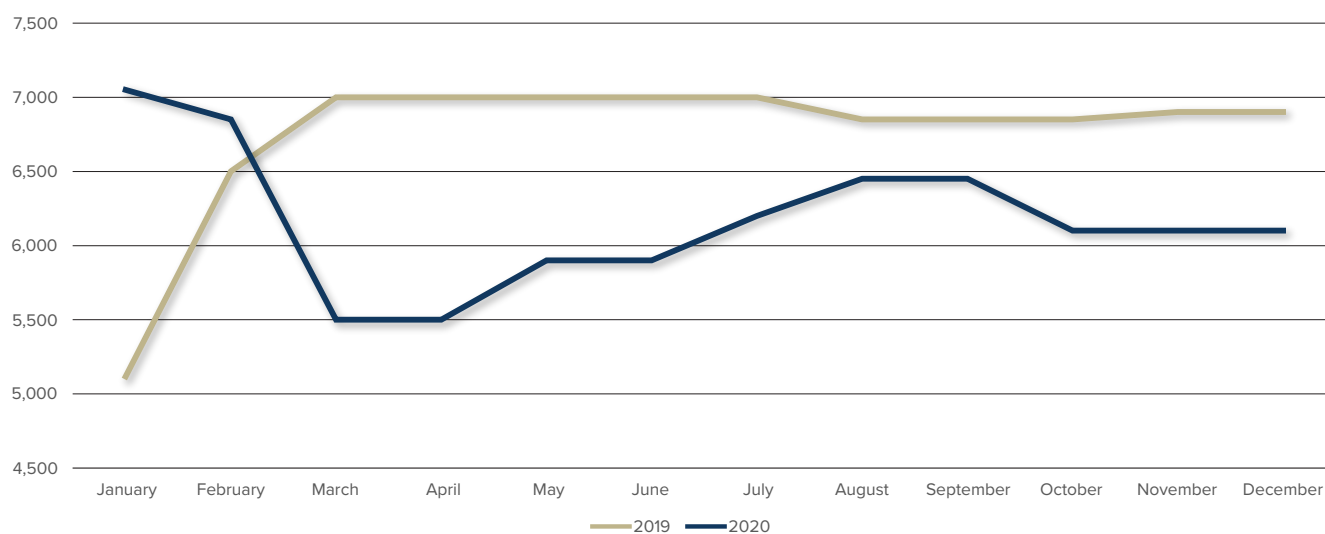


## MARKET CAPITALISATION

- ◆ The ordinary shares of ACI d.d. are listed on the Zagreb Stock Exchange under the stock symbol ACI
- ◆ As at 31 December 2020, based on the data by Codex sortium d.o.o. ACI has a total of 691 stockholders.
- ◆ The nominal value of the share is HRK 3,600.00, whereas the last average transaction share price was HRK 6,100.00.
- ◆ The Company's market capitalisation as at 31 December 2020 was HRK 677.5 million.

Below are the trends of the share price of the Company. There was a fall in the average share price compared to the previous year.

### Trends of the average share price



### INFORMATION ON SHARE BUYBACK

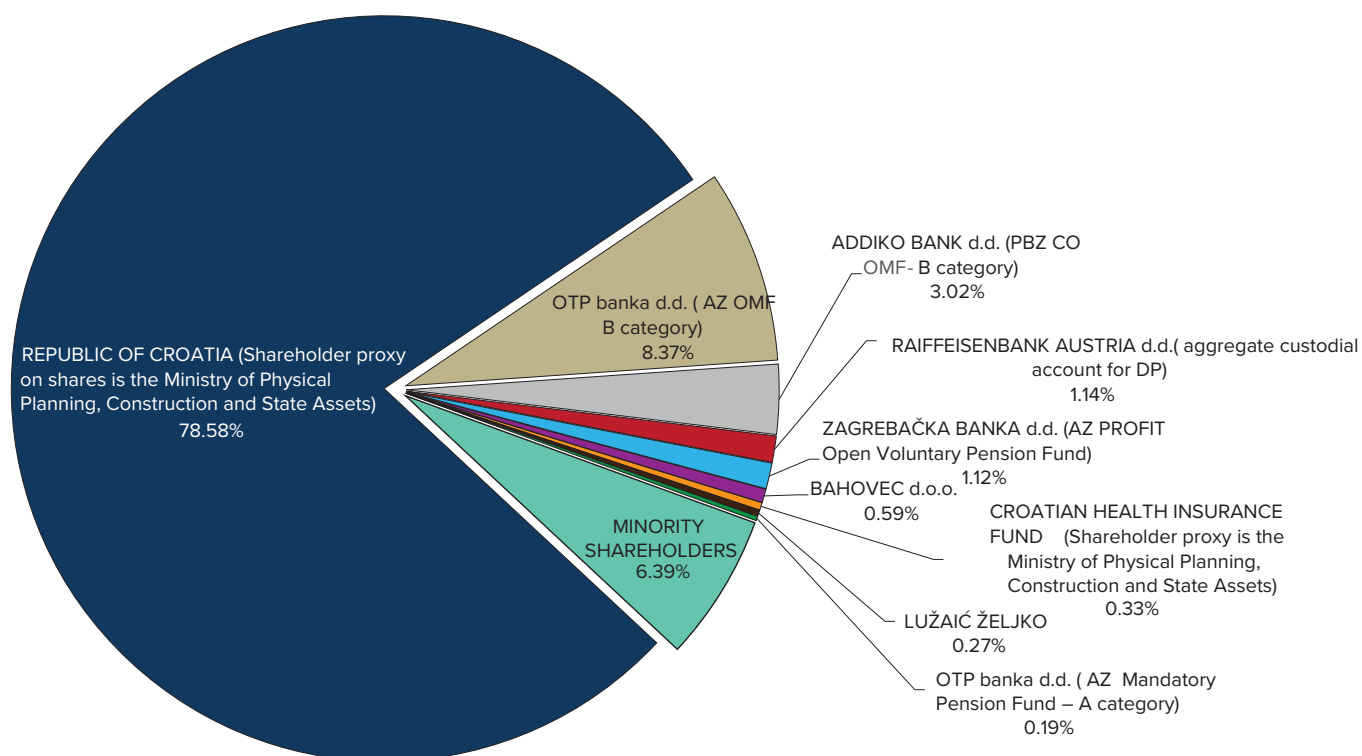
In the reporting period, the Company did not buy back its own shares.



## OWNERSHIP STRUCTURE

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Below is the scheme of equity, showing the top 5 shareholders with the largest shareholding. The Republic of Croatia is the majority shareholder with 78.58% of Company equity share.



## FUTURE DEVELOPMENT OF THE COMPANY

	2021 Plan	2020 Realised
Operating revenue	211,088	179,752
Net profit	15,049	198
EBITDA	87,706	70,336

Business plan was made taking into consideration the current situation on the global level, which is, this and next year, largely determined by the pandemic. In spite of this, medium-term projections for nautical tourism are, nevertheless, more optimistic, primarily because of the very nature of tourism product. The mentioned expectations have been entered into the projections for 2021.

In late 2020, the Company began the complete reconstruction of the breakwater on the island of Korčula. The contractual value is HRK 24.6 million, and the finalisation of the construction work is planned for the season of 2021. Capital investments for the year 2021 are planned in the total of HRK 88 million. In addition to the already mentioned reconstruction of the breakwater on the island of Korčula, the most important ones are pier I removal, quay wall construction, and works on the electrical substation and part of the infrastructure, further works on the reconstruction of Sorkočević Palace in Marina Dubrovnik, as well as investing into the reconstruction of anchoring systems of floating piers and vessels in several marinas within the ACI system.

A portion of investments whose realisation was planned earlier was postponed to the following period, which is undoubtedly dependant on the resolution of the issue of extending the concession duration periods, which is crucial for making plans for the further strategic development of the Company.

During 2021, the Company plans to undertake a series of activities to continue the processes of the digital transformation of business with a view to optimising the existing business processes and increasing profits.



# CORPORATE GOVERNANCE CODE

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Adriatic Croatia International Club, za djelatnost marina, d.d. in accordance with Article 250 a, paragraphs 4 and 5 and Article 272 p of the Companies Act (Official Gazette 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146 / 08, 137/09, 152/11, 111/12, 68/13, 110/15 and 40/19) issues a Statement on the application of the Corporate Governance Code.

In 2020, the Company applied the Corporate Governance Code adopted by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange, in force since 1 January 2020, and published on the Exchange's website ([www.zse.hr](http://www.zse.hr)) and on the HANFA website ([www.hanfa.hr](http://www.hanfa.hr)). Also, following the ownership structure and following the status according to which ACI d.d. a company of strategic interest to the Republic of Croatia, the company is also obliged to apply the provisions of the Corporate Governance Code in which the Republic of Croatia has shares or stakes (Official Gazette 132/17).

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 Company's Articles of Incorporation. The General Assembly of the Company is convened by the Management Board. At the initiative of a shareholder who has, or more shareholders who among themselves have, shares in the total nominal amount of 5% (five percent) of the Company's equity and who state the purpose and reason for convening, the Management Board is obliged to convene the General Assembly of the Company.

The General Assembly shall be called at least thirty days before convening, and the agenda shall be made public. The deadline for calling the General Assembly shall be extended for the days set for the application of participating or for the use of voting rights at the General Assembly. The notice of meeting shall 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 of the notification to the Company is not included in this period. The General Assembly may make legally valid decisions if at least 50% of the total number of shares granting voting rights is represented.

The Supervisory Board has five members. Members of the Supervisory Board shall be elected for a term of up to four years. One member of the Supervisory Board is a representative of workers and is appointed and recalled in accordance with the Labour Act, while the other members of the Supervisory Board are elected by the General Assembly of the Company by a majority vote, voting specifically for each candidate.

The Supervisory Board shall work and take decisions at meetings, and may decide if the majority of the members of the Supervisory Board are present at a meeting. The Supervisory Board shall take its decisions by a majority of the votes cast.

The Supervisory Board of the Company supervises the conduct of the Company's activities and performs other tasks placed within its competence pursuant to the law and the Articles of Incorporation.



## CORPORATE GOVERNANCE CODE (CONTINUED)

In 2020, the members of the Supervisory Board received the following incomes from the Company:

- ◆ Dražen Ivanušec HRK 39,786.69,
- ◆ Dobrica Rončević HRK 36,470.71,
- ◆ Tomislav Ninić HRK 38,743.11,
- ◆ Marijeta Hladilo HRK 52,578.37 (of which 35,886.83 as member of the Supervisory Board, and 16,691.54 as member of the Audit Committee
- ◆ Edo Karuza HRK 23,188.49.

The Management Board may have between one and five members, decided upon by the Supervisory Board. If the Supervisory Board decides that the Management Board consist of more members, it shall take a decision to appoint one of the members of the Management Board as president.

The Management Board has rights and duties established by the law, the Articles of Incorporation and other acts, i.e., decisions of the Company's bodies. It conducts the Company's affairs and submits reports to the Supervisory Board or the General Assembly of the Company. If the Management Board consists of several members, it is obliged to submit the written Management Board Rules of Procedure to the Supervisory Board for approval as soon as possible. In accordance with the the Articles of Incorporation, in certain cases, the Management Board makes decisions with the consent of the Supervisory Board. In addition to the competences and powers set by law, the Supervisory Board decides on the granting of prior (and only exceptionally subsequent) consent to the Management Board to undertake the following tasks: establishing new companies at home and abroad and terminating existing companies, adopting the Management Board Rules of Procedure, buying or selling shares and interests in other companies, and encumbering shares and interests held by the Company in other companies, buying or selling real property, and encumbering real property owned by the Company, the individual value of which exceeds HRK 1,000,000.00, assumption of guarantees in the amounts over HRK 1,000,000, taking out a loan and issuing securities over the amount of HRK 1,000,000.00, giving procuration.

In 2020, the members of the Management Board received the following gross income from the Company:

- ◆ Kristijan Pavić HRK 638,008.78,
- ◆ Juraj Bukša, PhD HRK 618,219.05.

The salaries of the members of the Management Board are defined by contracts concluded between the Company and the members of the Management Board and contain only the fixed pay. The contracts also provide for the possibility of an incentive payment; however, this was not used in 2020.

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

It is the assessment of the Company's Management Board that the current circumstances do not warrant drawing up a long-term plan of succession.

## CORPORATE GOVERNANCE CODE (CONTINUED)

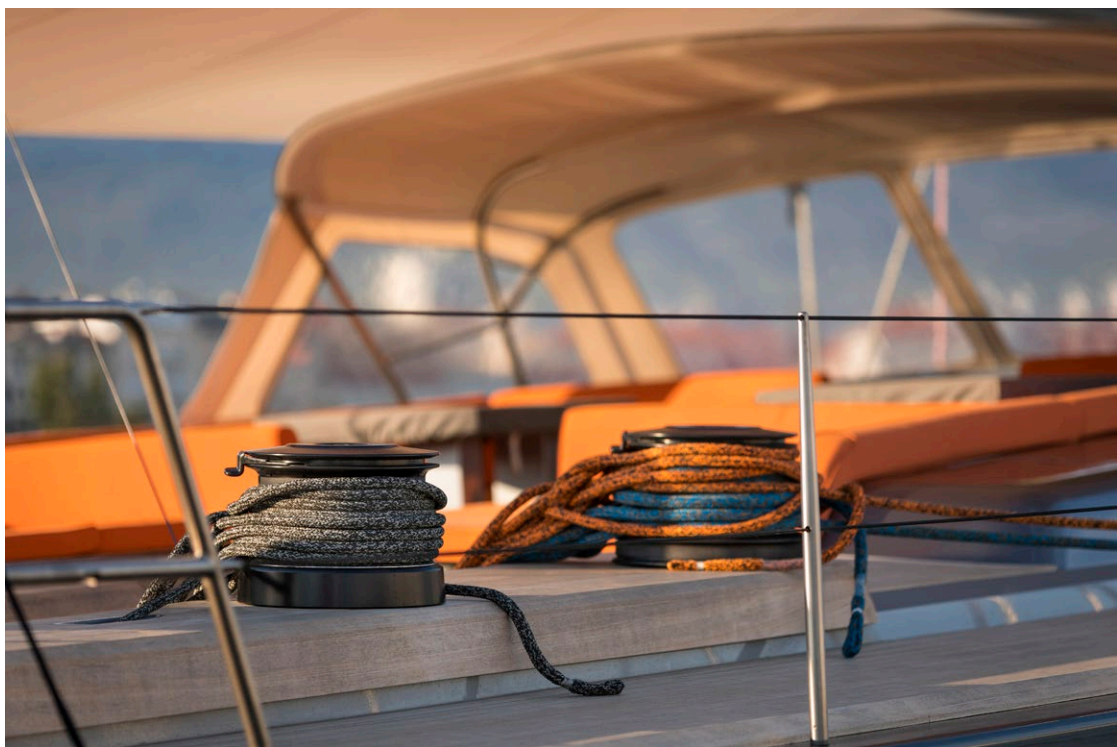
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Remuneration and reimbursement to the members of the Supervisory Board for their work are regulated by the Articles of Incorporation.

Appointments and remuneration are regulated by the Articles of Incorporation and the provisions of the Collective Agreement and employment contracts. It is the assessment of the Company's Management Board that there is currently no need for additional regulation of this. It is also assessed that the current circumstances do not warrant drawing up a long-term plan of succession.

The total amount of fees for the statutory audit of annual financial statements for 2020 is HRK 74,000.00, for tax consulting the fee amounted to HRK 57,600, while the Company paid a total of HRK 746,231.48 for consulting services in 2020.

In 2020, ACI did not have the research and development expenditures, which are the basis for government subsidies.



The Company annually fills in the Compliance Questionnaire for issuers of shares, through which it explains if there has been a non-compliance or deviation from the recommendations. In 2020, the Company deviated from the provisions of the Code in the need for prior notification for attending the Company General Assembly, the structure and manner of making decisions on the remuneration and reimbursement of the Supervisory Board members, the introduction of an Appointment Committee and a Remuneration Committee, and the lack of a long-term succession plan. The Company follows the internal control procedures related to recording business events and financial reporting, but does not have a fully established internal control system.

Also, the Company did not disclose data on possible lawsuits to refute the decisions of the General Assembly because there were none in 2020.

## 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 2020.

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.



## PROPOSED DECISION ON PROFIT DISTRIBUTION

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The basic financial statements for the current year showed gross profit in the amount of HRK 516,891.11, corporation tax in the amount of HRK 318,699.22, resulting in a net profit of HRK 198,191.89. Legal reserves are HRK 19,990,800.00, and retained earnings amount to HRK 66,504,686.19.

Therefore, the Management Board of ACI d.d. proposes the following to the Supervisory Board of the Company:

**To allocate the realised net profit of the current year in the amount of HRK 198,191.89 to retained earnings.**



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

Financial statements

for the year ended 31 December 2020

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 2020 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.

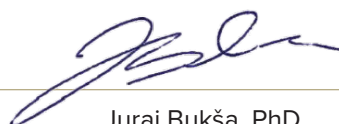
The Management Board of the Company is responsible for keeping the proper accounting records, which at any time and with reasonable certainty present the financial position, operating results, cash flows and capital changes of the Company, as well as their compliance with the valid Croatian Accounting 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:



Kristijan Pavić

President of the Management Board



Juraj Bukša, PhD

Member of the Management Board



Adriatic Croatia International Club, za djelatnost marina d.d.  
Rudolfa Strohala 2  
51000 Rijeka  
Croatia  
23 April 2021

## 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**

(Translation – the Croatian text is authoritative)

#### **Qualified Opinion**

We have audited the annual financial statements of the company Adriatic Croatia International Club, za djelatnost marina d.d., Rijeka, Rudolfa Strohala 2, ("the Company") for the year ended 31 December 2020, which comprise the Statement of financial position as at 31 December 2020, 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 2020, 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 2020 in the Statement of Financial Position, the Company has stated investment in marinas Veljko Barbieri, Rovinj, Piškera and Žut in the amount of HRK 206,207 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 2020, 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 2020.

As shown in Notes 7 to the annual financial statements, for 2020 the Company has stated in the Statement of comprehensive income within other operating revenue the amount of HRK 3,252 thousand relating to income generated in the previous period. These revenue should have been retrospectively adjusted in accordance with the requirements of International Accounting Standard 8 (IAS 8) "Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, the Company's revenue is overestimated in the Statement of comprehensive income for 2020 in the amount of HRK 3,252 thousand, and retained earnings in the Statement of financial position as at 31 December 2020 were underestimated in the same amount.

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.

#### **Emphasis of matter**

We draw attention to Note 1.5 to the financial statements which describes the impact of COVID-19 on the Company's operations. Our opinion is not qualified in respect of this matter.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

#### Key Audit Matters

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:

Recognition and accrual of revenue	
In the Statement of comprehensive income for 2020, the Company reported sales revenue in the amount of HRK 169,753 thousand (2019: HRK 211,258 thousand), while in the Statement of Financial Position as at 31 December 2020 it stated trade receivables in the amount of HRK 7,067 thousand (31 December 2019: HRK 3,358 thousand), contract assets in the amount of HRK 14,621 thousand (31 December 2019: HRK 8,208 thousand), contract liabilities in the amount of HRK 11,413 thousand (31 December 2019: HRK 6,296 thousand) ) and deferred revenue from berthing services in the amount of HRK 40,378 thousand (31 December 2019: HRK 46,394 thousand).	
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.</p> <p>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.</p> <p>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><b>Related disclosures in the accompanying annual financial statements</b></p> <p>See notes 2.9, 2.18, 5., 6., 20., 21., 30. and 32. 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"> <li>• assessing the Company's accounting policy for compliance with the requirements of the IFRS 15 - Revenue from Contracts with Customers</li> <li>• understanding and evaluating the design and operational effectiveness of internal controls related to the collection and recording of revenue recognition transactions over time;</li> <li>• 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;</li> <li>• 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;</li> <li>• assessment of the invoicing system and the measurement system up to the general ledger entry;</li> <li>• obtaining a sample of outgoing invoices to compare the existence and accuracy of the total net amount of the invoice with general ledger entry;</li> <li>• 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..</li> </ul>

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## 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 63 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.

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## **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.
- 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.

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## **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 (continued)**

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 31 July 2020, we were appointed by the General Assembly of the Company to audit the annual financial statements of the Company for 2020.

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 2020, which totals 3 years.

In the audit of the annual financial statements of the Company for 2020, we determined the significance for the financial statements as a whole in the amount of HRK 3,200 thousand, which represents approximately 1.8% of the realized sales revenue for 2020.

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 2020 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.



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**INDEPENDENT AUDITOR'S REPORT (CONTINUED)****Report on the audit of the annual financial statements (continued)****Statement on other legal requirements (continued)**

The partner involved in the audit of the Company's annual financial statements for 2020 which results in this Independent Auditor's Report, is the certified auditor Vedrana Stipić.

Zagreb, 23 April 2021

BDO Croatia d.o.o.  
Trg J. F. Kennedy 6b  
10000 Zagreb

**BDO CROATIA**  
BDO Croatia d.o.o.  
za pružanje revizorskih, konzalting  
i računovodstvenih usluga  
Zagreb, J. F. Kennedy 6b



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Hrvoje Stipić, President of the  
Management Board



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Vedrana Stipić, Certified Auditor

**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2020

<i>(In thousands of HRK)</i>	Note	2020	2019
Sales revenue	6	169,753	211,258
Other operating revenue	7	9,999	21,523
<b>Total Operating Income</b>		<b>179,752</b>	<b>232,781</b>
Cost of material and services	8	(39,138)	(48,494)
Personnel costs	9	(54,167)	(60,665)
Depreciation, amortisation and impairment	10	(68,222)	(64,185)
Other operating expenses	11	(16,090)	(19,777)
Other losses – net		(21)	(13)
<b>Total Operating Expense</b>		<b>(177,638)</b>	<b>(193,134)</b>
<b>Operating profit</b>		<b>2,114</b>	<b>39,647</b>
Financial income		5,780	4,628
Financial expenses		(7,377)	(5,099)
<b>Net Financial Expenses</b>	12	<b>(1,597)</b>	<b>(471)</b>
<b>Profit before tax</b>		<b>517</b>	<b>39,176</b>
Income tax	13	(319)	(7,334)
<b>Net profit for the year</b>	14	<b>198</b>	<b>31,842</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<b>198</b>	<b>31,842</b>
Basic earnings per share relating to the Company's shareholders (in HRK)	14	<b>1.78</b>	<b>286,71</b>

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

Signed on behalf of the Company on 23 April 2021:

 Kristijan Pavić President of the Management Board		 Juraj Bukša, PhD Member of the Management Board
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**STATEMENT OF FINANCIAL POSITION**

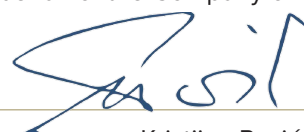
as at 31 December 2020

*(In thousands of HRK)*

	Note	31 December 2020	31 December 2019
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	15	401,790	422,084
Right-of-Use assets	16	21,604	23,157
Investment property	17	67,552	67,238
Intangible assets	18	1,435	1,435
Deferred tax assets	19	733	690
		<b>493,114</b>	<b>514,604</b>
<b>Current Assets</b>			
Inventory		562	538
Trade receivables	20	7,067	3,358
Contract assets	21	14,621	8,208
Corporate tax advances paid		3,549	-
Other receivables	22	3,462	10,074
Deposits	23	62,858	87,119
Financial assets at fair value through profit or loss		94	106
Cash and cash equivalents	24	78,978	83,431
		<b>171,191</b>	<b>192,834</b>
Assets held for sale		-	139
		<b>664,305</b>	<b>707,577</b>
<b>Total assets</b>			
<b>CAPITAL AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued share capital	25	399,815	399,816
Legal reserves	26	19,991	19,991
Retained earnings	26	66,505	53,768
Net profit for the year	26	198	31,842
<b>Total capital</b>		<b>486,509</b>	<b>505,417</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Loan liabilities	27	69,617	79,322
Lease liabilities	16	18,061	20,616
Provisions	28	2,835	2,860
Other long-term liabilities	29	485	218
		<b>90,998</b>	<b>103,016</b>
<b>Short-term liabilities</b>			
Loan liabilities	27	11,022	10,925
Contract liabilities	30	11,413	6,296
Lease liabilities	16	3,838	2,736
Provisions	28	1,271	2,814
Trade payables	31	6,613	13,366
Income tax liability		-	1,124
Deferred revenue	32	40,669	46,734
Other short-term liabilities	33	11,972	15,149
		<b>86,798</b>	<b>99,144</b>
<b>Total liabilities</b>		<b>177,796</b>	<b>202,160</b>
<b>Total capital and liabilities</b>		<b>664,305</b>	<b>707,577</b>

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

Signed on behalf of the Company on 23 April 2021:



Kristijan Pavić  
President of the Management Board





Juraj Bukša, PhD  
Member of the Management Board

**CASH FLOW STATEMENT**

for the year ended 31 December 2020

<i>(In thousands of HRK)</i>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Cash flow from operating activities:</b>			
Cash receipts from sales of goods and services		208,376	272,434
Cash receipts from insurance for indemnity		117	207
Other cash receipts		1,764	3,154
<b>Total cash receipts</b>		<b>210,257</b>	<b>275,795</b>
Cash expenditures to suppliers		(60,750)	(73,477)
Cash expenditures for employees		(55,939)	(61,534)
Cash expenditures for insurance for damages		(44)	(58)
Cash expenditures for interest		(1,557)	(1,209)
Cash expenditures for taxes		(36,149)	(52,468)
Other cash expenditures		(1,932)	(1,681)
<b>Total cash expenditures</b>		<b>(156,371)</b>	<b>(190,437)</b>
<b>Net cash flow from operating activities</b>		<b>53,886</b>	<b>85,368</b>
<b>Cash flow from investing activities</b>			
Cash receipts from sales of property, plant and equipment, and intangible assets		613	10
Cash receipts from interest		543	1,082
Cash receipts from dividends		-	10
Cash receipts for short- and long-term deposits		57,608	-
<b>Total cash receipts</b>		<b>58,764</b>	<b>1,102</b>
Cash expenditures for the purchase of property, plant and equipment and intangible assets		(50,575)	(44,688)
Cash expenditures for short- and long-term deposits		(32,704)	(76,848)
<b>Total cash expenditures</b>		<b>(83,280)</b>	<b>(121,536)</b>
<b>Net cash flow from investing activities</b>		<b>(24,516)</b>	<b>(120,434)</b>
<b>Cash flow from financing activities:</b>			
Principal loan repayment cash expenditures		(10,752)	(10,450)
Lease payment cash expenditures		(4,071)	(2,562)
Dividend payment		(19,110)	(19,745)
<b>Total cash expenditures</b>		<b>(33,933)</b>	<b>(32,847)</b>
<b>Net cash flow from financing activities</b>		<b>(33,933)</b>	<b>(32,847)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(4,563)</b>	<b>(68,024)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>83,432</b>	<b>151,455</b>
Unrealised foreign exchange gains and losses		110	(111)
<b>Cash and cash equivalents at the end of the year</b>	<b>24</b>	<b>78,978</b>	<b>83,431</b>

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

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2020

<i>(In thousands of HRK)</i>	<b>Share Capital</b>	<b>Legal and Other Reserves</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance as at 1 January 2019</b>	<b>399,815</b>	<b>19,991</b>	<b>72,343</b>	<b>492,150</b>
Total comprehensive income	-	-	31,842	<b>31,842</b>
Dividend	-	-	(18,575)	<b>(18,575)</b>
<b>Balance as at 31 December 2019</b>	<b>399,815</b>	<b>19,991</b>	<b>85,610</b>	<b>505,417</b>
<b>Balance as at 1 January 2020</b>	<b>399,815</b>	<b>19,991</b>	<b>85,610</b>	<b>505,417</b>
Total comprehensive income	-	-	198	<b>198</b>
Dividend	-	-	(19,106)	<b>(19,106)</b>
<b>Balance as at 31 December 2020</b>	<b>399,815</b>	<b>19,991</b>	<b>66,703</b>	<b>486,509</b>

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 2020, the Company employed 340 employees, and as at 31 December 2019, it employed 341 employees.

### 1.3 Company Bodies

Supervisory Board		Term of office
Dražen Ivanušec	President	From 16 July 2019
Dobrica Rončević	Vice President	From 18 July 2016 to 18 July 2020, from 31 July to 31 October 2020, from 16 November 2020
Tomislav Ninić	Member	From 18 July 2016 to 18 July 2020, from 31 July to 31 October 2020, from 16 November 2020
Marijeta Hladilo	Member	From 18 July 2016 to 18 July 2020, from 31 July to 31 October 2020, from 16 November 2020
Edo Karuza	Member (employee representative)	From 30 May 2017 to 28 July 2020
Audit Committee		
Marijeta Hladilo	President	From 14 September 2016 to 18 July 2020, from 31 July 2020 to 31 October 2020, from 30 November 2020
Davor Vašiček	Vice President	From 14 September 2016 to 18 July 2020, from 31 July 2020 to 31 October 2020, from 30 November 2020
Denis Buterin	Member	From 30 October 2017 to 18 July 2020, from 31 July 2020 to 31 October 2020, from 30 November 2020
Management Board		
Kristijan Pavić	President	From 12 August 2017
Juraj Bukša, PhD	Member	From 14 October 2017

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

The issue of concessions on maritime domains is regulated by the following laws and subordinate legislation:

- ◆ 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),
  - ◆ 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),
-

## 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 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),
- ◆ 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),



#### 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 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),
  - ◆ 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,
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#### 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 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
- ◆ 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 m<sup>2</sup> and a water area of 985.584 m<sup>2</sup>, 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 m<sup>2</sup> and a water area of 21,052 m<sup>2</sup> are used, for which a concession fee is paid.

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

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 m<sup>2</sup>. 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 m<sup>2</sup> 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 m<sup>2</sup> (16,719 m<sup>2</sup> land and 51,149 m<sup>2</sup> sea) to 67,580 m<sup>2</sup> (16,147 m<sup>2</sup> land and 51,433 m<sup>2</sup> 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 m<sup>2</sup> (9,296 m<sup>2</sup> of land and 34,628 m<sup>2</sup> of sea) to 50,195 m<sup>2</sup> (9,283 m<sup>2</sup> of land and 40,912 m<sup>2</sup> of sea).

In 2019 a Decision was adopted on granting concessions on maritime domain for the commercial use of 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 m<sup>2</sup>.

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 m<sup>2</sup> 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 m<sup>2</sup>, and marina Veljko Barbieri, where the amount per m<sup>2</sup> ranges from HRK 4.5 to HRK 6 per m<sup>2</sup> 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 m<sup>2</sup>, while the invariable part for the anchorage in the bays of Dunkovac, Vozarica and Srednja Draga is calculated in the amount ranging from HRK 6 to HRK 10 per m<sup>2</sup> of the area occupied (depending on the four-year period of exploitation).
  - ◆ 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, while for the anchorages in the bays of Dunkovac, Vozarica and Srednja Draga it amounts to 13% of the total revenue earned.
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## 1.5 Impact of COVID-19 on business

The year 2020 began with the global spread of COVID-19, due to which there was a significant reduction in turnover, not only in nautical tourism but also in most other industries. The Company actively monitors all aspects of the coronavirus situation and the associated risks. All decisions that the Management Board made during the year were in line with the measures of the Government of the Republic of Croatia taken to mitigate the negative consequences of the pandemic on the economy, and followed the instructions, recommendations and decisions made by the Civil Protection Committee of the Republic of Croatia.

In accordance with the circumstances, the start of the operation of seasonal marinas was postponed by 2 months, and the marinas of Rab, Žut, Piškera and Palmižana were open in mid-June 2020 instead of early April as usual.

In 2020, the number of realised boat days on daily berths was reduced by 41 thousand boat days, or by 40% compared to previous years, and there was a decrease in realised boat days in all three types of berths (annual, monthly and daily berths) totalling 73 thousand boat days.

The charging of the charter fee on the price of the annual berth for charter vessels was suspended (depending on the marina, the charter fee is from 15% to 20%) from 1 April 2020 until a different decision by the Management Board of the Company, which resulted in a decrease in the revenue from the annual berthing service. Until June, the Company implemented a decision to suspend collection from the majority of lessees performing secondary activities in marinas, while in September it adopted an additional measure allowing lessees with no unsettled debts to make reduced lease payments for the next 6 winter months, to be compensated at the end of that period, which resulted in a decrease in lease income in the amount of HRK 4.1 million compared to last year.

Operating income decreased by HRK 53 million, or 23%, to HRK 179.8 million in 2020, compared to HRK 232.8 million in 2019, primarily due to a decrease in revenue from the daily berthing service (HRK 32.2 million, or 49%) and on the grounds of the benefits provided to key business partners in order to preserve partnerships with them, and to annual berth holders and lessees of commercial premises in order to jointly ensure successful business in the future.

Aware of possible risks, the Company reorganised its business in order to reduce the negative impact of COVID-19 on the Company's operations. In view of the successful operating results so far, the Company currently has satisfactory financial means, cash and cash equivalents, and has responded in a timely manner to the outflow regarding capital investments and other business activities that the Company has judged not necessary at this time.

## 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 2020 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 financial statements have been prepared using the accrual basis of accounting, where the effects of transactions are recognised when they are earned/incurred and are recorded in the financial statements for the period to which they relate, applying the basic going concern assumption.

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

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

#### 2.2.1 Adoption of new and revised International Financial Reporting Standards (IFRS)

a) *Standards and interpretations issued by the International Accounting Standards Board (IASB) effective in the current period*

The following modified standards came into effect on 1 January 2020, but had no material impact on the Company:

- ◆ Amendments to References to the Conceptual Framework in IFRS Standards (EU Regulation 2019/2075);
  - ◆ Amendments to IAS 1 and IAS 8: Definition of Material (EU Regulation 2019/2104);
  - ◆ Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (EU Regulation 2020/34);
  - ◆ Amendments to IFRS 3: Business Combinations (EU Regulation 2020/551);
  - ◆ Amendment to IFRS 16: Covid-19-Related Rent Concessions (EU Regulation 2020/1434). These amendments allow lessees to elect (it is allowed, not required) not to assess whether a COVID-19 related rent concession is a lease modification. Subjects applying this amendment, available from 1 June 2020, would account for the change as if the change were not a lease modification. The Company did not apply the exemption stipulated in the amendments to IFRS 16.
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The adoption of these Standards did not cause significant impact on the amounts recognised in the balance sheet or profit or loss account.

## 2.2.1 Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

*b) Standards and interpretations issued by the International Accounting Standards Board (IASB) that have not yet entered into force and have not previously been adopted by the Company*

Standards, amendments to existing standards and interpretations which have been issued, but have not yet entered into force by the day of the publication of the financial reports are listed below. The Company intends to adopt these standards, if applicable, when they enter into force.

As at 31 December 2020, the European Commission approved the following changes to the reporting-applicable accounting principles, which entered into force on 1 January 2021 or thereafter:

- ◆ Amendments to IFRS 4: Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 (EU Regulation 2020/2097)
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- ◆ Amendments to IFRS 9, IFRS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform—Phase 2 (August 2020.)
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As at 31 December 2020, IASB issued the following standards, amendments, interpretations or revisions, whose application is subject to completion of the endorsement process by the competent bodies of the European Commission, which is still ongoing:

- ◆ IFRS 17 Insurance contracts (May 2017) including amendments to IFRS 17: Insurance contracts (June 2020);
- 
- ◆ Amendments to IAS 1: Presentation of financial statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date (January 2020 and 15 July 2020 respectively);
- 
- ◆ Amendments to IFRS 3: Business combinations (May 2020);
- 
- ◆ Amendments to IAS 16: Property, Plant and Equipment (May 2020);
- 
- ◆ Amendments to IAS 37: Provisions, contingent liabilities and contingent assets (May 2020);
- 
- ◆ Amendments to Annual Improvements 2018-2020 (May 2020).
- 

These standards, are not expected to significantly affect the Company's financial statements.

## 2.3 Foreign currencies

### 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) Transactions 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 2020 was EUR 7.536898 (EUR 7.442580 as at 31 December 2019).

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	2020	2019
Investments in software	3 to 5 years	3 to 5 years

### i) impact of adopting IFRS 16 shown in Note 2.5 Right-of-use assets

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	2020
Office buildings	6 years
Concessions	8 to 12 years
Cars	2 to 3 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.

After the initial recognition of assets, an individual item of property, plant and equipment is accounted for at cost less the accumulated depreciation and accumulated impairment losses if any.

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	2020	2019
Buildings	7 to 40 years	8 to 40 years
Plant and equipment	2 to 32 years	2 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 2020 is from 7 to 40 years (2019: 8 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
<i>Assets</i>	
<b>Non-current assets</b>	
Financial assets (Deposits)	Hold to collect / Amortised cost
<b>Current assets</b>	
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)

The business model reflects the way in which the Company manages assets to achieve cash 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 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)

Investment in shares as financial assets whose change in fair value is recognised in the 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 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.

## 2.12 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.



## 2.13 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.

## 2.14 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.

## 2.15 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.

## 2.16 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.

### *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.

## 2.16 Employee benefits (continued )

### c) Long-term employees' 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 employees' 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.

## 2.17 Long-term provisions for risks 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.

## 2.18 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.

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.

## 2.18 Revenue recognition (continued)

### 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 the 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.

## 2.19 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.

## 2.20 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.

## 2.21 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.

<i>(In thousands of HRK)</i>	Weighted average effective interest rate%	Up to 1 mth	From 1 to 3 mths	From 3, mths to 1 yr,	Total
<b>31 December 2020</b>					
<b>Interest - free</b>					
Cash and cash equivalents	-	78,978	-	-	<b>78,978</b>
Trade receivables	-	7,067	-	-	<b>7,067</b>
Contract assets	-	-	-	14,621	<b>14,621</b>
Other receivables	-	761	3,549	2,795	<b>7,105</b>
	-	<b>86,806</b>	<b>3,549</b>	<b>17,416</b>	<b>107,771</b>
<b>Fixed interest rate instruments</b>					
Deposits	0,38%	-	-	62,858	<b>62,858</b>
		<b>86,806</b>	<b>3,549</b>	<b>80,274</b>	<b>170,629</b>

<i>(In thousands of HRK)</i>	Weighted average effective interest rate%	Up to 1 mth	From 1 to 3 mths	From 3, mths to 1 yr,	Total
<b>31 December 2019</b>					
<b>Interest - free</b>					
Cash and cash equivalents	-	83,431	-	-	<b>83,431</b>
Trade receivables	-	3,358	-	-	<b>3,358</b>
Contract assets	-	-	-	8,208	<b>8,208</b>
Other receivables	-	555	5,737	3,888	<b>10,180</b>
	-	<b>87,344</b>	<b>5,737</b>	<b>12,096</b>	<b>105,177</b>
<b>Fixed interest rate instruments</b>					
Deposits	0,71%	-	-	87,119	<b>87,119</b>
		<b>87,344</b>	<b>5,737</b>	<b>99,215</b>	<b>192,296</b>

## NOTE 3 RISK MANAGEMENT (CONTINUED)

## a) Liquidity risk (continued)

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.

<i>(In thousands of HRK)</i>	Weighted average effective interest rate%	Up to 1 mth	From 1 to 3 mths	From 3 mths to 1 yr.	From 1 yr.	Total
<b>31 December 2020</b>						
<b>Interest - free</b>						
Trade payables	-	3,439	-	3,174	-	<b>6,613</b>
Contract liabilities	-	-	-	11,413	-	<b>11,413</b>
Other liabilities	-	2,943	7,692	2,782	3,146	<b>16,563</b>
	-	<b>6,382</b>	<b>7,692</b>	<b>17,369</b>	<b>3,146</b>	<b>34,589</b>
Loan liabilities	-	-	2,989	8,033	69,617	<b>80,639</b>
Lease liabilities	-	151	2,291	1,366	18,091	<b>21,899</b>
		<b>6,533</b>	<b>12,972</b>	<b>26,767</b>	<b>90,854</b>	<b>137,127</b>

<i>(In thousands of HRK)</i>	Weighted average effective interest rate%	Up to 1 mth	From 1 to 3 mths	From 3 mths to 1 yr.	From 1 yr.	Total
<b>31 December 2019</b>						
<b>Interest - free</b>						
Trade payables	-	12,383	-	983	-	<b>13,366</b>
Contract liabilities	-	-	-	6,296	-	<b>6,296</b>
Other liabilities	-	2,653	8,711	7,723	3,078	<b>22,165</b>
	-	<b>15,036</b>	<b>8,711</b>	<b>15,002</b>	<b>3,078</b>	<b>41,827</b>
Loan liabilities	-	-	2,993	7,932	79,322	<b>90,247</b>
Lease liabilities	-	157	2,184	1,353	9,658	<b>23,352</b>
		<b>15,193</b>	<b>13,888</b>	<b>24,287</b>	<b>102,058</b>	<b>155,426</b>

**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:

<b>Debt</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Long - term loans	69,617	79,322
Current portion of long-term liabilities	11,022	10,925
Cash and cash equivalents	78,978	83,431
Net debt	1,661	6,816
Principal	486,509	505,419
<b>Debt - to - principal ratio</b>	<b>0,3%</b>	<b>1,3%</b>

**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 2020, if the EUR exchange rate were to rise/decrease by 1.00% compared to HRK (2019 1.00%), assuming that all other indicators remained unchanged, profit before tax for the reporting period would be HRK 37 thousand (In 2019, HRK 127 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;

**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 495 thousand.



## **NOTE 3 RISK MANAGEMENT (CONTINUED)**

### **e) Fair value of financial instruments**

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:

Level 1 Observable Indicators – fair value indicators are derived from (unadjusted) prices quoted in active markets for identical assets and identical liabilities

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

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 13,821 thousand (2019: HRK 10,691 thousand) 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

<i>(In thousands of HRK)</i>	Total revenue		Non-current tangible and intangible assets	
	2020	2019	2020	2019
Umag	9,263	10,742	9,107	11,590
Rovinj	7,047	18,555	148,950	164,652
Pula	5,100	6,485	9,045	9,056
Pomer	8,033	8,358	29,180	32,097
Opatija	13,489	14,078	15,120	18,421
Cres	12,993	13,820	28,015	31,838
S. Draga	5,140	5,770	6,602	7,626
Rab	2,167	3,313	2,135	2,707
Šimuni	5,170	5,333	6,237	6,977
Žut	1,983	3,055	7,171	4,159
Piškera	1,938	3,140	6,518	7,669
Jezera	7,500	8,678	9,858	10,932
Vodice	11,915	14,332	7,767	8,370
Skradin	7,542	9,111	9,593	9,007
Trogir	8,406	11,296	3,617	4,571
Split	20,217	25,793	43,544	35,762
Milna	6,444	7,339	10,770	10,779
Vrboska	2,902	3,918	4,769	4,889
Palmižana	5,053	11,477	5,576	5,890
Korčula	5,057	8,235	18,928	17,101
Dubrovnik	22,455	29,872	34,145	34,815
Veljko Barbieri (Slano)	5,767	7,066	44,474	51,201
ACI Sail	1,971	1,128	8,240	13,790
General administrative and technical services	7,980	6,515	23,020	10,014
	<b>185,532</b>	<b>237,409</b>	<b>492,381</b>	<b>513,914</b>

**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.

<i>(In thousands of HRK)</i>	<b>Total revenue</b>		<b>Non-current tangible and intangible assets</b>	
	<b>2020</b>	<b>2019</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Domestic market	82,858	106,950	492,381	513,914
Foreign market	102,674	130,459	-	-
	<b>185,532</b>	<b>237,409</b>	<b>492,381</b>	<b>513,914</b>

**Information on major customers**

The total net claims against customers as at 31 December 2020 amounted to HRK 7,067 thousand (as at 31 December 2019, HRK 3,358 thousand). 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 2020.

**NOTE 6 SALES REVENUE**

<i>(In thousands of HRK)</i>	<b>2020</b>	<b>2019</b>
Annual berthing service	102,559	104,168
Monthly berthing service	9,635	11,533
Daily berthing service	33,838	66,020
Other boating services	8,399	10,902
Rental income	13,351	17,507
ACI Sail	1,971	1,128
	<b>169,753</b>	<b>211,258</b>

**NOTE 7 OTHER OPERATING REVENUE**

<i>(In thousands of HRK)</i>	<b>2020</b>	<b>2019</b>
Revenue from previous years	3,253	-
Revenue from re-invoiced overhead costs	2,770	3,630
Advertising revenue	947	1,991
Proceeds from disposal of equipment, and revenue from sale of non-current assets	643	10
Collection of accounts receivable previously adjusted (Note 20)	522	1,550
Income from contract penalties i)	348	11,652
Income from damages compensations	149	237
Income from provisions for lawsuits reversed	49	115
Other revenue	1,318	2,338
	<b>9,999</b>	<b>21,523</b>

- i) In 2019, the Company generated revenue from penalty rates following business partners' breach of contract, namely HRK 10,582 thousand under the contract for the reconstruction of Marina Rovinj and HRK 987 thousand under the contract for the delivery of a vessel.

**NOTE 8 COST OF MATERIALS AND SERVICES**

<i>(In thousands of HRK)</i>	<b>2020</b>	<b>2019</b>
Maintenance and security services	10,813	10,840
Cost of material and services	9,516	11,649
Utilities	6,716	8,488
Mail, transport and communications services	3,507	3,348
Promotional services, sponsorships and boat show costs	3,467	6,656
Intellectual and personal services	2,812	3,734
Lease services	287	454
Berth brokers costs	203	609
Cost of goods sold	147	221
Other external service costs	1,670	2,495
	<b>39,138</b>	<b>48,494</b>

**NOTE 9 PERSONNEL COSTS**

<i>(In thousands of HRK)</i>	<b>2020</b>	<b>2019</b>
Gross wages	50,075	52,744
Severance pays	333	2,198
Other benefits	3,759	5,723
	<b>54,167</b>	<b>60,665</b>

In 2020 the Company employed 346 employees on average (2019: 369).

- i) Pension contributions calculated by the Company to pay into mandatory pension funds for the year ended 31 December 2020 amount to HRK 9,667 thousand (2019: HRK 10,034 thousand).
- ii) Other employee benefits include transportation costs, training, untaken annual leave liability and occasional bonuses.

**NOTE 10 DEPRECIATION, AMORTIZATION AND VALUE IMPAIRMENT**

<i>(In thousands of HRK)</i>	<b>2020</b>	<b>2019</b>
Depreciation of property, plant and equipment	55,119	51,845
Property investment depreciation	9,286	8,980
Right-of-use depreciation	3,291	2,534
Amortisation of intangible assets	526	630
Impairment of non-current assets	-	196
	<b>68,222</b>	<b>64,185</b>

A detailed explanation of the depreciation and amortization cost and value impairment of non-current assets is given in notes 15, 16, 17 and 18.



**NOTE 11 OTHER OPERATING EXPENSES**

<i>(In thousands of HRK)</i>	<b>2020</b>	<b>2019</b>
Maritime domain – concessions i)	4,628	5,782
Value adjustment and trade receivables (Note 20)	1,888	1,406
Insurance costs	1,901	2,590
Unamortised value of disposal/sold assets	1,087	1,297
Subsequently identified operating costs	854	1,265
Contributions, membership fees and similar duties	799	1,009
Bank fees and payment transactions costs	430	756
Representation costs	347	867
Indemnity expense	316	116
Reimbursement to members of the Management Board Supervisory Board and Audit Committee	258	353
Per diem and travel expenses	273	376
Provisions for fees and risks	585	10
Other operating expenses ii)	2,724	3,950
	<b>16,090</b>	<b>19,777</b>

- 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 16, the costs of the variable part of the concession fee are stated in addition to other leases not covered by IFRS 16.
- ii) In 2020 and 2019, the Company donated HRK 2 million to the Municipality of Dubrovačko Primorje in order to fund the construction of a road leading to the Veljko Barbieri Marina in Slano.

**NOTE 12 NET FINANCIAL EXPENSES***(In thousands of HRK)*

	<b>2020</b>	<b>2019</b>
<b>Financial income</b>		
Interest income	408	1,082
Dividend income	-	18
Exchange rate gains	5,372	3,528
	<b>5,780</b>	<b>4,628</b>
<b>Financial expenses</b>		
Cost of interest on loans	(1,330)	(1,692)
Exchange rate losses	(5,686)	(3,179)
Interest expense on lease liabilities	(349)	(228)
Unrealized losses on financial assets	(12)	-
	<b>(7,377)</b>	<b>(5,099)</b>
	<b>(1,597)</b>	<b>(471)</b>

**NOTE 13 INCOME TAX**

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

*(In thousands of HRK)*

	<b>2020</b>	<b>2019</b>
<b>Income tax recognised in the statement of comprehensive income</b>		
Current tax	361	7,297
Impact of temporarily non-deductible provisions	(43)	37
	<b>319</b>	<b>7,334</b>
<i>(In thousands of HRK)</i>	<b>2020</b>	<b>2019</b>
<b>Reducing the accounting profit to the income tax of the current year</b>		
Pre-tax profit	517	39,176
Impact of non-taxable income	(209)	(708)
Impact of non-deductible expenses	1,700	2,072
<b>Tax base (profit after increase/decrease)</b>	<b>2,008</b>	<b>40,540</b>
Income tax	(361)	(7,297)
Impact of temporarily non-deductible provisions	43	(37)
<b>Income tax recognised in the Statement of Comprehensive Income</b>	<b>(319)</b>	<b>(7,334)</b>

**NOTE 13 INCOME TAX (CONTINUED)**

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 14 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.

The following are the data on profit and shares used to calculate basic earnings per share:

	<b>2020</b>	<b>2019</b>
Net profit (in thousands of HRK)	198	31,842
Number of ordinary shares	111,060	111,060
Basic earnings per share (in HRK)	1,78	286,71

## NOTE 15 PROPERTY, PLANT AND EQUIPMENT

<i>(In thousands of HRK)</i>	Land	Buildings	Plants and equipment	Tools, machinery, vehicles	Other tangible assets	Tangible assets under construction	Advances for tangible assets	Total
<b>Acquisition Cost</b>								
Balance as at 1 January 2020	21,833	758,691	142,791	93,416	2,909	24,079	4,227	<b>1,047,946</b>
Additions	-	-	-	-	-	37,331	-	<b>37,331</b>
Reclassification	-	363	-	-	-	-	-	<b>363</b>
Activations	1,080	13,609	10,208	22,459	1	(47,357)	-	<b>-</b>
Disposals	-	(4,816)	(3,799)	(6,157)	-	-	(1,624)	<b>(16,396)</b>
<b>Balance as at 31 December 2020</b>	<b>22,913</b>	<b>767,847</b>	<b>149,200</b>	<b>109,718</b>	<b>2,910</b>	<b>14,053</b>	<b>2,603</b>	<b>1,069,244</b>
<b>Accumulated depreciation</b>								
Balance as at 1 January 2020	-	456,896	95,839	71,988	1,139	-	-	<b>625,862</b>
Depreciation	-	37,758	10,492	6,566	303	-	-	<b>55,119</b>
Reclassification	-	220	-	-	-	-	-	<b>220</b>
Disposals	-	(4,041)	(3,694)	(6,013)	-	-	-	<b>(13,748)</b>
<b>Balance as at 31 December 2020</b>	<b>-</b>	<b>490,833</b>	<b>102,637</b>	<b>72,541</b>	<b>1,442</b>	<b>-</b>	<b>-</b>	<b>667,453</b>
<b>Net book value</b>								
<b>Balance as at 1 January 2020</b>	<b>21,833</b>	<b>301,796</b>	<b>46,952</b>	<b>20,289</b>	<b>2,909</b>	<b>24,079</b>	<b>4,227</b>	<b>422,085</b>
<b>Balance as at 31 December 2020</b>	<b>22,913</b>	<b>277,014</b>	<b>46,563</b>	<b>37,177</b>	<b>1,468</b>	<b>14,053</b>	<b>2,603</b>	<b>401,791</b>

## NOTE 15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<i>(In thousands of HRK)</i>	Land	Buildings	Plants and equipment	Tools, machinery, vehicles	Other tangible assets	Tangible assets under construction	Advances for tangible assets	Total
<b>Acquisition Cost</b>								
Balance as at 1 January 2019	21,833	618,132	129,458	85,449	1,434	153,687	794	<b>1,010,787</b>
Additions	-	-	-	-	-	38,270	3,433	<b>41,703</b>
Reclassification	-	-	-	-	-	3,477	-	<b>3,477</b>
Activations	-	144,022	16,459	9,112	1,475	(171,068)	-	<b>-</b>
Impairment	-	-	-	-	-	(94)	-	<b>(94)</b>
Disposals	-	(3,463)	(3,126)	(1,145)	-	(193)	-	<b>(7,927)</b>
<b>Balance as at 31 December 2019</b>	<b>21,833</b>	<b>758,691</b>	<b>142,791</b>	<b>93,416</b>	<b>2,909</b>	<b>24,079</b>	<b>4,227</b>	<b>1,047,946</b>
<b>Accumulated depreciation</b>								
Balance as at 1 January 2019	-	420,165	88,232	69,072	-	-	-	<b>577,469</b>
Depreciation	-	36,149	10,563	5,134	-	-	-	<b>51,846</b>
Reclassification	-	2,894	55	(55)	-	-	-	<b>2,894</b>
Disposals	-	(2,313)	(3,011)	(1,024)	-	-	-	<b>(6,348)</b>
<b>Balance as at 31 December 2019</b>	<b>-</b>	<b>456,895</b>	<b>95,839</b>	<b>73,127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>625,861</b>
<b>Net book value</b>								
<b>Balance as at 1 January 2019</b>	<b>21,833</b>	<b>197,967</b>	<b>41,226</b>	<b>16,377</b>	<b>1,434</b>	<b>153,687</b>	<b>794</b>	<b>433,318</b>
<b>Balance as at 31 December 2019</b>	<b>21,833</b>	<b>301,796</b>	<b>46,952</b>	<b>20,289</b>	<b>2,909</b>	<b>24,079</b>	<b>4,227</b>	<b>422,085</b>

## NOTE 16 RIGHT-OF-USE ASSETS

*(In thousands of HRK)*

	Concessions	Vehicles	Office building	Total
<b>Balance as at 1 January 2020</b>	17,199	2,854	3,104	<b>23,157</b>
Additions	1,862	-	-	<b>1,862</b>
Impact of changes in the lease agreement	-	(124)	-	<b>(124)</b>
Depreciation	(1,767)	(735)	(789)	<b>(3,291)</b>
<b>Balance as at 31 December 2020</b>	<b>17,294</b>	<b>1,995</b>	<b>2,315</b>	<b>21,604</b>

**Liabilities under lease agreements***(In thousands of HRK)*

	Concessions	Vehicles	Office building	Total
<b>Balance as at 1 January 2020</b>	17,291	2,936	3,125	<b>23,352</b>
Additions	1,862	68	-	<b>1,930</b>
Interest cost	193	114	41	<b>348</b>
Impact of changes in the lease agreement	(166)	-	(122)	<b>(288)</b>
Payment under lease agreements	(1,940)	(811)	(692)	<b>(3,443)</b>
<b>Balance as at 31 December 2020</b>	<b>17,240</b>	<b>2,307</b>	<b>2,352</b>	<b>21,899</b>

*(In thousands of HRK)*

<b>Balance as at 31 December 2020</b>	<b>to 3 months</b>	<b>from 3 to 12 months</b>	<b>from 1 to 2 months</b>	<b>from 2 to 5 years</b>	<b>over 5 years</b>
Liabilities under lease agreements - concessions	1,889	-	1,841	5,611	7,899
Liabilities under lease agreements - business offices	198	648	1,506	-	-
Liabilities under lease agreements - vehicles	355	718	1,234	-	-
	<b>2,442</b>	<b>1,366</b>	<b>4,581</b>	<b>5,611</b>	<b>7,899</b>

**NOTE 16 RIGHT-OF-USE ASSETS (CONTINUED)****Short-term leases and low-value leases**

<i>(In thousands of HRK)</i>	<b>2020</b>	<b>2019</b>
Short-term leases	60	109
Low-value leases	90	70
Costs of the variable part of the concession	4,628	5,781
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 8 under Lease costs, while the costs of the variable part of the concession fee are stated in Note 11 under Maritime domain - concessions.



## NOTE 17 INVESTMENT PROPERTY

*(In thousands of HRK)*

	Investment property	Investment property under construction	Advances for investment property	Total
<b>Acquisition cost</b>				
Balance as at 1 January 2020	227,580	95	-	<b>227,675</b>
Additions	-	9,655	151	<b>9,806</b>
Reclassification	(363)	-	-	<b>(363)</b>
Activation	9,655	(9,655)	-	<b>-</b>
Disposals	(161)	-	-	<b>(161)</b>
<b>Balance as at 31 December 2020</b>	<b>236,711</b>	<b>95</b>	<b>151</b>	<b>236,957</b>
<b>Accumulated depreciation</b>				
Balance as at 1 January 2020	160,438	-	-	<b>160,438</b>
Depreciation	9,286	-	-	<b>9,286</b>
Reclassification	(220)	-	-	<b>(220)</b>
Disposals	(99)	-	-	<b>(99)</b>
<b>Balance as at 31 December 2020</b>	<b>169,405</b>	<b>-</b>	<b>-</b>	<b>169,405</b>
<b>Net book value</b>				
<b>Balance as at 1 January 2020</b>	<b>67,142</b>	<b>95</b>	<b>-</b>	<b>67,237</b>
<b>Balance as at 31 December 2020</b>	<b>67,306</b>	<b>95</b>	<b>151</b>	<b>67,552</b>

*(In thousands of HRK)*

	Investment property	Investment property under construction	Advances for investment property	Total
<b>Acquisition cost</b>				
Balance as at 1 January 2019	210,222	9,981	-	<b>220,203</b>
Additions	-	11,105	-	<b>11,105</b>
Activation	17,358	(17,358)	-	<b>-</b>
Disposals	-	(54)	-	<b>(54)</b>
Impairment	-	(102)	-	<b>(102)</b>
Reclassification	-	(3,477)	-	<b>(3,477)</b>
<b>Balance as at 31 December 2019</b>	<b>227,580</b>	<b>95</b>	<b>-</b>	<b>227,675</b>
<b>Accumulated depreciation</b>				
Balance as at 1 January 2019	154,353	-	-	<b>154,353</b>
Depreciation	8,979	-	-	<b>8,979</b>
Reclassification	-	-	-	<b>-</b>
Disposals	(2,894)	-	-	<b>(2,894)</b>
<b>Balance as at 31 December 2019</b>	<b>160,438</b>	<b>-</b>	<b>-</b>	<b>160,438</b>
<b>Net book value</b>				
<b>Balance as at 31 January 2019</b>	<b>55,869</b>	<b>9,981</b>	<b>-</b>	<b>65,850</b>
<b>Balance as at 31 December 2019</b>	<b>67,142</b>	<b>95</b>	<b>-</b>	<b>67,237</b>

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 2020. The value of discounted cash receipts from the revenue of secondary activities amounts to HRK 194 million. The discount rate used for future cash flows was 6.82%.

## NOTE 18 INTANGIBLE ASSETS

*(In thousands of HRK)*

	Software	Concessions	Intangible assets under construction	Advances for intangible assets	Total
<b>Acquisition cost</b>					
Balance as at 1 January 2020	10,668	-	382	-	11,050
Additions	-	-	526	-	526
Activation	156	-	(156)	-	-
Disposals	(39)	-	-	-	(39)
<b>Balance as at 31 December 2020</b>	<b>10,785</b>	<b>-</b>	<b>752</b>	<b>-</b>	<b>11,537</b>
<b>Accumulated depreciation</b>					
Balance as at 1 January 2020	9,615	-	-	-	9,615
Amortisation	526	-	-	-	526
Impairment	(39)	-	-	-	(39)
<b>Balance as at 31 December 2020</b>	<b>10,102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,102</b>
<b>Net book value</b>					
<b>Balance as at 1 January 2020</b>	<b>1,053</b>	<b>-</b>	<b>382</b>	<b>-</b>	<b>1,435</b>
<b>Balance as at 31 December 2020</b>	<b>683</b>	<b>-</b>	<b>752</b>	<b>-</b>	<b>1,435</b>
<b>Acquisition cost</b>					
Balance as at 1 January 2019	10,387	33,936	324	229	44,876
Additions	-	-	339	-	339
Activation	281	-	(281)	-	-
Reclassification based on IFRS 16	-	(33,493)	-	-	(33,493)
Disposals	-	(443)	-	(229)	(672)
<b>Balance as at 31 December 2019</b>	<b>10,668</b>	<b>-</b>	<b>382</b>	<b>0</b>	<b>11,050</b>
<b>Accumulated depreciation</b>					
Balance as at 1 January 2019	8,985	14,258	-	-	23,243
Reclassification based on IFRS 16	630	-	-	-	630
Disposals	-	(14,258)	-	-	(14,258)
Reclassification	-	-	-	-	-
<b>Balance as at 31 December 2019</b>	<b>9,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,615</b>
<b>Net book value</b>					
<b>Balance as at 1 January 2019</b>	<b>1,402</b>	<b>19,678</b>	<b>324</b>	<b>229</b>	<b>21,633</b>
<b>Balance as at 31 December 2019</b>	<b>1,053</b>	<b>-</b>	<b>382</b>	<b>-</b>	<b>1,435</b>

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

**NOTE 19 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 2020. 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:

**2020**

*(In thousands of HRK)*

	<b>Initial balance</b>	<b>Recognition of deferred tax assets in the Statement of Financial Position</b>	<b>Recognised in the Statement of Comprehensive Income</b>	<b>Closing balance</b>
Provisions for Years-of-Service awards and severance pays	378	-	-	378
Provisions for interest on lawsuits and decisions of government bodies	37	(19)	-	18
Provisions for employee benefits and bonuses	242	-	-	242
Correction of values of assets for sale	12	-	-	12
Amortisation based on lease agreement	21	61		83
<b>Impact of temporarily non-deductible provisions</b>	<b>690</b>	<b>43</b>	<b>-</b>	<b>733</b>

## NOTE 19 DEFERRED TAX ASSETS (CONTINUED)

2019

*(In thousands of HRK)*

	Initial balance	Recognition of deferred tax assets in the Statement of Financial Position	Recognised in the Statement of Comprehensive Income	Closing balance
Temporary differences:				
Provisions for Years-of-Service awards and severance pays	369	9	-	378
Provisions for interest on lawsuits and decisions of government bodies	35	2	-	37
Provisions for employee benefits and bonuses	248	(6)	-	242
Correction of values of assets for sale	73	(63)	-	12
Amortisation based on lease agreement	-	21		21
<b>Impact of temporarily non-deductible provisions</b>	<b>727</b>	<b>(37)</b>	<b>-</b>	<b>690</b>

**NOTE 20 TRADE RECEIVABLES**

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Domestic trade receivables	11,563	7,579
Foreign trade receivables	2,130	2,053
Impairment on receivables from customers	(6,626)	(6,274)
Net trade receivables	<b>7,067</b>	<b>3,358</b>

Changes to trade receivables impairment provisions are as follows:

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Balance at the beginning of the year	6,274	7,754
Value adjustment during the year (Note 11)	1,888	1,406
Collection of accounts receivable previously adjusted (Note 7)	(522)	(1,550)
Write-off of accounts receivable previously adjusted	(1,014)	(1,336)
	<b>6,626</b>	<b>6,274</b>

As at 31 December 2020, trade receivables in the amount of HRK 6,599 thousand (2019: HRK 3,019 thousand) were due, but were not impaired.

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Up to 3 months	4,360	2,582
From 3 months to 1 year	2,239	437
	<b>6,599</b>	<b>3,019</b>

The book value of trade receivables is denominated in the following currencies:

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
EUR	249	231
HRK	6,818	3,127
	<b>7,067</b>	<b>3,358</b>

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

**NOTE 21 CONTRACT ASSETS**

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

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Domestic market	9,179	4,007
Foreign market	5,442	4,201
	<b>14,621</b>	<b>8,208</b>

The management expects that contract assets obtained by active contracts as at 31 December 2020 will be invoiced and charged during the next reporting period.

**NOTE 22 OTHER RECEIVABLES**

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Prepaid expenses	1,322	1,544
Government receivables (VAT)	382	5,737
Advances to suppliers	160	559
Accrued revenue not due yet	159	668
Employee receivables	94	95
Credit card receivables	60	(4)
Other receivables	1,285	1,475
	<b>3,462</b>	<b>10,074</b>

**NOTE 23 DEPOSITS**

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Term deposit - HRK	10,000	20,000
Term deposit - EUR	52,759	66,982
Deposits for other business activities	99	137
	<b>62,858</b>	<b>87,119</b>

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 24 CASH AND CASH EQUIVALENTS**

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Home currency accounts	46,980	47,337
Foreign currency accounts	31,929	35,910
Cash on hand	69	184
	<b>78,978</b>	<b>83,431</b>

Funds in accounts are denominated in the following currencies:

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
HRK	47,006	47,507
EUR	30,907	35,145
USD	873	665
Other currencies	192	114
	<b>78,978</b>	<b>83,431</b>



## NOTE 25 ISSUED SHARE CAPITAL

The total number of shareholders as at 31 December 2020 was 691 (31 December 2019: 697).

The share capital for 2020 and 2019 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 2020 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
ADDIKO 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
CROATIAN HEALTH INSURANCE FUND (Shareholder proxy is the Ministry of Physical Planning, Construction and State Assets)	362	1,303,200	0.33
LUŽAIĆ ŽELJKO	296	1,065,600	0.27
OTP Bank d.d. (AZ Mandatory Pension Fund – A category)	215	774,000	0.19
MINORITY SHAREHOLDERS	7,101	25,563,600	6.39
<b>Total</b>	<b>111,060</b>	<b>399,816,000</b>	<b>100.00</b>

## NOTE 25 ISSUED SHARE CAPITAL (CONTINUED)

The ownership structure of the Company as at 31 December 2019 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)	9,138	32,896,800	8.23
ADDIKO BANK d.d. (PBZ CO OMF – B category)	3,345	12,042,000	3.01
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
CROATIAN HEALTH INSURANCE FUND (Shareholder proxy is the Ministry of Physical Planning, Construction and State Assets)	362	1,303,200	0.33
LUŽAIĆ ŽELJKO	296	1,065,600	0.27
OTP Bank d.d. (AZ Mandatory Pension Fund – A category)	215	774,000	0.19
MINORITY SHAREHOLDERS	7,083	25,498,800	6.38
<b>Total</b>	<b>111,060</b>	<b>399,816,000</b>	<b>100.00</b>

**NOTE 26 RESERVES AND RETAINED EARNINGS**

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Legal reserves	19,991	19,991
Retained earnings	66,505	53,769
Net profit for the year	198	31,842
	<b>86,694</b>	<b>105,602</b>

**NOTE 27 LOAN LIABILITIES**

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Loan liabilities	69,617	79,322
Current maturities of loan liabilities	11,022	10,925
	<b>80,639</b>	<b>90,247</b>

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.

Maturity of long-term liabilities:

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Between 1 and 2 years	10,710	21,153
Between 2 and 5 years	32,131	31,729
Over 5 years	26,776	26,441
	<b>69,617</b>	<b>79,322</b>

## NOTE 28 PROVISIONS

Below is the balance of the total provisions by structure, including the long-term part and the short-term part:

<i>(In thousands of HRK)</i>	<b>Years-of-Service awards</b>	<b>Unused annual leave</b>	<b>Severance pay</b>	<b>Provisions for lawsuits</b>	<b>Total</b>
<b>Balance as at 31 December 2018</b>	<b>956</b>	<b>2,201</b>	<b>943</b>	<b>2,279</b>	<b>6,379</b>
Provisions	141	2,040	3,276	10	5,467
Utilised	-	(2,085)	(3,442)	(441)	(5,968)
Reversed	(89)	(114)	-	-	(203)
<b>Balance as at 31 December 2019</b>	<b>1,008</b>	<b>2,042</b>	<b>777</b>	<b>1,848</b>	<b>5,675</b>
Provisions	166	512	218	562	1,458
Utilised	(141)	(1,959)	(321)	(562)	(2,983)
Reversed	(45)	-	-	-	(45)
<b>Balance as at 31 December 2020</b>	<b>988</b>	<b>595</b>	<b>674</b>	<b>1,848</b>	<b>4,105</b>
Long-term part	822	-	498	1,515	2,835
Short-term part	166	595	176	333	1,270

As at 31 December 2020, the Company made a calculation of long-term provisions for Years-of-Service awards and severance pays using a discount rate of 1.06%, a fluctuation rate of 4.6% and the assumption that the regular retirement age was 64,6 for women and 65 for men (2019: assumptions used included a discount rate of 1.75%, a fluctuation rate of 4.6%, and the assumption that the regular retirement age for both women and men is at 65).

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 29 OTHER LONG-TERM LIABILITIES

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Deposit liabilities	485	218
	<b>485</b>	<b>218</b>

**NOTE 30 CONTRACT LIABILITIES**

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Domestic market	7,208	3,039
Foreign market	4,205	3,257
	<b>11,413</b>	<b>6,296</b>

**NOTE 31 TRADE PAYABLES**

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Domestic trade payables	6,587	13,015
Foreign trade payables	26	350
	<b>6,613</b>	<b>13,365</b>

**NOTE 32 DEFERRED REVENUE**

<i>(In thousands of HRK)</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Deferred revenue from annual berthing services	40,378	46,394
Other deferred revenue	291	340
	<b>40,669</b>	<b>46,734</b>

Deferred revenue from annual berthing services relate to berthing services paid in advance.

**NOTE 33 OTHER SHORT-TERM LIABILITIES***(In thousands of HRK)*

	<b>31 December 2020</b>	<b>31 December 2019</b>
Liabilities for other taxes and contributions and other duties	5,788	8,711
Employee related liabilities	2,769	2,653
Concessions for maritime domain – variable fee	1,904	2,441
Other operating costs calculated	613	484
Liabilities due to shares in results	537	482
Liabilities for advances received	289	-
Other short-term liabilities	72	40
Accrued insurance expenses	-	338
	<b>11,972</b>	<b>15,149</b>

**NOTE 34 COMMITMENTS**

At the 31 December 2020, the purchase of non-current tangible assets in the amount of HRK 28,231 thousand (2019: HRK 25,527 thousand) was contracted, but not yet realised and is therefore not shown on the balance sheet as at 31 December 2020.

## NOTE 35 RELATED PARTY TRANSACTIONS

Companies controlled by Republic of Croatia that had significant transactions with the Company u 2020 are: Jadrolinija d.d., Hrvatska elektroprivreda d.d., Zagreb, INA - industrija nafte d.d., Zagreb, Državne nekretnine d.o.o., Zagreb, Narodne novine d.d., Zagreb, Plovput d.o.o., Split, HP - Hrvatska pošta d.d., Zagreb, Croatia Airlines d.d., Zagreb, Hrvatske vode, Zagreb.

(In thousands of HRK)

31 December 2020

31 December 2019

### RECEIVABLES

#### Trade receivables

INA industrija nafte d.d.

127

127

99

99

### LIABILITIES

#### Trade payables

Hrvatska elektroprivreda d.d.

Državne nekretnine d.o.o.

Hrvatske vode

Hrvatska pošta d.d.

Other

654

526

57

2

18

51

709

482

57

167

-

3

(In thousands of HRK)

2020

2019

### REVENUE

#### Sales revenue

INA industrija nafte d.d.

Plovput d.o.o.

Croatia airlines d.d.

Other

1,630

1,605

25

-

30

2,605

2,564

24

17

-

### EXPENSES

#### Cost of material and services

HEP opskrba d.o.o.

HEP-operator distribucijskog sustava d.o.o.

Ina kartice d.d.

HEP elektra d.o.o.

HP - Hrvatska pošta d.d.

Other

5,436

2,851

808

688

700

1

388

8,556

4,477

1,298

1,002

1,103

166

510



**NOTE 35 RELATED PARTY TRANSACTIONS (CONTINUED)****Key management income**

<i>(In thousands of HRK)</i>	<b>2020</b>	<b>2019</b>
Salaries and other short-term incomes – Management Board	1,256	1,266
Compensations for members of Supervisory Board and Audit Committee	191	257
	<b>1,447</b>	<b>1,523</b>

Key management relates to the Management Board of the Company, and consists of 2 members (2019: 2 members).

**NOTE 36 CONTINGENT LIABILITIES**

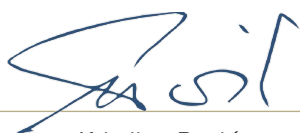
Several lawsuits are currently being filed against the Company. Based on its findings, the Company recorded in its business books the provisions of costs for potential losses under the disputes in which it is involved (Note 28 to Financial Statements).

## NOTE 37 EVENTS AFTER THE REPORTING DATE

In February 2021, the Company concluded a Joint Venture Agreement with Gitone Kvarner d.o.o., for the purpose of which the company ACI – Gitone d.o.o. was established, in which ACI has a 50% share. The Joint Venture submitted a tender for the award of the concession on the construction and commercial use of the nautical tourism port of Porto Baroš in Rijeka.

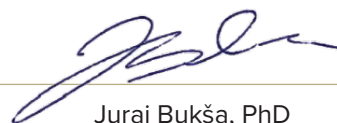
## NOTE 38 FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Management Board and authorized for issue on 23 April 2021.



Kristijan Pavić

President of the Management Board



Juraj Bukša, PhD

Member of the Management Board



# ISSUER'S GENERAL DATA

Reporting period:

1.1.2020

to

31.12.2020

Year:

2020

## Annual financial statements

Registration number (MB):

03267628

Issuer's home Member

State code:

HR

Entity's registration  
number (MBS):

040002541

Personal identification  
number (OIB):

17195049659

LEI:

7478000090X86WBQ6C10

Institution code:

1181

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

340

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:

No

(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:

Vedrana Stipić

(name and surname)

**BALANCE SHEET**  
balance as at 31.12.2020.

in HRK

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d. (ACI d.d.)			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>	0	0
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	514.603.668	493.114.069
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	24.592.172	23.038.826
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	24.209.672	22.287.326
3 Goodwill	006	0	0
4 Advance payments for purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	382.500	751.500
6 Other intangible assets	009	0	0
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	489.321.594	469.342.695
1 Land	011	21.833.378	22.913.378
2 Buildings	012	301.794.669	277.013.983
3 Plant and equipment	013	46.952.312	46.555.621
4 Tools, working inventory and transportation assets	014	21.428.585	37.185.723
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	4.225.491	2.753.598
7 Tangible assets in preparation	017	24.173.754	14.148.120
8 Other tangible assets	018	1.770.197	1.466.780
9 Investment property	019	67.143.208	67.305.492
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	0	0
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	0	0
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
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	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
<b>V. Deferred tax assets</b>	<b>036</b>	689.902	732.548
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	190.761.330	169.710.110
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	1.235.982	562.152
1 Raw materials	039	34.392	34.392
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	503.788	527.760
5 Advance payments for inventories	043	559.162	0
6 Fixed assets held for sale	044	138.640	0
7 Biological assets	045	0	0
<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	18.867.759	27.217.637
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interest	048	0	0
3 Customer receivables	049	3.358.056	7.067.354
4 Receivables from employees and members of the undertaking	050	95.141	93.760
5 Receivables from government and other institutions	051	5.736.597	4.008.024
6 Other receivables	052	9.677.965	16.048.499
<b>III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	87.225.919	62.951.824
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	105.722	94.295
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	0	0
8 Loans, deposits, etc. given	061	87.120.197	62.857.529
9 Other financial assets	062	0	0
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	83.431.670	78.978.497
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	2.212.378	1.481.599
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	707.577.376	664.305.778
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	0	0

**BALANCE SHEET**  
balance as at 31.12.2020.

in HRK

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d. (ACI d.d.)			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to 069)</b>	<b>067</b>	<b>505.417.138</b>	<b>486.509.678</b>
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	399.816.000	399.816.000
<b>II CAPITAL RESERVES</b>	<b>069</b>	0	0
<b>III RESERVES FROM PROFIT (ADP 071+072-073+074+075)</b>	<b>070</b>	<b>19.990.800</b>	<b>19.990.800</b>
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
<b>IV REVALUATION RESERVES</b>	<b>076</b>	0	0
<b>V FAIR VALUE RESERVES (ADP 078 to 080)</b>	<b>077</b>	<b>0</b>	<b>0</b>
1 Fair value of financial assets 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
<b>VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)</b>	<b>081</b>	<b>53.768.334</b>	<b>66.504.686</b>
1 Retained profit	082	53.768.334	66.504.686
2 Loss brought forward	083	0	0
<b>VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)</b>	<b>084</b>	<b>31.842.004</b>	<b>198.192</b>
1 Profit for the business year	085	31.842.004	198.192
2 Loss for the business year	086	0	0
<b>VIII MINORITY (NON-CONTROLLING) INTEREST</b>	<b>087</b>	0	0
<b>B) PROVISIONS (ADP 089 to 094)</b>	<b>088</b>	<b>2.860.185</b>	<b>2.835.417</b>
1 Provisions for pensions, termination benefits and similar obligations	089	477.717	498.265
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	1.515.000	1.515.000
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	867.468	822.152
<b>C) LONG-TERM LIABILITIES (ADP 096 to 106)</b>	<b>095</b>	<b>100.155.877</b>	<b>88.162.311</b>
1 Liabilities towards undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	097	0	0
3 Liabilities towards companies linked by virtue of participating interest	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	099	0	0
5 Liabilities for loans, deposits etc.	100	0	0
6 Liabilities towards banks and other financial institutions	101	79.322.234	69.617.136
7 Liabilities for advance payments	102	0	0
8 Liabilities towards suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	20.833.643	18.545.175
11 Deferred tax liability	106	0	0
<b>D) SHORT-TERM LIABILITIES (ADP 108 to 121)</b>	<b>107</b>	<b>48.954.658</b>	<b>44.135.727</b>
1 Liabilities towards undertakings within the group	108	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	109	0	0
3 Liabilities towards companies linked by virtue of participating interest	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	111	0	0
5 Liabilities for loans, deposits etc.	112	0	0
6 Liabilities towards banks and other financial institutions	113	10.576.298	10.710.328
7 Liabilities for advance payments	114	0	0
8 Liabilities towards suppliers	115	13.365.628	6.613.039
9 Liabilities for securities	116	0	0
10 Liabilities towards employees	117	2.833.917	2.942.883
11 Taxes, contributions and similar liabilities	118	14.030.591	9.586.984
12 Liabilities arising from the share in the result	119	482.415	537.186
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	7.665.809	13.745.307
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>122</b>	<b>50.189.518</b>	<b>42.662.645</b>
<b>F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)</b>	<b>123</b>	<b>707.577.376</b>	<b>664.305.778</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>124</b>	<b>0</b>	<b>0</b>

**STATEMENT OF PROFIT OR LOSS**  
for the period 01.01.2020 to 31.12.2020

in HRK

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d. (ACI d.d.)			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>I OPERATING INCOME (ADP 126 to 130)</b>	<b>125</b>	<b>232.781.928</b>	<b>179.751.985</b>
1 Income from sales with undertakings within the group	126	0	0
2 Income from sales (outside group)	127	211.264.845	169.753.166
3 Income from the use of own products, goods and services	128	0	0
4 Other operating income with undertakings within the group	129	0	0
5 Other operating income (outside the group)	130	21.517.083	9.998.819
<b>II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)</b>	<b>131</b>	<b>193.130.785</b>	<b>177.637.717</b>
1 Changes in inventories of work in progress and finished goods	132	0	0
2 Material costs (ADP 134 to 136)	133	48.494.392	39.137.911
a) Costs of raw material	134	11.648.125	9.516.433
b) Costs of goods sold	135	221.294	147.094
c) Other external costs	136	36.624.973	29.474.384
3 Staff costs (ADP 138 to 140)	137	51.988.024	50.031.082
a) Net salaries and wages	138	31.859.133	30.912.889
b) Tax and contributions from salaries expenses	139	12.908.472	12.127.274
c) Contributions on salaries	140	7.220.419	6.990.919
4 Depreciation	141	63.988.959	68.222.197
5 Other expenses	142	19.374.319	12.142.910
6 Value adjustments (ADP 144+145)	143	1.601.379	1.888.357
a) fixed assets other than financial assets	144	195.660	0
b) current assets other than financial assets	145	1.405.719	1.888.357
7 Provisions (ADP 147 to 152)	146	2.349.537	1.426.630
a) Provisions for pensions, termination benefits and similar	147	249.989	188.548
b) Provisions for tax liabilities	148	0	0
c) Provisions for ongoing legal cases	149	10.202	585.176
d) Provisions for renewal of natural resources	150	0	0
e) Provisions for warranty obligations	151	0	0
f) Other provisions	152	2.089.346	652.906
8 Other operating expenses	153	5.334.175	4.788.630
<b>III FINANCIAL INCOME (ADP 155 to 164)</b>	<b>154</b>	<b>4.657.250</b>	<b>5.780.383</b>
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	156	9.557	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0
4 Other interest income from operations with undertakings within the group	158	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0
6 Income from other long-term financial investments and loans	160	0	0
7 Other interest income	161	1.081.701	407.779
8 Exchange rate differences and other financial income	162	3.557.353	5.372.334
9 Unrealised gains (income) from financial assets	163	8.639	270
10 Other financial income	164	0	0
<b>IV FINANCIAL EXPENDITURE (ADP 166 to 172)</b>	<b>165</b>	<b>5.132.043</b>	<b>7.377.760</b>
1 Interest expenses and similar expenses with undertakings within the group	166	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0
3 Interest expenses and similar expenses	168	1.909.717	1.669.015
4 Exchange rate differences and other expenses	169	3.222.326	5.687.164
5 Unrealised losses (expenses) from financial assets	170	0	11.697
6 Value adjustments of financial assets (net)	171	0	0
7 Other financial expenses	172	0	9.884
<b>V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>173</b>	<b>0</b>	<b>0</b>
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>174</b>	<b>0</b>	<b>0</b>
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>175</b>	<b>0</b>	<b>0</b>
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>176</b>	<b>0</b>	<b>0</b>
<b>IX TOTAL INCOME (ADP 125+154+173 + 174)</b>	<b>177</b>	<b>237.439.178</b>	<b>185.532.368</b>
<b>X TOTAL EXPENDITURE (ADP 131+165+175 + 176)</b>	<b>178</b>	<b>198.262.828</b>	<b>185.015.477</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 177-178)</b>	<b>179</b>	<b>39.176.350</b>	<b>516.891</b>
1 Pre-tax profit (ADP 177-178)	180	39.176.350	516.891
2 Pre-tax loss (ADP 178-177)	181	0	0
<b>XII INCOME TAX</b>	<b>182</b>	<b>7.334.346</b>	<b>318.699</b>
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>	<b>183</b>	<b>31.842.004</b>	<b>198.192</b>
1 Profit for the period (ADP 179-182)	184	31.842.004	198.192
2 Loss for the period (ADP 182-179)	185	0	0

**STATEMENT OF PROFIT OR LOSS**  
for the period 01.01.2020 to 31.12.2020

in HRK

<b>Submitter: Adriatic Croatia International Club, za djelatnost marina d.d. (ACI d.d.)</b>			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>			
<b>XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)</b>	<b>186</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit from discontinued operations	187	0	0
2 Pre-tax loss on discontinued operations	188	0	0
<b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>189</b>	<b>0</b>	<b>0</b>
1 Discontinued operations profit for the period (ADP 186-189)	190		
2 Discontinued operations loss for the period (ADP 189-186)	191		
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>			
<b>XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)</b>	<b>192</b>		
1 Pre-tax profit (ADP 192)	193	0	0
2 Pre-tax loss (ADP 192)	194	0	0
<b>XVII INCOME TAX (ADP 182+189)</b>	<b>195</b>		
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)</b>	<b>196</b>		
1 Profit for the period (ADP 192-195)	197		
2 Loss for the period (ADP 195-192)	198		
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>			
<b>XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)</b>	<b>199</b>	<b>0</b>	<b>0</b>
1 Attributable to owners of the parent	200	0	0
2 Attributable to minority (non-controlling) interest	201	0	0
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>			
<b>I PROFIT OR LOSS FOR THE PERIOD</b>	<b>202</b>	<b>31.842.004</b>	<b>198.192</b>
<b>II OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAX (ADP 204 to 211)</b>	<b>203</b>	<b>0</b>	<b>0</b>
1 Exchange rate differences from translation of foreign operations	204	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0
3 Profit or loss arising from re-evaluation of financial assets available for sale	206	0	0
4 Profit or loss arising from effective cash flow hedging	207	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interest	209	0	0
7 Actuarial gains/losses on defined remuneration plans	210	0	0
8 Other changes in equity unrelated to owners	211	0	0
<b>III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>212</b>	<b>0</b>	<b>0</b>
<b>IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)</b>	<b>213</b>	<b>0</b>	<b>0</b>
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)</b>	<b>214</b>	<b>31.842.004</b>	<b>198.192</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)</b>			
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)</b>	<b>215</b>	<b>0</b>	<b>0</b>
1 Attributable to owners of the parent	216	0	0
2 Attributable to minority (non-controlling) interest	217	0	0



**STATEMENT OF CASH FLOWS - direct method**  
for the period 01.01.2020. to 31.12.2020.

in HRK

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d. (ACI d.d.)			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>Cash flow from operating activities</b>			
1 Cash receipts from customers	001	272.433.667	208.376.470
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	206.566	117.184
4 Cash receipts from tax refund	004	0	0
5 Cash payments to suppliers	005	-73.476.880	-60.749.980
6 Cash payments to employees	006	-61.533.816	-55.938.566
7 Cash payments for insurance premiums	007	-58.247	-44.186
8 Other cash receipts and payments	008	-44.781.809	-32.154.109
<b>I Cash from operations (ADP 001 to 008)</b>	<b>009</b>	<b>92.789.481</b>	<b>59.606.813</b>
9 Interest paid	010	-1.208.820	-1.557.334
10 Income tax paid	011	-6.213.143	-4.163.459
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 009 to 011)</b>	<b>012</b>	<b>85.367.518</b>	<b>53.886.020</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	013	10.444	613.003
2 Cash receipts from sales of financial instruments	014	0	0
3 Interest received	015	1.081.701	543.320
4 Dividends received	016	9.557	0
5 Cash receipts from repayment of loans and deposits	017	0	0
6 Other cash receipts from investment activities	018	0	57.607.783
<b>II Total cash receipts from investment activities (ADP 013 to 018)</b>	<b>019</b>	<b>1.101.702</b>	<b>58.764.106</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	020	-44.687.114	-50.575.440
2 Cash payments for the acquisition of financial instruments	021	0	0
3 Cash payments for loans and deposits	022	0	0
4 Acquisition of a subsidiary, net of cash acquired	023	0	0
5 Other cash payments from investment activities	024	-76.848.328	-32.704.324
<b>III Total cash payments from investment activities (ADP 020 to 024)</b>	<b>025</b>	<b>-121.535.442</b>	<b>-83.279.764</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 019 + 025)</b>	<b>026</b>	<b>-120.433.740</b>	<b>-24.515.658</b>
<b>Cash flow from financing activities</b>			
1 Cash receipts from the increase of initial (subscribed) capital	027	0	0
2 Cash receipts the from issue of equity financial instruments and debt financial instruments	028	0	0
3 Cash receipts from credit principals, loans and other borrowings	029	0	0
4 Other cash receipts from financing activities	030	0	0
<b>IV Total cash receipts from financing activities (ADP 027 to 030)</b>	<b>031</b>	<b>0</b>	<b>0</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	032	-10.539.922	-10.752.441
2 Cash payments for dividends	033	-19.745.386	-19.109.530
3 Cash payments for finance lease	034	0	0
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	035	0	0
5 Other cash payments from financing activities	036	-2.561.698	-4.071.079
<b>V Total cash payments from financing activities (ADP 032 to 036)</b>	<b>037</b>	<b>-32.847.006</b>	<b>-33.933.050</b>
<b>C) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 031 +037)</b>	<b>038</b>	<b>-32.847.006</b>	<b>-33.933.050</b>
1 Unrealised exchange rate differences in cash and cash equivalents	039	-110.894	109.514
<b>D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 012+026+038+039)</b>	<b>040</b>	<b>-68.024.122</b>	<b>-4.453.174</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>041</b>	<b>151.455.793</b>	<b>83.431.671</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD(ADP 040+041)</b>	<b>042</b>	<b>83.431.671</b>	<b>78.978.497</b>

STATEMENT OF CHANGES IN EQUITY for the period from to																		in HRK	
Item	ADP code	Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Attributable to owners of the parent										Minority (non-controlling) interest	Total capital and reserves
								Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profits / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	16 (3 to 6 - 7 + 8 to 15)	17		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)		
<b>Previous period</b>																			
1 Balance on the first day of the previous business year	01	399.816.000	0	19.990.800	0	0	0	0	0	0	0	0	72.343.119	0	492.149.919	0	492.149.919		
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	399.816.000	0	19.990.800	0	0	0	0	0	0	0	0	72.343.119	0	492.149.919	0	492.149.919		
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	31.842.004	31.842.004	0	31.842.004		
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
8 Profit or loss arising from re-evaluation of financial assets available for sale	08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
9 Gains or losses on efficient cash flow hedging	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
12 Actuarial gains/losses on defined benefit plans	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
16 Increase of initial (subscribed) capital by reinvesting profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	-18.574.785	0	-18.574.785	0	-18.574.785		
20 Other distribution to owners	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
21 Transfer to reserves by annual schedule	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
23 Balance on the last day of the previous business year reporting period (ADP 04 to 22)	23	399.816.000	0	19.990.800	0	0	0	0	0	0	0	0	53.768.334	31.842.004	505.417.138	0	505.417.138		
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	0	0	0	0	0	0	31.842.004	31.842.004	0	31.842.004		
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	0	0	0	0	0	0	0	0	0	-18.574.785	0	-18.574.785	0	-18.574.785		
<b>Current period</b>																			
1 Balance on the first day of the current business year	27	399.816.000	0	19.990.800	0	0	0	0	0	0	0	0	85.610.338	0	505.417.138	0	505.417.138		
2 Changes in accounting policies	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
3 Correction of errors	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	30	399.816.000	0	19.990.800	0	0	0	0	0	0	0	0	85.610.338	0	505.417.138	0	505.417.138		
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	198.192	198.192	0	198.192		
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
8 Profit or loss arising from re-evaluation of financial assets available for sale	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
9 Gains or losses on efficient cash flow hedging	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
12 Actuarial gains/losses on defined remuneration plans	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
16 Increase of initial (subscribed) capital by reinvesting profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
18 Redemption of treasury shares/holdings	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
19 Payment of share in profit/dividend	45	0	0	0	0	0	0	0	0	0	0	0	-19.105.652	0	-19.105.652	0	-19.105.652		
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
21 Transfer to reserves by annual schedule	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
23 Balance on the last day of the current business year reporting period (ADP 30 to 48)	49	399.816.000	0	19.990.800	0	0	0	0	0	0	0	0	86.504.686	198.192	486.509.678	0	486.509.678		
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)	51	0	0	0	0	0	0	0	0	0	0	0	0	198.192	198.192	0	198.192		
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	0	0	0	0	0	0	0	0	0	0	-19.105.652	0	-19.105.652	0	-19.105.652		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - GFI

Name of issuer: **Adriatic Croatia International Club, za djelatnost marina d.d. (ACI d.d.)**

Personal identification number (OIB): **17195049659**

Reporting period: **01.01.-31.12.2020.**

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:

a) 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).

b) 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.

c) 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: **Reconciliation of Audited financial statements and GFI Forms in presented in the tables below. All other required information, not presented here, is presented as part of the Audited Financial statements for 2020.**

(d) 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 proceedings or 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 2020 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 2020 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 2020 in the Management report, from Sales revenue trends to profitability trends, and in the notes to financial statements for the year ended 31 December 2020 (notes 5 to 14).**

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 2020 amounts to HRK 80.6 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 2020, Company had on average 346 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 2020, 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 2020, compensation for Management Board members amounts to HRK 1.3 million, while compensation for Supervisory Board members and Audit Committee members amounts to HRK 191 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 331, gross wages amounts to HRK 50.1 million, consisting of net salaries in the amount of HRK 30.9 million, cost of taxes and contribution in the amount of HRK 12.1 million and cost of contributions on gross wages in the amount of HRK 7 million, severance payments amounts to HRK 333 thousand, and other employee benefits amounts to HRK 3.8 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 2020, deferred tax assets amounts to HRK 733 thousand, and during the year it was increased by HRK 43 thousand.**

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  
**During 2020 there were no such Companies.**

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 HRACIORA0000).**

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 2020 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 publish 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 198,191.89 to retained earnings.**

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  
**In February 2021, the Company concluded a Joint Venture Agreement with Gltone Kvarner d.o.o., for the purpose of which the company ACI – Gltone d.o.o. was established, in which ACI has a 50% share. The Joint Venture submitted a tender for the award of the concession on the construction and commercial use of the nautical tourism port of Porto Baroš in Rijeka.**

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 82.9 million, and foreign market which generated HRK 102.7 million. Sales revenues are generated from berthing services (annual, monthly and daily berthing) in the total amount of HRK 146 million, other boating services in the amount of HRK 10.4 million (including ACI Sail), and rental income in the amount of HRK 13.4 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 2020 is HRK 74 thousand, for tax consulting the fee amounted to HRK 57.6 thousand, while the Company paid a total of HRK 746 thousand for consulting services in 2020.**

BALANCE SHEET AS AT 31.12.2020.					
MSFI Item	NOTE	in 000 HRK	GFI - POD	ADP code	in 000 HRK
<b>ASSETS</b>					
Property, Plant and Equipment	15	401.790	Tangible assets	ADP 010 (ADP 011 to 019)	469.342
Investment property	17	67.552			
Intangible Assets	18	1.435	Intangible assets	ADP 003 (ADP 004 to 009)	23.039
Right-of-Use Assets	16	21.604			
Customer receivables	20	7.087	Receivables	ADP 046 (ADP 047 to 052)	27.218
Contract Assets	21	14.621	Prepaid expenses and Accrued income	ADP 064	1.481
Other receivables	22	7.011			
<b>PASIVA</b>					
Lease liabilities	16	18.061	Other long-term Liabilities	ADP 105	18.545
Other long-term Liabilities	29	485			
Loan Liabilities	27	11.022	Liabilities towards banks and other financial institutions	ADP 113	10.710
			Other short-term Liabilities - Interest	ADP 121	312
Contract Liabilities	30	11.413	Other short-term Liabilities - Contract liabilities	ADP 121	11.413
Short-term lease liabilities	16	3.538	Other short-term Liabilities - Lease liabilities	ADP 121	1.949
			Taxes, contributions and similar liabilities - concession	ADP 118	1.880
Short-term Provisions	28	1.271	Accruals and deferred income - Provisions	ADP 122	1.271
<b>STATEMENT OF PROFIT OR LOSS for the period 01.01. to 31.12.2020.</b>					
MSFI Item	NOTE	in 000 HRK	GFI - POD	ADP code	in 000 HRK
			Staff costs	ADP 137 (ADP 138 to 140)	50.031
Personnel costs	9	54.167	Provisions for pensions, termination benefits and similar	ADP 147	188
			Other provisions - unused annual leave	ADP 152	653
			Other expenses - staff costs	ADP 142	3.295
Depreciation, amortization and impairment (for 2019)	10	64.185	Depreciation (for 2019)	ADP 141	63.989
			Value adjustments - a) fixed assets other than financial assets (for 2019)	ADP 144	196
			Value adjustments - b)current assets other than financial assets	ADP 145	1.888
Other operating expenses	11	16.090	Other expenses -without staff costs	ADP 142	8.848
			Other operating expenses - without other gains/losses - net	ADP 153	4.768
			Provisions for ongoing legal cases	ADP 149	585
Other gains/losses - net		21	Other operating expenses -other gains/losses - net	ADP 153	21
<b>STATEMENT OF CASH FLOWS - direct method for the period 01.01. to 31.12.2020.</b>					
	NOTE	in 000 HRK	GFI - POD	ADP code	in 000 HRK
Other cash receipts	24	1.764			
Other cash expenditures		-1.932	Other cash receipts and payments	ADP 008	-32.154
Taxes payable - without Income tax paid		-31.986			