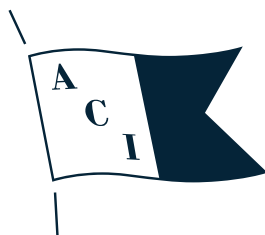
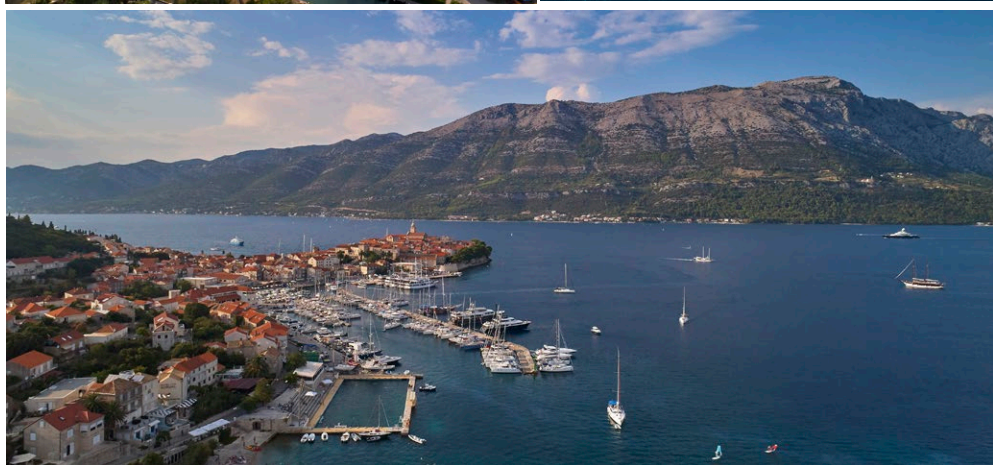


Address: Rudolfa Strohala 2
Ordinary shares: ISIN HRACI0RA0000
Economic activity: R 9329
Market: Regular market
LEI:7478000090X86WBQ6C10
Home member state: Croatia



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



ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021
INCLUDING INDEPENDENT AUDITOR'S REPORT

DOCUMENT IS NOT IN THE OFFICIAL FORMAT FOR
PUBLISHING

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GENERAL COMPANY DATA

ACI d.d. is a chain of 22 marinas spread along the Adriatic, from Umag in the north to Dubrovnik in the south. In addition to marinas, ACI d.d. provides services in the anchorage in the Podražanj bay, which uses the infrastructure of Marina Žut and complementing business activity. The Company's main business activity is providing yearly, monthly and daily berthing services in ports for nautical tourism. In addition to this, ACI offers its clients supplementary services, such as boat lowering and lifting, towing, boat ramp services and so on. Other activities, such as catering, retail business, charter etc., are provided by other legal and natural entities on the basis of business cooperation contracts. In 2021, 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 anchorage Žut, expiring in 2026.

SUPERVISORY BOARD

In 2021, 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.

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

In 2021, following the four-year term ending in July 2020, the terms that the members of the Supervisory Board were elected to were restricted to three months, with extensions provided on three occasions, at General Assemblies held on 8 March, 28 June and 12 October 2021.

MANAGEMENT BOARD

The Company's Management as at 31 December 2021 consists of one member:

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

Pursuant to the Decision of the Company's Supervisory Board of 11 February 2022, starting from 14 February 2022, the Management Board of the Company consists of three members. In addition to Kristijan Pavić, President of the Management Board, the members of the Management Board are:

- Josip Ostrogović, Member of the Management Board (represents the Company together with the President of the Management Board)
- Ivan Herak, Member of the Management Board (represents the Company together with the President of the Management Board).

EMPLOYEES

As at 31 December 2021, the Company had 334 employees, whilst as at 31 December 2020, the Company employed 340 employees.

MANAGEMENT REPORT FOR THE YEAR 2021

Comment from the president of the Management Board

Key performance indicators

Description of the most important risk and uncertainties

Significant events in 2021

Sales revenue trends

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Ownership structure

Corporative governance

Environmental care and social responsibility

COMMENT FROM THE PRESIDENT OF THE MANAGEMENT BOARD



The results achieved in 2021 exceeded our expectations, especially if we take into account the uncertainties and unknowns that marked the year preceding it and that had accompanied us into 2021.

The modification and adaptation of business processes to new circumstances and the results of the work done to date have primarily been reflected in the preservation of financial stability and liquidity of ACI. We have preserved jobs and maintained fair relations with our business partners, all with an increase in sales revenue by HRK 36 million.

Results planned for 2022 are set at the pre-pandemic level, and we hope that the circumstances we are currently witnessing will

allow us to realise them.

This leaves room for the development of strategic projects that were started in the past and the development of new ones with the aim of improving business, primarily by expanding services other than the core business ones.

During the year, we invested HRK 44 million in the system. Among the most important projects is the completion of the long-planned reconstruction of the breakwater on Korčula; we also invested in the land and sea infrastructure of the marina in Vodice, and considerable investments were made in infrastructure in Marina Dubrovnik, with works being underway.

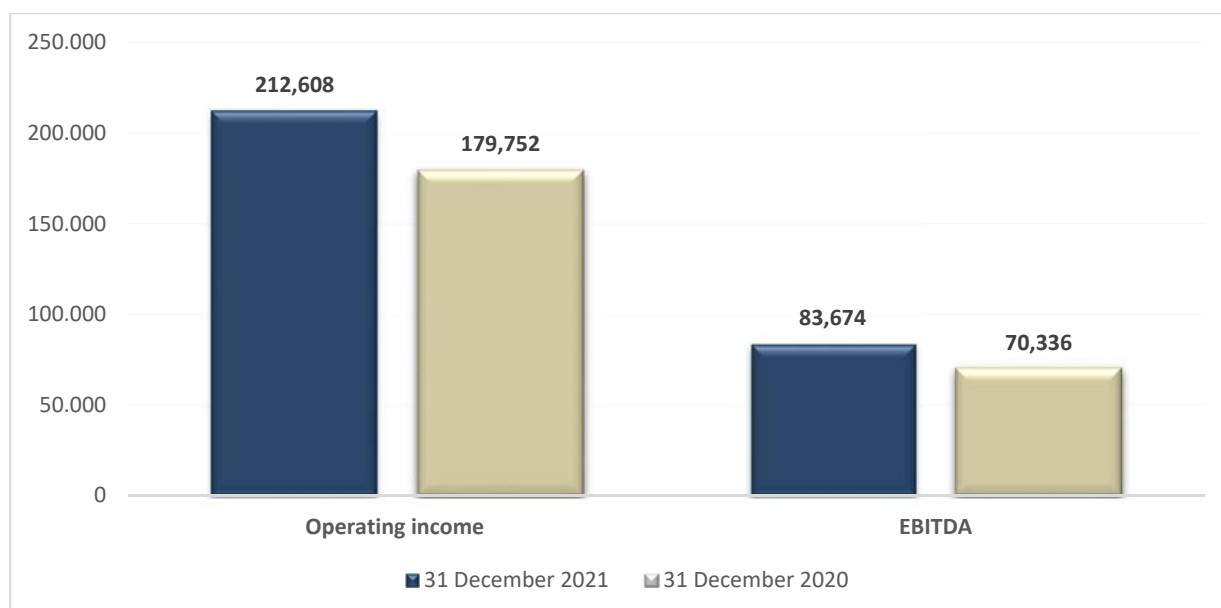
At this moment, further development of the Company is primarily linked to investing in new projects and activities, but also to solving the problem of the concession contracts period, where some strategic investments are already not profitable due to the short period of return on investment. The above-mentioned issues, at the moment, represent the main limiting factor in making investments and putting into action other business ideas related to the system.

KEY PERFORMANCE INDICATORS

in thousands of HRK	2021	2020
Net profit	13,335	198
Operating income	212,608	179,752
EBITDA	83,674	70,336
Net profit margin	6.5%	0.1%
EBITDA margin	39%	38%
Debt ratio	26%	27%
CAPEX*	43,974	47,512
Boats days	1,420,115	1,382,244
Number of employees as at 31 December	334	340

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

Operating income and EBITDA



DESCRIPTION OF THE MOST IMPORTANT RISKS AND UNCERTAINTIES

Due to the uncertainty surrounding the pandemic that affected business in 2021, the activities of the Company are still focused on maintaining the health of employees, customers, business partners and visitors to marinas, but also on concerns about short-, medium- and long-term consequences of this crisis. All decisions made by the Management Board are in accordance with instructions, recommendations and decisions of the Civil Protection Committee of the Republic of Croatia and other competent institutions, and are in line with the measures taken by the Government of the Republic of Croatia to mitigate the negative effects of the epidemic on the Croatian economy.

The Company is actively involved in the Safe Stay in Croatia project launched by the Ministry of Tourism and Sports in cooperation with the Croatian National Tourist Board, which aims to position Croatia as a safe and desirable tourist destination. All marinas in the ACI system are registered in the project, have the safety label of the World Travel and Tourism Council Safe Travels and the national safety label Safe Stay in Croatia. The mark, ie the stamp, guarantees that the safety protocols prescribed by the Ministry of Tourism and Sports are respected in the marina.

In cooperation with the Association of Marinas of the Croatian Chamber of Economy, Ministry of Tourism and Sport and County Institutes of Public Health ACI has actively become involved in the vaccination of tourist workers, and it is estimated that 70% of its employees have been vaccinated.



Regarding other risks that may affect operations as well as the achievement of results, it is important to note that certain risks have been identified within the Company and the adoption of a Risk management policy is planned to reduce possible negative impacts and monitor their movements.

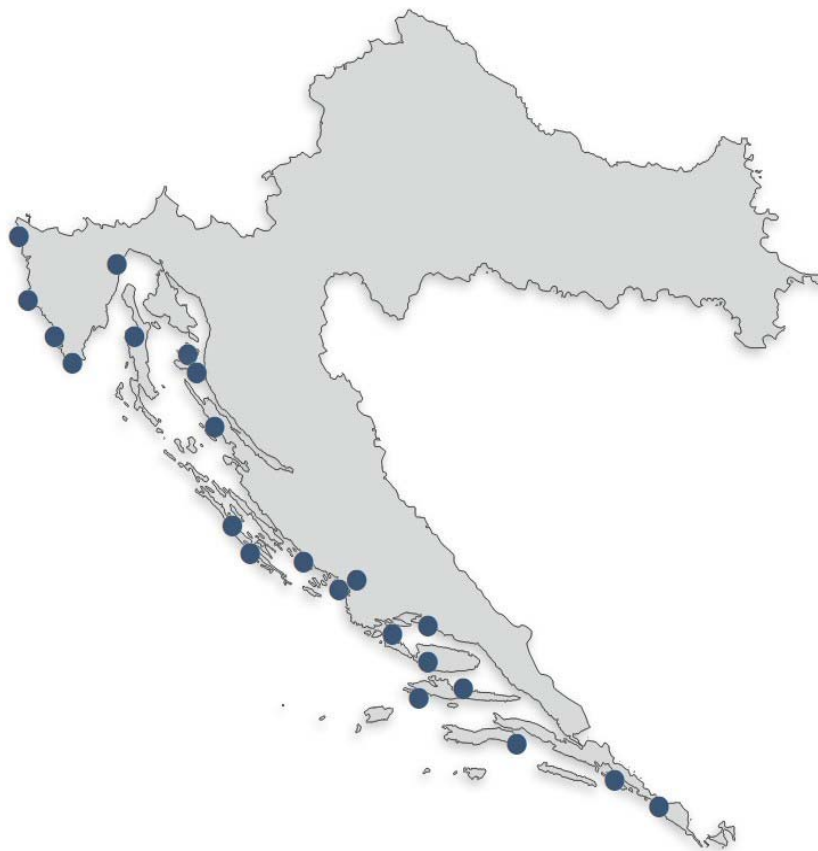
The credit risk of the Company is relatively low (in principle, under the annual and monthly berthing contracts, services are paid in advance). In addition, even in the cases of payment by instalments, the Company's credit risk is reduced by taking measures to control the collection of payments and by ensuring collateral instruments. Exposure to the risk of market interest rate change is primarily linked to cash cover, and cash and cash equivalents; however, the Company continuously monitors the trends in interest rate changes on the market, and takes action accordingly, having in mind a favourable outcome for the Company. Interest rate risk is minimized since fixed interest rates have been negotiated in the long-term loan agreement. The Company is protected from currency risks by continuously planning and monitoring inflow and outflow, and, where justified, by contracting sales and purchases in the same currency and adjusting the cash flow dynamics. The Company manages liquidity risk by constantly monitoring the projected cash flow and comparing and adjusting it to the actual cash inflow and outflow.

DESCRIPTION OF THE MOST IMPORTANT RISKS AND UNCERTAINTIES (continued)

At the moment, the Company's priority is to resolve the issue of extending concession contract periods so that the development of strategic projects can be considered. Currently, the operation of ACI marinas is significantly affected by the duration of the concession contracts, under which all ACI concessions (except the Veljko Barbieri marina and anchorage) expire in 2030. Limiting the duration of the concession is the factor that has the greatest impact on the development potential of the Company, therefore activities have been started with the aim of obtaining concession for all marinas in 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.

In late September 2021, the decision of the County Council of the Šibenik-Knin County on granting a concession on maritime domain for anchorages in the bays of Dunkovac, Vozarica and Srednja Draga, which was awarded to ACI as concessionaire, was annulled. Consequently, appropriate accounting records were kept in the last quarter of 2021.



SIGNIFICANT EVENTS IN 2021

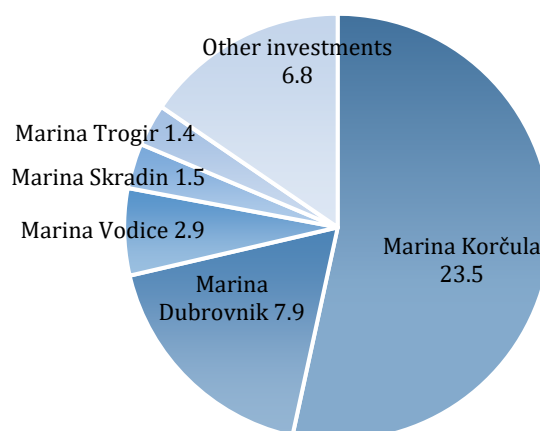
The Company's management continuously monitors the market and considers new business opportunities in order to expand its portfolio of services with the aim of diversifying its business. It continuously invests in the system with a view to improving the marinas and increasing guest satisfaction. An overview of investments made in the last three years is presented below.



As a result of commitments that had been undertaken previously and investment projects already initiated, in 2021 the Company made investments in the total amount of HRK 44 million (2020: HRK 47.5 million), of which HRK 23.5 million was invested in Marina Korčula, primarily in order to complete the reconstruction of the breakwater. Over HRK 7.9 million was invested in Marina Dubrovnik in order to carry out the removal of the pier and finalise the construction of the coastal wall, while over HRK 2.9 million was invested in Marina Vodice in order to carry out works on the improvement of offices and charter premises and to improve anchoring systems. More than HRK 2.9 million was also invested in anchoring systems in marinas Skradin and Trogir. Other investments were made with the aim of improving and raising standards and quality in other marinas as well.

In 2021, the Company recognised asset impairment losses and value adjustment losses in the total of HRK 0.9 million due to the adjustment of the remaining present value of assets in which investments were made in 2021 or which were no longer usable.

Significant investments in 2021 (in milion HRK)



SIGNIFICANT EVENTS IN 2021 (continued)

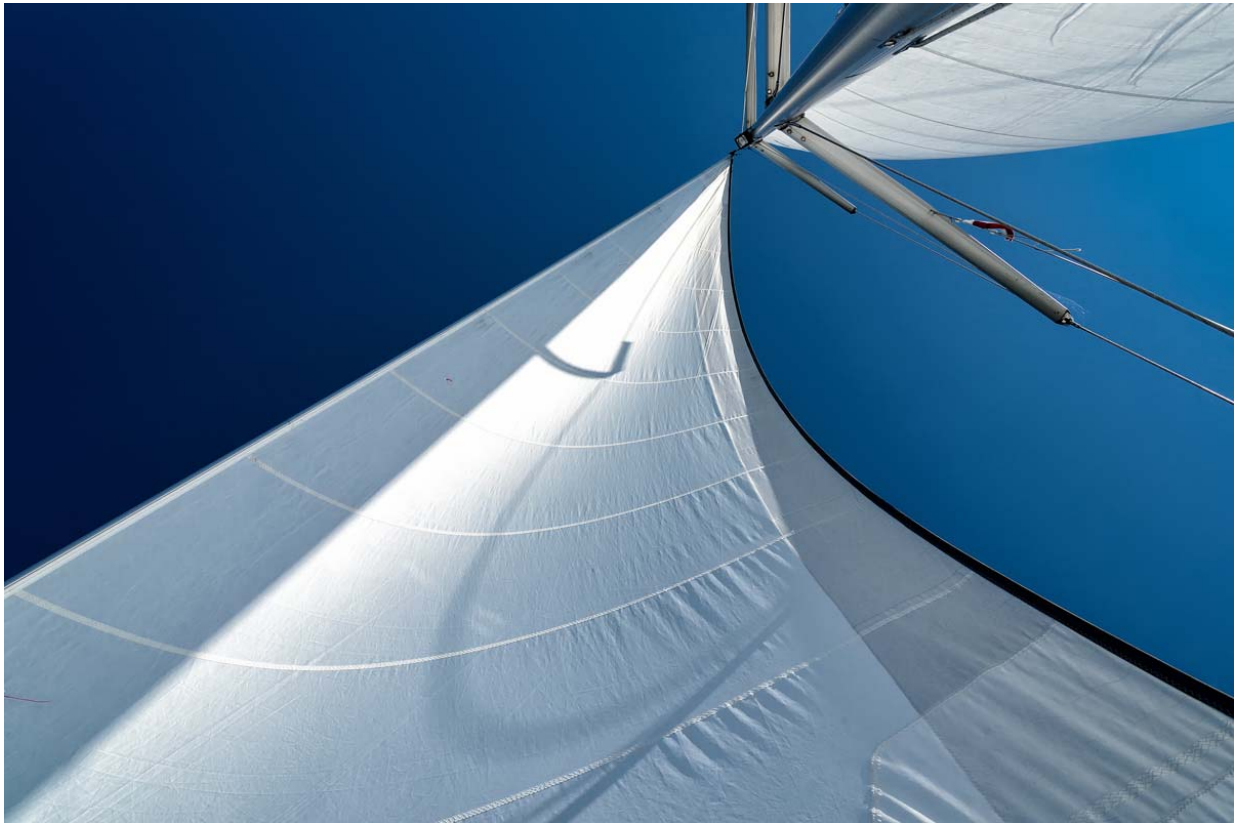


In February 2021 the Company concluded a Joint Venture Agreement with Gitone Kvarner d.o.o., for which purpose the company **ACI – Gitone d.o.o.** was founded, in which ACI has a 50% stake. The Joint Venture has submitted a tender for the award of the concession on the construction and commercial use of the nautical tourism port of Porto Baroš in Rijeka. At the session held in May 2021, the Government adopted the Decision to award the concession to ACI – Gitone d.o.o. for a period of 30 years from the date of signing the concession contract. The signing of the contract will be preceded by obtaining location permits, for which a period of 2 years is specified in the Decision. In the said period, the newly established Company will intensively engage in all the activities needed to obtain the documentation that is necessary to start the construction.

In addition to **expanding the marina portfolio**, ACI spent the past, somewhat quieter, period to develop the idea of an additional service that would be complementary to the services Company currently offers. It is a project related to the segment of air transport, by which ACI would provide its clients with commercial services of transporting passengers by seaplanes. Since this is a specific activity that represents a significant shift from the main activity of the Company, the planned activities were authorised by the General Assembly of ACI d.d. at the meeting held in June 2021.

In September 2021, an additional loan agreement was signed, granting the Company a significantly more favourable interest rate compared to the one agreed upon when the loan was made in 2018. The additional agreement determined the interest rate at 0.7% compared to 1.47%, which was initially agreed upon.

SIGNIFICANT EVENTS IN 2021 (continued)



This year as well, ACI has been actively involved in the *Nautička patrola* ('Boating Patrol') project of the Jutarnji List newspaper, which visited 35 marinas on the Adriatic for the fifth consequent year. The poll held among the users of berthing services helped create the top list of Croatian marinas and determine the recipient of the 2021 Golden Anchor. Awards were received by five ACI marinas in mid-October: Marina Rovinj, which won exclusive recognition for the development of elite nautical tourism, Marina Dubrovnik, which received the Golden Berth in Gastronomy Award, Marina Cres, which was awarded the Golden Smile of the Adriatic Award, Marina Vrboska, which was ranked third in category, and marina Vodice, as the Pearl of the Green Highway.

SIGNIFICANT EVENTS IN 2021 (continued)



Since the Company places significant emphasis on ecology and the preservation of natural resources, in June 2021, large-scale underwater clean-up operations were also organised in the marinas in Šimuni and Dubrovnik. An additional proof of the care and attention paid to the preservation of the environment at the Company level are the Blue Flags, which have also been awarded in 2021 to all ACI marinas that are open all year round.



Additional recognition for investment in Marina Rovinj also arrived from the Croatian Chamber of Civil Engineering. In June 2021, the Croatian Chamber of Civil Engineers awarded its Kolos Construction Awards, and the project that stood out among the winners was the reconstruction and construction of ACI marina Rovinj, currently the marina with the highest standard of luxury on the Adriatic.



At the end of September, ACI received another recognition, the prize of the City of Skradin for exceptional contribution to the development of nautical tourism in the marina Skradin.

SIGNIFICANT EVENTS IN 2021 (continued)

In August 2021 the Company successfully renewed 4 **ISO certificates**: the ones for quality, environmental and energy management and for IT security. In addition, ACI was awarded the ZelEn certificate by HEP Opskrba d.o.o., confirming its use of energy from renewable sources.



In the crisis caused by the epidemic, the Company has recognized the importance of technology and the availability of information and is continuously working to improve and modernize business records and exchange information with our customers and the general public. During 2020 and 2021, the Company's website was redesigned, which still offers all the necessary information primarily for our boaters but also all stakeholders of the Company. In order to optimize business processes, Company plans to improve the software solution that would upgrade a number of new functionalities.

Company also monitors and publishes in a timely manner all measures in force that can directly or indirectly affect our boaters and other marina visitors.

SALES REVENUE TRENDS

Physical indicators in boat days

Type of berth	2021	2020	Difference	Index
Annual berth	1,214,027	1,221,903	(7,877)	99
Monthly berth	111,251	100,493	10,758	111
Daily berth	94,837	59,848	34,989	158
Total	1,420,115	1,382,244	37,871	103

Compared to the comparable period, the Company recorded a growth of physical indicators of 38 thousand boat days, which is an increase of 3%, primarily due to the growth of physical indicators of daily berth, which increased by 35 thousand boat days. The impact and changes in epidemiological measures and the establishment of trends at the international level are stated. The number of boat days on a monthly berth increased by 11%, while the number of boat days on an annual berth was realized with a decrease of 1% compared to 2020.

Physical indicators in metre days

Type of berth	2021	2020	Difference	Index
Annual berth	13,994,946	14,031,193	(36,247)	100
Monthly berth	1,153,681	1,053,286	100,395	110
Daily berth	1,185,431	737,064	448,367	161
Total	16,334,057	15,821,543	512,514	103

Physical indicators in meter days are similar to those of boat days, with a 3% increase at the system level. Based on the presented physical indicators, it follows that the average length of vessels at berth in ACI marinas is 11.50 meters (2020: 11.45).

As at 31 December 2021, 3,290 vessels were registered at the marinas on an annual berth, which is 56 vessels less than on the same day of the comparable period, when there were 3,346.

SALES REVENUE TRENDS (continued)

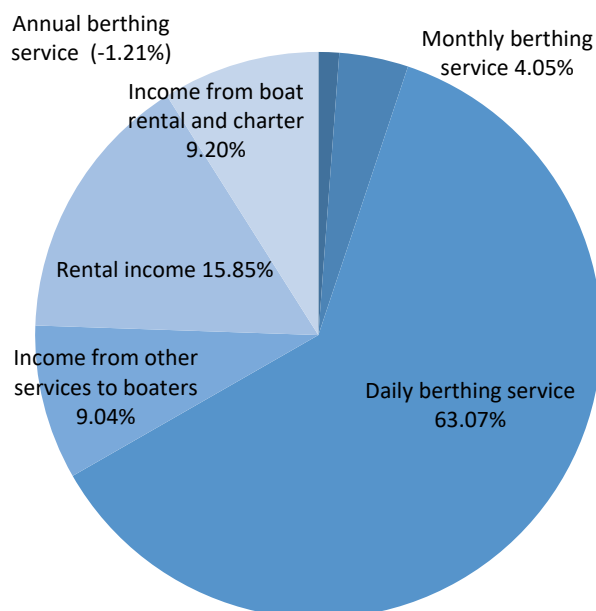
Sales revenue by structure

In thousands of HRK	2021	2020	Difference	Index
Annual berthing service	102,126	102,559	(433)	100
Monthly berthing service	11,087	9,635	1,452	115
Daily berthing service	56,454	33,838	22,616	167
Income from other services to boaters	12,317	9,075	3,242	136
Rental income	19,034	13,351	5,683	143
Income from boat rental and charter	4,593	1,295	3,298	355
Total	205,611	169,753	35,858	121

In 2021, the Company recorded an increase in sales revenues, which rose by HRK 35.9 million compared to the same period last year, representing an increase of 21%.

The gradual calming of the crisis caused by the COVID epidemic has created the prerequisites for a very successful tourist season. The operating income earned in the third quarter was at the level of the one in 2019, while in the fourth quarter of 2021 there was an increase in revenue, by 11% compared to the comparable period. Revenue growth in both periods was mostly the result of providing daily berthing services, which had a 63% share in the total increase.

Share of income type in total increase



SALES REVENUE TRENDS (continued)

Owing to the **daily berthing service**, an increase of HRK 22.6 million, or 67%, was achieved compared to the comparable period. This is the result of a high number of visitors to ACI marinas, especially in the second and third quarters of 2021, due to the fact that the Company made it possible for boaters to stay safely in its marinas by adhering to all the recommendations given by experts and by vaccinating marina employees.

By easing the measures that the Company had made available to its business partners with businesses within the marinas in order to overcome the crisis situation, a significant increase in rental income in the amount of HRK 5.7 million, or 43%, was realised.

In comparison to the comparable period, which was marked primarily by the travel ban between countries, in 2021, there was a significant increase in the services provided in relation to the **lease of the ClubSwan** fleet of vessels which, together with the charter of vessel Catamaran SABA 50, generated a revenue of HRK 4.6 million by 31 December 2021.



In addition to the revenues generated from **daily berthing services**, revenues from other services provided to boaters increased by HRK 3.2 million compared to the comparable period, which represents an increase of 36%.



Income from annual berthing services was generated at the level of the comparable period, bearing in mind that the boat owners using the annual berth service were granted a total of HRK 8,1 million in reduced rates, which represents an increase in reduced rates of HRK 4.3 million compared to 2020. The most significant increase was recorded in marinas Rovinj (HRK 1.6 million), Dubrovnik (HRK 940 thousand) Split (HRK 834 thousand), and Trogir (HRK 598 thousand).

SALES REVENUE TRENDS (continued)

Sales revenue by business unit

In thousands of HRK	2021	2020	Difference	Index
Umag	9,621	8,964	657	107
Rovinj	12,230	6,931	5,299	176
Pula	5,909	4,985	924	119
Pomer	8,618	7,792	826	111
Opatija	13,733	12,850	883	107
Cres	14,054	12,691	1,363	111
Supetarska Draga	6,097	4,965	1,132	123
Rab	2,891	2,097	794	138
Šimuni	5,574	5,072	502	110
Žut	2,341	1,942	399	121
Piškerica	2,857	1,801	1,056	159
Jezera	8,609	7,335	1,274	117
Vodice	12,074	11,535	539	105
Skradin	10,590	7,403	3,187	143
Trogir	9,721	8,159	1,562	119
Split	24,465	18,978	5,487	129
Milna	7,396	5,158	2,238	143
Vrboska	3,755	2,853	902	132
Plamižana	9,345	4,828	4,517	194
Korčula	3,488	4,967	(1,479)	70
Dubrovnik	22,317	21,701	616	103
Veljko Barbieri	5,308	5,441	(133)	98
ACI Sail	4,593	1,295	3,298	355
General administrative and technical services	25	10	15	-
Total	205,611	169,753	35,858	121

In 2021, there was an increase in sales revenue in all ACI marinas except the Korčula marina, where reconstruction works were carried out during the reporting period, which is why there were no revenues from daily berths, and in the marina Veljko Barbieri there was a decrease of 2%.

The increase in sales revenue over HRK 3 million was realized in the marinas Rovinj, Plamižana, Skradin and from the ACI Sail business unit.

PROFITABILITY TRENDS

Operating expense structure

In thousands of HRK	2021	2020	Difference	Index
Cost of materials	(11,886)	(9,516)	2,370	125
Cost of services	(34,462)	(29,622)	4,840	116
Personnel costs	(60,287)	(54,167)	6,120	111
Depreciation, amortisation and impairment	(66,039)	(68,222)	(2,183)	97
Other operating expenses	(22,096)	(16,090)	6,006	137
Other gains/(losses) - net	13	(21)	(34)	-
Other expenses from Joint Venture	(216)	-	216	-
Total	(194,973)	(177,638)	17,335	110

In 2021, the Company's operating expenses increased by HRK 17.3 million, or 10%, compared to the previous year.

Due to the rising market prices, a rather significant expense increase was recorded in the costs of materials and services, which increased by HRK 7.2 million, or 18%, especially in other external costs, which rose by HRK 1.2 million, and intellectual services, which increased by HRK 1 million, while the cost of electricity rose by HRK 0.7 million, utility expenses by HRK 0.8 million, the cost of sponsorships by HRK 0.9 million, and insurance and protection costs by HRK 0.8 million.

Personnel costs rose by HRK 6.1 million, primarily due to the adjustments in marina employees' coefficients in accordance with the Collective Agreement, due to the different dynamics of the use of annual leave compared to previous periods and due to the increased number of employees in high season as well as an increase in severance pay.

The increase in other operating expenses was primarily influenced by the rise in the cost of donations for generally beneficial purposes. Specifically, within the complete reconstruction of Marina Rovinj, based on the agreement entered into with Maistra, ACI participated in financing the reconstruction of the city infrastructure along the access road to the marina by donating HRK 3.3 million to the City of Rovinj. At the same time, concession costs increased by HRK 2.1 million due to an increase in revenues that form the basis for calculating the variable part of the fee. The increase in concession costs is partly due to the amendment of the Concessions Act, which stipulates that from 2021 the income of the subconcessionaire generated in the activity it performs under the concession contract is added to the total revenue of the concessionaire, in this case forming the basis for calculating the concession fee. In addition, there was an increase in insurance costs, specifically in the voluntary pension insurance premiums for employees, in the amount of HRK 0.7 million and an increase in subsequently identified costs incurred for previous periods in the amount of HRK 1.4 million.

The depreciation cost decreased by HRK 2.2 million due to a reduction in the value of fixed tangible assets, primarily buildings, with a decrease of HRK 1.4 million, and plant and equipment, with a decrease of HRK 1 million.

PROFITABILITY TRENDS (continued)

Overview of results

In thousands of HRK	2021	2020	Razlike	Indeks
Operating revenue	212,608	179,752	32,856	118
Operating expense	(194,973)	(177,638)	(17,335)	110
Profit before tax	17,080	517	16,563	3,304
Net Profit	13,335	198	13,137	6,735
EBITDA	83,674	70,336	13,338	119

Operating revenues increased by HRK 32.9 million or 18% compared to the same period due to the increase in sales revenues.

At the same time, operating expenses increased by HRK 17.3 million or 10% compared to the comparable period, which is elaborated in more detail in the structure of operating expenses.

In 2021, a positive gross financial result in the amount of HRK 17.1 million and EBITDA in the amount of HRK 83,7 million were achieved, which is an increase of HRK 13.3 million.



FINANCIAL PERFORMANCE INDICATORS

Financial performance indicators	2021	2020
In thousands of HRK		
Operating revenue	212,608	179,752
Total assets	678,155	664,305
EBITDA	83,674	70,336
Annual net profit	13,335	198
ROA	1.97%	0.03%
ROE	2.7%	0.04%
EBITDA margin	39%	38%
Net profit margin	6,3%	0.1%
Current ratio	2.05	1.97
Cash ratio	1.3	0.9
Financial stability	0.8	0.9
Debt ratio	26%	27%
Total assets - to - capital ratio	1.36	1.37

Based on the main financial performance indicators stated for 2021, and due to the achieved positive gross financial result, which is higher by HRK 16.6 million compared to the comparable period, an increase is shown in the achieved indicators, primarily in the net profit margin, EBITDA margin and asset profitability indicators as well as in the return on invested capital indicators.

MARKET CAPITALISATION

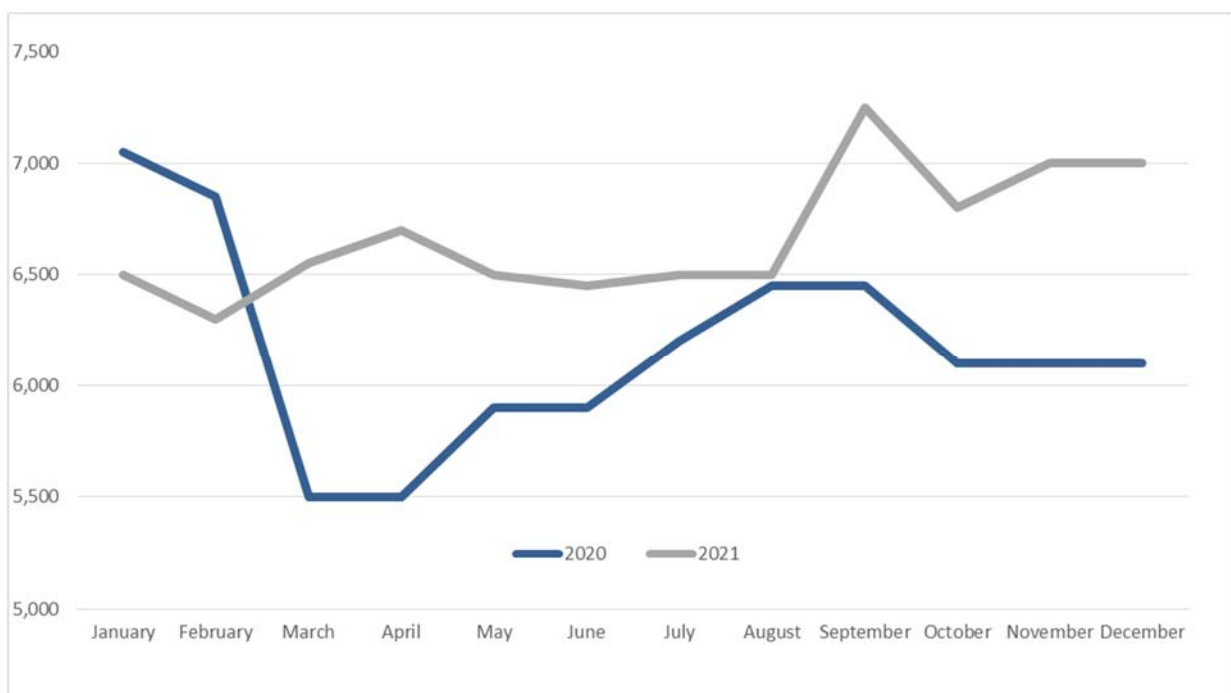
The ordinary shares of ACI d.d. are listed on the Zagreb Stock Exchange under the stock symbol ACI.

As at 31 December 2021, based on the data by Codex sortium d.o.o. ACI has a total of 683 stockholders.

The nominal value of the share is HRK 3,600, whereas the last average transaction share price was HRK 7,000.

The Company's market capitalisation as at 31 December 2021 was HRK 777.4 milion.

Trends of the average share price



Information on share buyback

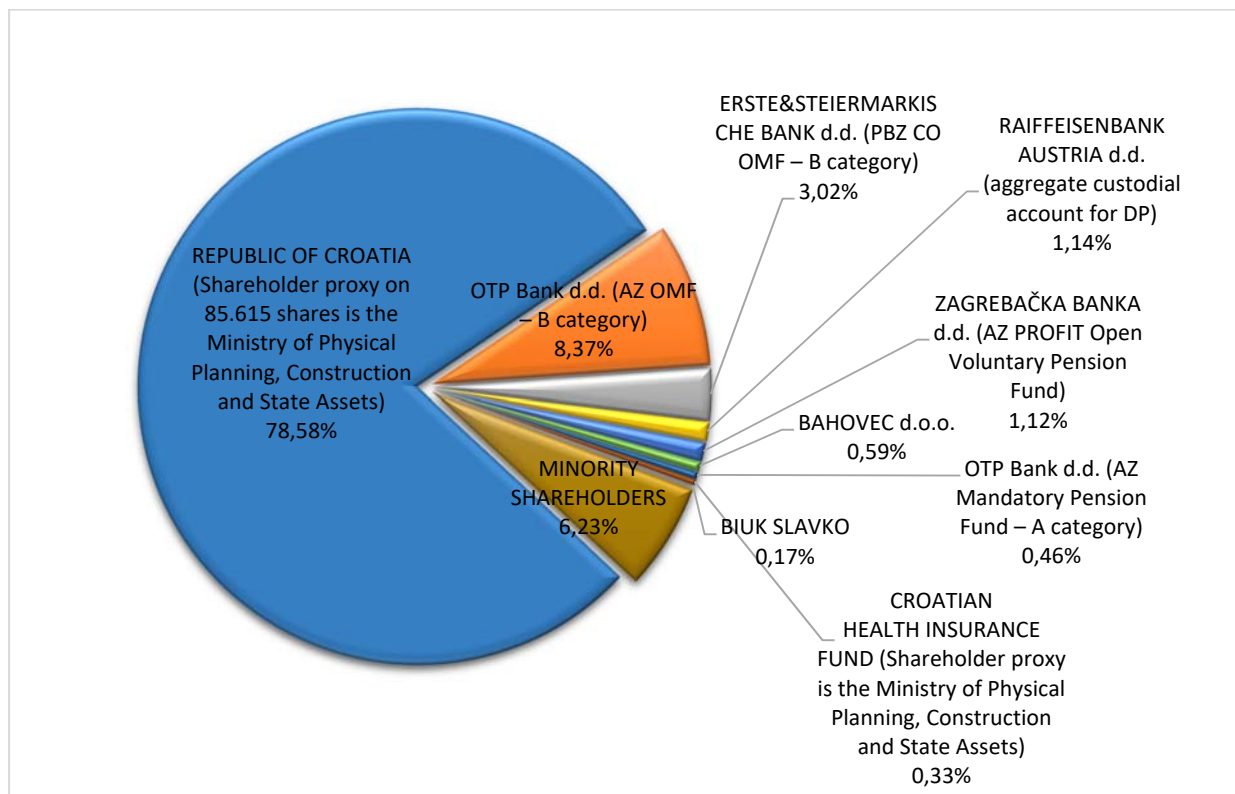
During 2021, the Company did not hold its own shares, either directly or through a person acting in its own name, and on behalf of the Company. There is no repurchase of treasury shares in the Company, nor is there a workers' shareholding program.

OWNERSHIP STRUCTURE



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

Ownership structure as at 31 December 2021



FUTURE DEVELOPMENT OF THE COMPANY

	Plan 2022	31 December 2021 Realised
Operating revenue	247,303	212,608
Net profit	29,364	13,335
EBITDA	103,692	83,674

Investments in the amount of HRK 97 million **are planned** for 2022. Of that amount, 90% refers to capital investment, 7% to investment maintenance, while current maintenance makes up 3% of the total planned amount. The largest share of investment is intended for the completion of projects started in the previous year.

In order to expand the business activities to air transport, in 2021 a new operating unit called **ACI AIR** was established, the main service of which would be to provide seaplane transport connecting islands to the mainland. It is this business venture that will significantly affect the business plan for 2022, when the purchase of aircraft and other equipment for the purposes of ACI AIR's operation is planned. This project will ensure that the 22 ACI marinas are connected, and, in addition to using its own marinas, ACI plans to use 10 seaplane bases to connect islands to the mainland.

In addition, with regard to larger investments, based on the preventive inspections of anchoring systems that have been conducted by a company authorised by the Croatian Register of Shipping, the reconstruction of anchoring systems of piers and vessels will be carried out in several marinas in the system in order to increase the safety of berths and to renew the certificates with the Croatian Register of Shipping.



The Government's decision to award a concession for the **Porto Baroš** port of nautical tourism will also significantly affect the Company's further strategic orientation. In 2021, ACI and Gitone Kvarner d.o.o. established a new company, ACI-Gitone d.o.o., which was granted a concession for the construction of the future ACI Marina Rijeka port of nautical tourism by public tender in respect of the construction and use of a special purpose port – port of nautical tourism of Porto Baroš in Rijeka. The ownership structure of

the newly established Company is divided in equal proportion, i.e., ACI has a 50% share. This project will primarily contribute to the development of nautical tourism and consequently to an increase in the local population satisfaction, principally by creating new jobs.

The planned operating income is affected by the planned revenues of **ACI SAIL**, where the income from lease of boat is expected to rise significantly, and by the planned increase in revenues in **Marina Korčula** after the reconstruction of the marina has been completed. In most marinas in the system, there are plans to slightly increase operating income following the market's recovery from the impact of the pandemic.

CORPORATE GOVERNANCE

In 2021, the Company applied the Corporate Governance Code adopted by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange, which came into force on 1 January 2020 and has been made public on the websites of the Stock Exchange (www.zse.hr) and HANFA (www.hanfa.hr). In addition, considering the ownership structure and due to the status of ACI d.d. as a company of strategic interest to the Republic of Croatia, the Company is also required to apply the provisions of the Corporate Governance Code for Companies in which the Republic of Croatia Has Shares or Interest (Narodne novine 132/17, 52/18).

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

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

The Supervisory Board Committees:

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

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

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

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

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

The total fees for the statutory audit of annual financial statements for 2021 was HRK 80,000.00; the fees for tax consulting amounted to HRK 57,600, and the Company paid a total of HRK 1,258,232.82 for consulting services in 2021.

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

CORPORATE GOVERNANCE (continued)

candidate specifically. In 2021, no employee representative was appointed to the Supervisory Board.

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

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

In 2021, the Supervisory Board members received the following income from the Company:

- Dražen Ivanušec, HRK 37,521.84,
- Dobrica Rončević, HRK 31,601.00,
- Tomislav Ninić, HRK 33,880.55,
- Marijeta Hladilo, HRK 46,805.63 (of which HRK 31,203.77 as a Supervisory Board member; HRK 15,601.86 as an Audit Committee member).

Supervisory Board Committees

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

The Audit Committee members are:

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

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

Members of the Audit Committee as a whole must have knowledge of the sector in which the Company operates. The Audit Committee is independent in its work. The Audit Committee meetings are held, as a rule, four times a year (quarterly). The Audit Committee must regularly report to the Company's Supervisory Board on its work and results. The Audit Committee considers the

CORPORATE GOVERNANCE (continued)

provisions, conditions and recommendations on an annual basis and proposes necessary changes to the Supervisory Board of the Company, which reviews the effectiveness of the Audit Committee once a year. The Audit Committee must regularly report to the Company's Supervisory Board on its work and results.

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

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

The members of the Appointment and Remuneration Committee:

- Marijeta Hladilo, President
- Tomislav Ninić, Member
- Dobrica Rončević, Member

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

The Management Board has the rights and duties established by law, the Articles of Association and other documents, as well as decisions of the Company's bodies. It conducts the Company's business and submits reports to the Supervisory Board and the General Assembly of the Company. If the Management Board consists of several members, it is required to submit the Management Board Rules of Procedure in writing to the Supervisory Board for approval as soon as possible. Pursuant to the Articles of Association, in certain cases the Management Board makes decisions with the approval of the Supervisory Board. In addition to the competences and powers set out by law, the Supervisory Board decides on the granting of prior (and only exceptionally subsequent) approval to the Management Board to undertake the following tasks: establish new companies at home and abroad and dissolve existing companies, adopt the Management Board Rules of Procedure, buy or sell shares and interest in other companies, and encumber shares and interest held by the Company in other companies, buy or sell real property, and encumber real property owned by the Company the individual value of which exceeds HRK 1,000,000.00, assume guarantees in the amounts over

CORPORATE GOVERNANCE (continued)

HRK 1,000,000, take out loans and issue securities over the amount of HRK 1,000,000.00, give procuration.

In 2021, the members of the Management Board received the following gross 2 income from the Company, including reimbursement:

- Kristijan Pavić HRK 686,626.37,
- Juraj Bukša HRK 407,506.47 (Management Board Member until 12 August 2021)

The salaries of the Management Board members are set out in the contracts concluded between the Company and the Management Board members, and in the Remuneration Policy for Management Board Members of ADRIATIC CROATIA INTERNATIONAL CLUB, za djelatnost marina, d.d., for the period 2020–2023, which was approved by the General Assembly on 16 November 2020 for the period from 2020 to 2023. The stated incomes for 2021 contain only the fixed pay.

An option of a variable part of the salary exists, which is determined by the Supervisory Board providing specific conditions are met and in accordance with the criteria set in advance; however this was not applied in 2021.

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. Remuneration and reimbursement to the Supervisory Board members for their work are regulated in the Articles of Association and the Remuneration Policies.

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

In 2021, ACI d.d. did not have research and development expenditures that are the basis for government subsidies.

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

- The Company does not require the Management Board to report to the Supervisory Board at regular intervals about the Company's operating results, financial situation, significant financial and non-financial risks and results of interactions with shareholders and other stakeholders, and there is no requirement that the President of the Management Board must immediately notify the Supervisory Board if an event arises or is likely to arise which may potentially have a significant impact on the Company's results, financial position or reputation. Due to the change and the appointment of a three-member Management Board in early 2022, the Company amended the Rules of Procedure, specifying the tasks and responsibilities related to reporting on operating business, financial situation, and financial

CORPORATE GOVERNANCE (continued)

and non-financial risks, and the Articles 4 and 5 of the Code will be fully implemented in 2022.

- The Supervisory Board has not formally set a target percentage of female members in the Management Board and Supervisory Board, and there is non-compliance with the provisions of the Code (Article 14). The Regulation of the Government of the Republic of Croatia on the conditions for the election and appointment of supervisory and management board members in legal entities of special interest to the Republic of Croatia and the manner of their election lays down the conditions and procedures for the election and appointment of candidates for management and supervisory board members, and the procedure is carried out by the relevant ministry.
- The Supervisory Board has not established formal procedures for appointing members to the Management Board and the Supervisory Board, and when nominating candidates for Supervisory Board members to the General Assembly, the Company does not make available, in the General Assembly materials, all the information referred to in Article 16 of the Code. In addition, materials for the General Assembly do not contain all the information pursuant to Article 17 of the Code. The Supervisory Board has not created a Supervisory Board profile determining the minimum number of members and the combination of skills, knowledge and education, as well as the professional and practical experience required in the Supervisory Board. The Supervisory Board does not include members of different genders, ages, backgrounds and experiences with a view to ensuring diversity of perspectives when making decisions. Also, Article 21 is not acted on. With regard to these instances of non-compliance with the Code, the Company acts in accordance with the Regulation of the Government of the Republic of Croatia on the conditions for the election and appointment of supervisory and management board members in legal entities of special interest to the Republic of Croatia and the manner of their election, which sets out the procedure for the election and the appointment of candidates for management and supervisory board members, stipulating that the procedure is carried out by the relevant ministry, which then submits its proposal to the Government, which in turn submits the proposal to the General Assembly. Since the appointment procedure is within the remit of the relevant ministry, the evaluation of the results and documentation in the re-election process is conducted by the ministry. In addition, at its meeting on 8 December 2021, the Supervisory Board established the Procedure for the Appointment/Election of the Management Board and Supervisory Board Members, which entered into force having been approved by the Company's General Assembly on 25 January 2022. The Procedure defines the above and will be fully implemented in 2022.
- In relation to Articles 37, 39, 40, 49, 56 and 79 of the Code, the Supervisory Board established the Procedure for the Appointment/Election of the Management Board and Supervisory Board Members, defining the above; however, it entered into force in early 2022 having been approved by the Company's General Assembly and will be implemented in 2022.
- Pursuant to Article 31 of the Code, the Supervisory Board adopted a general work plan that includes the schedule and the agenda of future meetings, with the schedule specified in the Calendar of Events.
- The Annual Report does not include the evaluation report on the Supervisory Board and its committees, which assesses all the circumstances referred to in Article 41 of the Code.

CORPORATE GOVERNANCE (continued)

- The Company has not appointed a Company Secretary since all legal matters of a greater complexity are handled by external experts where appropriate; there is, therefore, non-compliance with Article 33.
- With regard to Articles 44 and 45, the Company does not operate within a group or at the level of a parent company and a subsidiary. In 2021, ACI-Gitone d.o.o. was founded, in which ACI has a 50% share, classifying the new company as a joint venture.
- The Prevention of Conflicts of Interest Act regulates the matter related to Article 47, and the Company acts in accordance with the law and does not have additional internal documents relating to the said provision.
- With regard to Article 53 of the Code, the Remuneration Policy for Management Board Members explicitly stipulates that the Company does not have a stock compensation policy.
- The process of managing various types of risks in the Company is defined in numerous internal documents, such as the Articles of Association, Control Policy, Safety Regulations and so on; however in early 2022, the Risk Management Policy was adopted, covering the Company's main processes and the risks that the Company manages, and in 2022 the Company will comply with the provisions of the Code set out in Articles 58, 59 and 66. The Company implements internal control procedures related to the recording of business events and financial reporting; however, in 2021 the internal control system was not fully established.
- In 2021, there was non-compliance with a part of the provision on Stakeholder Involvement. Namely, the Company identified its key stakeholders, but no statutory procedures relating to the conduct were adopted.
- On the Company's website, the matter stipulated in Articles 71, 72, 73 and 80 is partially available. For the year 2021, all the data the Company is responsible for are available (e.g., no detailed information on Supervisory Board candidates were made public – Article 16, considering that the appointment procedure is within the remit of the relevant ministry). In addition, the Company partially adopted the practice of making documents available in English. Starting with the revised annual report for 2020, financial statements are available in both languages.

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



 Kristijan Pavić

President of the Management Board



 Josip Ostrogović

Member of the Management Board





 Ivan Herak

Member of the Management Board

Report to the General Assembly ACI d.d. on the supervision carried out on the management of the company's affairs in 2021

12 April 2022

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

REPORT ON THE SUPERVISION CARRIED OUT ON THE MANAGEMENT OF THE COMPANY'S AFFAIRS IN 2021 AND THE RESULTS OF THE REVIEW OF THE 2021 REPORT

Composition of the Supervisory Board and supervision of the management of the company's affairs in 2021

In 2021, the Supervisory Board supervised the management of ACI d.d.'s affairs comprised of the following members:

Mr Dražen Ivanušec, as President of the Supervisory Board, in the period: 01/01/2021 - 31/12/2021,

Mr Dobrica Rončević, as Vice President, in the period: 01/01/2021 - 16/02/2021., 08/03/2021 - 08/06/2021, 28/06/2021 - 28/09/2021, and 12/10/2021 - 31/12/2021,

Ms Marijeta Hladilo, as a member, in the period: 01/01/2021 - 16/02/2021, 08/03/2021 - 08/06/2021, 28/06/2021 - 28/09/2021, and 12/10/2021 - 31/12/2021,

Mr Tomislav Ninić, as a member in the period: 01/01/2021 - 16/02/2021, 08/03/2021 - 08/06/2021, 28/06/2021 - 28/09/2021, and 12/10/2021 - 31/12/2021.

In 2021, no employee representative was appointed to the Supervisory Board.

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

In 2021, the Supervisory Board held a total of twenty meetings, at which it discussed the state of the Company's affairs and took necessary decisions.

During their term of office, the Supervisory Board members attended the meetings of the Supervisory Board, with the exception of the one held on 9 July 2021, from which Mr Dobrica Rončević was absent due to a work commitment, and the one held on 29 October 2021, from which Ms Hladilo was absent due to a work commitment.

The first meeting was held on 25 January 2021, on which draft decisions were adopted on the election of the members of the Supervisory Board and on the Audit Committee to be submitted to the General Assembly of the Company; the President and Vice President of the General Assembly of the Company were appointed; and the information on exercising the right of access to information in 2020 was taken into account.

The second meeting was held on 15 February 2021, on which consent was given to conclude a joint venture agreement to establish the company ACI-Gitone d.o.o.; the information on the conclusion of the Management Contract for ACI Marina Rijeka and the Joint Venture Agreement was taken note of; and consent was given to conclude an employment contract.

The third meeting was held on 8 March 2021, on which the President and Vice President of the Supervisory Board were appointed.

Report to the General Assembly ACI d.d. on the supervision carried out on the management of the company's affairs in 2021 (continued)

Composition of the Supervisory Board and supervision of the management of the company's affairs in 2021 (continued)

The fourth meeting was held on 16 March 2021, on which consent was given to accept the offer for a concession on the maritime domain for the purpose of the construction and commercial use of a special purpose port – the port of nautical tourism of Porto Baroš in Rijeka.

The fifth meeting was held on 8 April 2021, on which consent was given to conclude a contract for provision of telecommunication services, to conclude a contract for services of purchasing, developing and implementing an IT system and its maintaining, and to conclude a contract to carry out the works on the reconstruction of the anchoring system of piers and vessels in ACI Marina Trogir; consent was given to conclude an employment contract; the Seasonal Workers Plan was approved; and information on the ACI AIR project was taken note of.

The sixth meeting was held on 30 April 2021, on which the Annual Financial Report for the Year Ended on 31 December 2020 with Independent Auditor's Report was accepted; the Supervisory Board Report on the supervision of the management of the company's affairs for 2020 was adopted; and draft decisions were adopted to be submitted to the General Assembly of the Company on the following matters: the approval of the remuneration reports for the members of the Supervisory Board and the Management Board for the business year 2020, profit distribution, granting a discharge to the Management Board and the Supervisory Board for 2020, and the appointment of auditors for 2021. Also, the company's Quarterly Report for the period ended on 31 March 2021 was taken note of.

The seventh meeting was held on 14 May 2021, on which draft decisions were adopted to be submitted to the General Assembly of the Company on the following matters: the election of the members of the Supervisory Board and on the Audit Committee, the signing of the Concession Agreement for a Special Purpose Port – the Port of Nautical Tourism of Porto Baroš, the ACI AIR project, the amendment of the Company's Articles of Association, and the drafting of the consolidated text of the Company's Articles of Association; and the President and Vice President of the General Assembly of the Company were appointed.

The eighth meeting was held on 7 June 2021, on which consent was given to conclude an employment contract, and to amend the Seasonal Workers Employment Plan.

The ninth meeting was held on 28 June 2021, on which the President and Vice President of the Supervisory Board were appointed; the questionnaires stipulated in the Corporate Governance Code were approved, and the consolidated text of the Statute of the Company was drafted.

The tenth meeting was held on 9 July 2021, on which the Report on the Exercise of the Right of Access to Information for the period 1 January – 30 June 2021 was taken note of; consent was given to conclude the Agreement on Regulating Mutual Relations and on Donation with Maistra d.d. and the City of Rovinj-Rovigno; consent was given consent to conclude an employment contract; the decision on giving procuration was accepted; and the decision was taken to start the procedure for the selection of the President and members of the Management Board.

The eleventh meeting was held on 23 July 2021, on which consent was given to conclude the Annex 1 to the Agreement for the Reconstruction of the Main Breakwater in ACI Marina Korčula.

Report to the General Assembly ACI d.d. on the supervision carried out on the management of the company's affairs in 2021 (continued)

Composition of the Supervisory Board and supervision of the management of the company's affairs in 2021 (continued)

The twelfth meeting was held on 12 August 2021, on which a decision was taken on the Management Board of the company, and a decision to conclude the Agreement on the Rights and Obligations of the Management Board members; and consent was given to conclude an employment contract.

The thirteenth meeting was held on 30 August 2021, on which draft decisions were adopted on the election of the members of the Supervisory Board and on the Audit Committee to be submitted to the General Assembly of the Company.

The fourteenth meeting was held on 24 September 2021, on which the Half-Yearly Report for the Period Ended on 30 June 2021 (unaudited) was taken note of; the President and Vice President of the General Assembly of the Company were appointed, consent was given to conclude the Annex 2 to the Loan Agreement; consent was given to conclude Annex I to the contract to carry out works on the reconstruction of the anchoring system of piers and vessels in ACI Marina Trogir; consent was given to conclude an employment contract; the Permanent Seasonal Workers Plan was approved; and the information on the guidelines for the work of supervisory boards in legal entities of special interest to the Republic of Croatia was taken note of.

The fifteenth meeting was held on 28 September 2021, on which the selected tenderer was approved and consent was given to conclude a contract to carry out the reconstruction of the infrastructure in ACI Marina Dubrovnik.

The sixteenth meeting was held on 12 October 2021, on which the President and Vice President of the Supervisory Board were appointed.

The seventeenth meeting was held on 29 October 2021, on which the Nine-Month Report for the period ended on 30 September 2021 (unaudited) was taken note of; the selected tenderer was approved and consent was given to conclude a contract for the removal of the pier I and the construction of the coastal wall in ACI Marina Dubrovnik; consent was given to conclude an agreement with HEP ODS, Elektrolika Gospić (LNT Novalja) on electrical connection; and consent was given to conclude an employment contract.

The eighteenth meeting was held on 8 December 2021, on which consent was given to adopt internal documents in accordance with the Corporate Governance Code of HANFA and the Zagreb Stock Exchange d.d., the Guidelines for the Work of Supervisory and Audit Committees in Legal Entities of Special State Interest and the Guidelines for Risk Management in the Operations of Public Sector Institutions; a report on the work and annual evaluation of the work of the Audit Committee was taken note of; the members of the Supervisory Board were instructed to evaluate the work of the Supervisory Board; draft decisions were adopted to be submitted to the General Assembly of the Company on the following matters: the election of the members of the Supervisory Board, the Audit Committee, the approval of the Remuneration Policy for Members of the Supervisory Board of Adriatic Croatia International Club, za djelatnost marina d.d., and the approval of the Procedures for the Appointment/Election of Members of the Management Board and the Supervisory Board; an amendment was made to the draft decision on profit distribution, the President and Vice

Report to the General Assembly ACI d.d. on the supervision carried out on the management of the company's affairs in 2021 (continued)

Composition of the Supervisory Board and supervision of the management of the company's affairs in 2021 (continued)

President of the General Assembly of the Company were appointed; the 2022 Supervisory Board Work Plan was adopted; and consent was given to conclude an employment contract.

The nineteenth meeting was held on 16 December 2021, on which the selected tenderer was approved and consent was given to conclude the Electricity Supply Contract.

The twentieth meeting was held on 23 December 2021, on which the selected tenderer was approved and consent was given to conclude a contract for the insurance of property, liability insurance and insurance of vessels; consent was given to the 2022 Business Plan; and the Rules of Procedure of the Committee for Appointments and Receipts were adopted.

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

Composition of the Management Board

The company's business in 2021 was managed by Mr Kristijan Pavić, as President of the Management Board from 1 January to 12 August 2021 and as Management Board Member from 13 August to 31 December 2021, and Mr Juraj Bukša, as Management Board Member from 1 January to 12 August 2021.

Supervisory Board Committees

In order to perform its function more efficiently, the Supervisory Board acts through the following committees: The Audit Committee and the Appointments and Remuneration Committee.

Audit Committee

In 2021, in the periods 01/01/2021 – 16/02/2021, 08/03/2021 – 08/06/2021, 28/06/2021 – 28/09/2021 and 12/10/2021 – 31/12/2021, the Audit Committee was comprised of: Ms Marijeta Hladilo, President, Mr Davor Vašiček, Vice President, and Mr Denis Buterin, Audit Committee Member.

In 2021, the Audit Committee held a total of eight meetings in which, among other things, annual and periodic financial statements were reviewed and analysed prior to their publication, whereby particular attention was paid to the accuracy and consistency of the accounting methods applied. The Audit Committee reviewed and monitored the independence of external auditors, as well as their work when auditing the annual accounts. The Audit Committee reported to the Supervisory Board on the outcome of the statutory audit, the way the statutory audit contributed to the integrity of the financial reporting and the role of the Audit Committee in the process. In relation to the Management Board, the Audit Committee reviewed the conduct of the management regarding the recommendations made by the external auditor. Furthermore, the Audit Committee assessed the quality of the internal control systems, the effectiveness of the internal audit and risk management

Report to the General Assembly ACI d.d. on the supervision carried out on the management of the company's affairs in 2021 (continued)

Audit Committee (continued)

systems through a situational analysis and an overview of the implementation of internal audit recommendations. In its work, the Audit Committee expressed opinions and made recommendations to the Management Board of the Company that attended all meetings, and reported its work to the Supervisory Board of the Company.

During their term of office, the members of the Audit Committee attended the meetings of the Audit Committee, with the exception of the meeting held on 20 April 2021, from which Ms Hladilo was absent due to a work commitment.

The first meeting was held on 15 February 2022, on which the Interim Report on the Financial Results for the year Ended 31 December 2020 (unaudited) was accepted and the 2021 Audit Committee Work Plan was adopted.

The second meeting was held on 8 March 2021, on which a the President and Vice President of the Audit Committee were appointed.

The third meeting was held on 30 April 2021, on which the opinion by the audit firm BDO Croatia d.o.o., Zagreb was approved that in addition to possible corrections that may arise from what was presented in the Basis for Qualified Opinion section, the attached annual financial statement presents truthfully and fairly the financial state of the Company on 31 December 2020, its financial performance and cash flows of the Company in 2020 in accordance with the Accounting Act and the International Financial Reporting Standards (IFRS) of the European Commission. Based on its activities and available information and reports, the Audit Committee concluded that the auditing process of financial statements was carried out in accordance with the law and professional standards and that the auditor's reports fully ensure the integrity of the Company's financial reporting. Furthermore, the 2020 Remuneration Report was adopted at the meeting; the Report on the Work of the Audit Committee in 2020 was adopted; the internal audit reports – the audit reports on the compliance of the operations of ACI Marina Rovinj with internal procedures and best practice were adopted; and the audit of the costs of business trips and the use of official vehicles were adopted; the bids for statutory audits of the financial statements of ACI d.d. for 2021 were analysed and a recommendation was made to the Supervisory Board to accept the bid by company BDO Croatia d.o.o., Zagreb; the Quarterly Report for the Period Ended on 31 March 2021 (unaudited) was reviewed and adopted.

The fourth meeting was held on 28 June 2021, on which the President and Vice President of the Audit Committee were appointed.

The fifth meeting was held on 29 July 2021, on which the Semiannual Report for the period ended 30 June 2021 (unaudited) was accepted and internal audit reports on the treasury's business and the implementation of the recommendations of the internal audit were adopted.

The sixth meeting was held on 12 October 2021, on which the President and Vice President of the Audit Committee were appointed.

The seventh meeting was held on 25 October 2021, on which the Nine-month Report of ACI d.d. for the period ended 30 September 2021 (unaudited) was accepted.

Report to the General Assembly ACI d.d. on the supervision carried out on the management of the company's affairs in 2021 (continued)

Audit Committee (continued)

The eighth meeting was held on 22 November 2021, on which the external auditors' report on the course of the business audit for 2021 was taken note of, and internal audit reports were adopted: Managing client complaints and Entrustment of secondary activities in ACI marinas; the annual internal audit plan for 2022 was adopted; consent was given to the content of internal documents proposed in accordance with the Corporate Governance Code of HANFA and the Zagreb Stock Exchange d.d., Guidelines for the Work of Supervisory and Audit Committees in Legal Entities of

Special Interest to the Stated and Risk Management Guidelines for Public Sector Institutions; the Audit Committee's 2022 Work Plan was adopted; and an annual evaluation of the work of the Audit Committee was carried out.

Appointment and Remuneration Committee

In the period from 8 December to 31 December 2021, the Appointment and Remuneration Committee was comprised of: Ms Marijeta Hladilo, as President, Mr Tomislav Ninić, as member, and Mr Dobrica Rončević, as member. In this period, the Appointment and Remuneration Committee did not hold a meeting.

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

The Supervisory Board conducted an assessment of its effectiveness for the 2021 business year, chaired by the Supervisory Board President, based on the recommendations of the Corporate Governance Code implemented by the Company. All members of the Supervisory Board participated in the assessment. The Supervisory Board concluded that the Supervisory Board and its committees carry out their roles and responsibilities in an appropriate and effective manner. The structure, size and composition of the Supervisory Board and its committees were assessed to be appropriate and adequately balanced, according to expertise, skills, etc. The preparation for and functioning of the meetings was assessed as effective. The Supervisory Board will continue to follow best corporate governance practices and will continue to self-assess its work, striving for even greater effectiveness in the future.

Results of the 2021 report review

Having reviewed the auditors' reports of BDO Croatia d.o.o. and the annual financial statements for the year ended on 31 December 2021, submitted to it by the Management Board of the Company, the Supervisory Board found that the above Annual Financial Statements were made according to the state of the accounts and that they show the accurate state of the Company's property and affairs. Namely, in the opinion of the external independent auditor, in addition to possible corrections that may arise from what was presented in the Basis for Qualified Opinion section, the attached annual financial statements present truthfully and fairly the financial state of the Company on 31 December 2021, its financial performance and cash flows of the Company for the year that ended at that date in accordance with the Accounting Act and the International Financial Reporting Standards (IFRS) established by the European Commission and published in the Official Journal of the European Union (IFRS).

Report to the General Assembly ACI d.d. on the supervision carried out on the management of the company's affairs in 2021 (continued)

Results of the 2021 report review (continued)

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

An integral part of the above reports of ACI d.d., for the year ended 31 December 2021, are:

- a) Management Report for the year 2021
- b) Responsibility for financial statements
- c) Independent Auditor's Report
- d) Statement of Comprehensive Income
- e) Statement of Financial Position
- f) Cash Flow Statement
- g) Statement of changes in equity
- h) Notes to financial statements.

The Supervisory Board received a proposal from the Management Board on the distribution of profit made in 2021, which established that ACI d.d. in the year ending 31 December 2021, made a net profit after tax of HRK 13,335,352.47, proposing that the profits earned be allocated to retained earnings.

The Supervisory Board agrees with this proposal of the Management Board on the distribution of profit and proposes to the General Assembly to approve such a decision.

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



Dražen Ivanušec

President of the Supervisory Board

ENVIRONMENTAL CARE AND SOCIAL RESPONSIBILITY

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

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

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

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

DECISION ON APPROVING ANNUAL FINANCIAL STATEMENTS

Pursuant to Article 300d of the Companies Act, at the meeting held on 12 April 2022, the Management Board and the Supervisory Board of ACI d.d. approved the following

DECISION

on approving annual financial statements for 2021

I.

In accordance with the applicable regulations, the Company's Management Board have prepared the Annual Report for the year ended on 31 December 2021 Including Independent Auditor's Report, which consists of the following:

- a) Management report for 2021
- b) Responsibility for annual financial statements
- c) Independent Auditor's Report
- d) Statement of comprehensive income
- e) Statement of financial position
- f) Cash flow statement
- g) Statement of changes in equity
- h) Notes to financial statements.

II.

The Supervisory Board and the Management Board have jointly approved the annual financial statements for 2021, namely:

1. Financial Position Statement (balance sheet) with the sum of assets and liabilities in the amount of HRK 678,155,041.19

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

▪ total revenue	in the amount of	HRK 215,626,529.77
▪ total expenditures	in the amount of	HRK 198,546,189.03
▪ pre-tax profit	in the amount of	HRK 17,080,340.74
▪ corporation tax	in the amount of	HRK 3,744,988.27
▪ after-tax profit	in the amount of	HRK 13,335,352.47.



Kristijan Pavić
President of the Management Board



Dražen Ivanušec
President of the Supervisory Board



Josip Ostrogović
Member of the Management Board



Ivan Herak
Member of the Management Board



PROPOSED DECISION ON PROFIT DISTRIBUTION

The basic financial statements for the current year show gross profit in the amount of HRK 17,080,340.74, corporation tax in the amount of HRK 3,744,988.27, resulting in a net profit of HRK 13,335,352.47. Legal reserves are HRK 19,990,800.00, and retained earnings amount to HRK 66,702,878.08.

Pursuant to Article 220 of The Companies Act, at the meeting held on 12 April 2022, the Management Board and the Supervisory Board of ACI d.d., adopted the following draft decision for the General Assembly

DECISION

on the distribution of profits made in 2021

I.

In the year ended on 31 December 2021, ACI d.d. made a net profit after tax of HRK 13,335,352.47.

II.

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



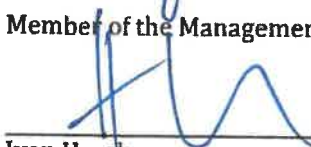
Kristijan Pavić

President of the Management Board



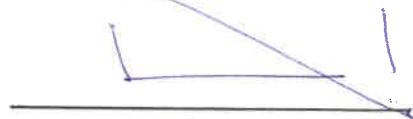
Josip Ostrogović

Member of the Management Board



Ivan Herak

Member of the Management Board



Dražen Ivanušec

President of the Supervisory Board



**ADRIATIC CROATIA INTERNATIONAL CLUB,
za djelatnost marina d.d.
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2021
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 2021 are prepared in accordance with the valid Croatian Accounting Act and the International Financial Reporting Standards determined by the European Commission and published in the Official Journal of the European Union, to give a true and fair view of the financial position, operating results, cash flows and capital changes of the Company for that period.

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

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

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

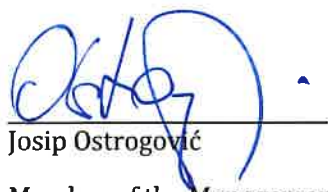
The Management Board of the Company is responsible for keeping the proper accounting records, which at any time and with reasonable certainty present the financial position, operating results, cash flows and capital changes of the Company, as well as their compliance with the valid Croatian Accounting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

Signed on behalf of the Management Board on 5 April 2022:



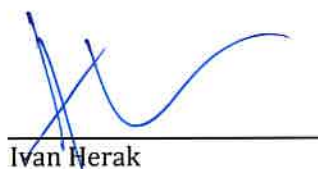
Kristijan Pavić

President of the Management Board



Josip Ostrogović

Member of the Management Board



Ivan Herak

Member of the Management Board

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the annual financial statements

Qualified Opinion

We have audited the annual financial statements of the company Adriatic Croatia International Club, za djelatnost marina d.d., Rijeka, Rudolfa Strohal 2, ("the Company") for the year ended 31 December 2021, which comprise the Statement of financial position as at 31 December 2021, 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 2021, 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 2021 in the Statement of Financial Position, the Company has stated investment in marinas Rovinj, Piškera, Žut, Korčula and Veljko Barbieri in the amount of HRK 222,187 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 2021, 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 2021.

In 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 2021 were underestimated in the same amount. This was basis of our qualified opinion for annual financial statements for year ended 31 December 2020. Our opinion for annual financial statements for year ended 31 Decemeber 2021 is also qualified due to the comparability of the information presented in the current period with the information presented for the comparative period.

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.

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

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

Recognition and accrual of revenue	
<p>In the Statement of comprehensive income for 2021, the Company reported sales revenue in the amount of HRK 205,611 thousand (2020: HRK 169,753 thousand), while in the Statement of Financial Position as at 31 December 2021 it stated trade receivables in the amount of HRK 5,537 thousand (31 December 2020: HRK 7,067 thousand), contract assets in the amount of HRK 12,130 thousand (31 December 2020: HRK 14,621 thousand), contract liabilities in the amount of HRK 9,602 thousand (31 December 2020: HRK 11,413 thousand)) and deferred revenue from berthing services in the amount of HRK 42,329 thousand (31 December 2020: HRK 40,378 thousand).</p>	
Key Audit Matter	How we addressed the key audit matter
<p>The application of the revenue recognition principle in accordance with IFRS 15 - Revenue from Contracts with Customers is complex and requires significant assumptions and estimates. Sales revenue comprises a high volume of individually low value transactions that are recognized over time after the execution of the liability in accordance with the applicable financial reporting standards. As part of the risk assessment, we assessed that there is a risk that revenue is recognized in the financial statements in amounts higher than those actually generated by the Company as part of business activities, as well as the risk that revenues are not properly accrued in the period to which they belong. In the wake of these factors, we consider that the accuracy and proper demarcate of recognized revenue is associated with a significant risk of material misstatement in the financial statements and required our increased attention, therefore we consider it as such a key audit matter.</p> <p>Related disclosures in the accompanying annual financial statements</p> <p>See notes 2.9, 2.18, 5., 6., 22., 23., 31. and 33. in the accompanying annual financial statements.</p>	<p>Our audit procedures related to this matter included, among others:</p> <ul style="list-style-type: none"> - assessing the Company's accounting policy for compliance with the requirements of the IFRS 15 - Revenue from Contracts with Customers - understanding and evaluating the design and operational effectiveness of internal controls related to the collection and recording of revenue recognition transactions over time; - for a sample of contracts with customers, determining the contract consideration by checking whether the transactions of revenue from berthing services and rental income are recorded in accordance with the agreed terms and conditions and in accordance with the prices defined and approved by the Company's Management Board; - for a sample of contracts with customers, an assessment of whether revenue from berthing services contracted and prepaid is properly recorded by determining the timing of the transfer of control resulting in the recognition of revenue, by reference to transaction documentation; - assessment of the invoicing system and the measurement system up to the general ledger entry; - obtaining a sample of outgoing invoices to compare the existence and accuracy of the total net amount of the invoice with general ledger entry; - assessing the adequacy and completeness of disclosures related to the transactions of revenue from berthing services and rental income in accordance with requirements of the financial reporting standards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Other Information in the Annual Report

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

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

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

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

Statement on other legal requirements

On 28 June 2021, we were appointed by the General Assembly of the Company to audit the annual financial statements of the Company for 2021.

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 2021, which totals 4 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 4,128 thousand, which represents approximately 1.8% of the realized sales revenue for 2021.

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 2021 and the date of this Independent Auditor's Report, we did not provide prohibited non-audit services to the Company and did not provide services for the design and implementation of internal control procedures or risk management related to preparation and/or control of financial information or the design and implementation of technological systems for financial information, and we have maintained independence in relation to the Company.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Statement on other legal requirements (continued)

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

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

We conducted the engagement with expressing reasonable assurance as to whether the financial statements prepared for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, which are contained in the electronic file *ACI-2021-12-31-en*, in all material aspects prepared in accordance with the requirements of the ESEF Regulation.

Responsibilities of Management and those charged with governance

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

The Management of the Company is also responsible for:

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

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

Auditor's responsibilities

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

Procedures performed

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

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

- we have read the requirements of the ESEF Regulation,
- we have gained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or errors; and
- based on that, we have planned and designed procedures for responding to assessed risks and for obtaining reasonable assurance for the purpose of expressing our conclusion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Report on the requirements of the ESEF Regulation (continued)

The aim of our procedures was to assess whether:

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

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

Conclusion

In our opinion, based on the procedures performed and the evidence obtained, the financial statements presented in ESEF format, contained in the above mentioned electronic file and based on the provision of Article 462, paragraph 5, of the Capital Market Act prepared for the purposes of public disclosure, in all material respects are in line with the requirements of the Articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2021.

In addition to this conclusion, as well as the opinions contained in this Independent Auditor's Report for the accompanying financial statements and annual report for the year ended 31 December 2021, we do not express any opinion on the information contained in these reports or other information contained in the above file.

The partner involved in the audit of the Company's annual financial statements for 2021 which results in this Independent Auditor's Report, is the certified auditor Vedrana Stipić.

Zagreb, 5 April 2022

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

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

Vedrana Stipić, Member of the
Management Board, Certified
auditor

ADRIATIC CROATIA INTERNATIONAL CLUB, za djelatnost marina d.d.
 STATEMENT OF COMPREHENSIVE INCOME
 for the year ended 31 December 2021

In thousands of HRK	Note	2021	2020
Sales revenue	6	205,611	169,753
Other operating revenue	7	6,997	9,999
Total operating income		212,608	179,752
Costs of raw and other materials	8	(11,886)	(9,516)
Personnel costs	9	(60,287)	(54,167)
Depreciation, amortisation and impairment	10	(66,039)	(68,222)
Other external costs	11	(34,462)	(29,622)
Other operating expenses	12	(22,096)	(16,090)
Other gains/(losses) - net		13	(21)
Other joint venture costs		(216)	-
Total operating expense		(194,973)	(177,638)
Operating profit		17,635	2,114
Financial income		3,019	5,780
Financial expenses		(3,574)	(7,377)
Net - Financial expenses	13	(555)	(1,597)
Profit before tax		17,080	517
Tax expense	14	(3,745)	(319)
Net profit	15	13,335	198
Total comprehensive income		13,335	198
Basic earnings per share to the Company's shareholders	16	120.07	1.78

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

ADRIATIC CROATIA INTERNATIONAL CLUB, za djelatnost marina d.d.
 STATEMENT OF FINANCIAL POSITION
 as at 31 December 2021

In thousands of HRK	Note	31 December 2021	31 December 2020
ASSETS			
Non - current assets			
Property, plant and equipment	16	389,743	401,790
Right-of-use- assets	17	16,889	21,604
Investment property	18	58,664	67,552
Intangible assets	19	2,127	1,435
Investments calculated using the cost method	20	284	-
Deferred tax assets	21	511	733
		468,218	493,114
Current Assets			
Inventory		673	562
Trade receivables	22	5,537	7,067
Contract asset	23	12,130	14,621
Corporation tax receivbles		-	3,549
Other receivables	24	4,860	3,462
Deposits	25	50,181	62,858
Financial assets at fair value trough profit or loss		107	94
Cash and cash equivalentents	26	136,449	78,978
		209,937	171,191
Total Assets		678,155	664,305

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

ADRIATIC CROATIA INTERNATIONAL CLUB, za djelatnost marina d.d.
 STATEMENT OF FINANCIAL POSITION
 as at 31 December 2021

	Note	31 December 2021	31 December 2020
CAPITAL AND LIABILITIES			
Capital and liabilities			
Issued share capital	27	399,815	399,815
Legal reserves	28	19,991	19,991
Retained earnings	28	80,038	66,703
Total capital		499,844	486,509
Liabilities			
Long - term liabilities			
Loan liabilities	29	58,753	69,617
Lease liabilities	17	13,451	18,061
Provisions	30	3,230	2,835
Other long-term liabilities		392	485
		75,826	90,998
Short - term liabilities			
Loan liabilities	29	10,811	11,022
Contract liabilities	31	9,602	11,413
Lease liabilities	17	3,769	3,838
Provisions	30	2,877	1,271
Trade payables	32	16,550	6,613
Income tax liability		672	-
Deferred revenue	33	42,726	40,669
Other short term liabilities	34	15,478	11,972
		102,485	86,798
Total liabilities		178,311	177,796
Total capital and liabilities		678,155	664,305

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

ADRIATIC CROATIA INTERNATIONAL CLUB, za djelatnost marina d.d.
 CASH FLOW STATEMENT
 for the year ended 31 December 2021

In thousands of HRK	Note	2021	2020
Cash flow from operating activities			
Cash receipts from sales of goods and services		267,094	208,376
Cash receipts from insurance for indemnity		588	117
Other cash receipts		845	1,764
Total cash receipts		268,527	210,257
Cash expenditures to suppliers		(63,802)	(60,750)
Cash expenditures for employees		(59,108)	(55,939)
Cash expenditures for insurance for damages		(64)	(44)
Cash expenditures for interest		(1,223)	(1,557)
Cash expenditures for taxes		(42,496)	(36,149)
Other cash expenditures		(1,861)	(1,932)
Total cash expenditures		(168,554)	(156,371)
Net cash flow from operating activities		99,973	53,886
Cash flow from investing activities			
Cash receipts from sales of property, plant and equipment, and intangible assets		22	613
Cash receipts from interest		453	543
Cash receipts from dividends		1	-
Cash receipts for short- and long-term deposits		22,534	57,608
Total cash receipts		23,010	58,764
Cash expenditures for the purchase of property, plant and equipment and intangible assets		(40,456)	(50,575)
Cash expenditures for short- and long-term deposits		(10,000)	(32,705)
Cash expenditures for joint venture		(500)	-
Total cash expenditures		(50,956)	(83,280)
Net cash flow from investing activities		(27,946)	(24,516)
Cash flow from financing activities			
Principal loan repayment cash expenditures		(10,684)	(10,752)
Lease payment cash expenditures		(3,968)	(4,071)
Dividend payment		(19)	(19,110)
Total cash expenditures		(14,671)	(33,933)
Net cash flow from financing activities		(14,671)	(33,933)
Net increase in cash and cash equivalents		57,356	(4,563)
Cash and cash equivalents at the beginning of the year		78,978	83,432
Unrealised foreign exchange gains and losses		115	109
Cash and cash equivalents at the end of the year	26	136,449	78,978

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

ADRIATIC CROATIA INTERNATIONAL CLUB, za djelatnost marina d.d.
 STATEMENT OF CHANGES IN EQUITY
 for the year ended 31 December 2021

In thousands of HRK	Share Capital	Legal and other reserves	Retained earnings	Total
Balance as at 1 January 2020	399,815	19,991	85,611	505,417
Total comprehensive income	-	-	198	198
Dividend	-	-	(19,106)	(19,106)
Balance as at 31 December 2020	399,815	19,991	66,703	486,509
Balance as at 1 January 2021	399,815	19,991	66,703	486,509
Total comprehensive income	-	-	13,335	13,335
Balance as at 31 December 2021	399,815	19,991	80,038	499,844

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 2021, the Company employed 334 employees, and as at 31 December 2020, it employed 340 employees.

1.3. Company Bodies

Supervisory Board		Term of office
Dražen Ivanušec	President	from 16 July 2019
Dobrica Rončević	Vice President	from 16 November 2020 to 16 February 2021; from 08 March 2021 to 08 Jun 2021, from 28 Jun 2021 to 27 September 2021 from 12 October 2021 to 11 January 2022, from 25 January 2022
Tomislav Ninić	Member	from 16 November 2020 to 16 February 2021; from 08 March 2021 to 08 Jun 2021, from 28 Jun 2021 to 27 September 2021 from 12 October 2021 to 11 January 2022 from 25 January 2022
Marijeta Hladilo	Member	from 16 November 2020 to 16 February 2021; from 08 March 2021 to 08 Jun 2021, from 28 Jun 2021 to 27 September 2021 from 12 October 2021 to 11 January 2022 from 25 January 2022
Audit Committee		
Marijeta Hladilo	President	from 16 November 2020 to 16 February 2021; from 08 March 2021 to 08 Jun 2021, from 28 Jun 2021 to 27 September 2021, from 12 October 2021 to 11 January 2022 from 25 January 2022
Davor Vašiček	Vice President	from 16 November 2020 to 16 February 2021; from 08 March 2021 to 08 Jun 2021, from 28 Jun 2021 to 27 September 2021, from 12 October 2021 to 11 January 2022 from 25 January 2022
Denis Buterin	Member	from 16 November 2020 to 16 February 2021; from 08 March 2021 to 08 Jun 2021, from 28 Jun 2021 to 27 September 2021, from 12 October 2021 to 11 January 2022 from 25 January 2022

1.3. Company Bodies (continued)

Management Board		
Kristijan Pavić	President Member - director	from 12 August 2017 to 12 August 2021, from 13 April 2021, from 14 February 2022
Juraj Bukša	President	from 14 October 2017 to 12 August 2021
Ivan Herak	Member	from 14 February 2022
Josip Ostrogović	Member	from 14 February 2022

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

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),

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

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

- Decision of the County Council of the Šibenik-Knin County on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Piškera dated 8 March 1999 (Official Gazette of the Šibenik-Knin County, No 5/99),
- Decision of the County Council of the Šibenik-Knin County on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Žut dated 8 March 1999 (Official Gazette of the Šibenik-Knin County, No 5/99),
- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Jezera dated 15 October 1998 (Official Gazette of the Republic of Croatia, NN 138/98),
- Decision of the Government of the Republic of Croatia on amending the Decision on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Jezera dated 28 November 2002 (Official Gazette of the Republic of Croatia, NN 145/02)
- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Vodice dated 15 October 1998 (Official Gazette of the Republic of Croatia, NN 138/98),
- Decision of the Government of the Republic of Croatia on amending the Decision on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Vodice dated 28 November 2002 (Official Gazette of the Republic of Croatia, NN 145/02),
- Decision of the County Council of the Šibenik-Knin County on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Skradin dated 8 March 1999 (Official Gazette of the Šibenik-Knin County, No 5/99),
- Decision of the County Council of the Split-Dalmatia County on granting the right to use and enjoy the special purpose port – port of nautical tourism of Trogir dated 10 October 2007 (Official Gazette of the -Dalmatia County, No 7/9),
- 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),

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

- Decision of the County Council of the Split-Dalmatia County on granting the right to use and enjoy the special purpose port – port of nautical tourism of Vrboska dated 10 October 1997 (Official Gazette of the Split-Dalmatia County, No 7/97),
- Decision of the County Council of the Split-Dalmatia County on amending the Decision on granting the right to use and enjoy the special purpose port – port of nautical tourism of Vrboska dated 3 December 1998 (Official Gazette of the Split-Dalmatia County, No 8/98),
- Decision of the County Council of the Split-Dalmatia County on granting the concession on maritime domain for the use and commercial use of the special purpose port – port of nautical tourism of Palmižana dated 7 June 1999 (Official Gazette of the Split-Dalmatia County, No 4/99),
- Decision of the County Council of the Dubrovnik-Neretva County on granting the concession on maritime domain for the use and commercial use of the special purpose port – port of nautical tourism of Korčula dated 15 February 1999,
- Decision of the Government of the Republic of Croatia on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Dubrovnik dated 15 October 1998 (Official Gazette of the Republic of Croatia, NN 138/98),
- Decision of the Government of the Republic of Croatia on amending the Decision on granting a concession on maritime domain for the commercial use of the special purpose port – port of nautical tourism of Dubrovnik dated 11 November 2004 (Official Gazette of the Republic of Croatia, NN 162/04),
- Decision on the selection of the most economically advantageous tenderer bidding for the concession on maritime domain for the commercial use of the special purpose port, anchorage in Podražanj Bay, the Island of Žut (Official Gazette of the Šibenik-Knin County, No 8/2011),
- Maritime Code (Official Gazette of the Republic of Croatia, NN 181/04, 76/07, 146/08, 61/11, 56/13, 26/15, 17/19),
- Maritime Domain and Seaports Act (Official Gazette of the Republic of Croatia, NN 158/03, 100/04, 141/06, 38/09, 123/11, 56/16, 98/19) and
- Regulation on classification of ports open to public transport and special purpose ports (Official Gazette of the Republic of Croatia, NN110/04, 82/07).

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

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

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

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

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

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

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

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

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

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

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

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

1.5. Impact of COVID-19 on business

The year 2021 continued with the global spread of the COVID-19 virus, bringing a decrease in turnover both in nautical tourism and most other industries, especially during the pre-season. The Company actively monitors all aspects of the COVID-19 situation and related risks. All the decisions made by the Management Board during the year were in keeping with the measures adopted by the Government of the Republic of Croatia in order to mitigate the negative impact of the pandemic on the economy and the instructions, recommendations and decisions issued by the Civil Protection Committee of the Republic of Croatia.

In 2021, the number of realised boat days on daily berths increased by 35 thousand boat days, or by 58%, compared to 2020, and there was an increase in the realised boat days in the monthly berthing services as well, while the realised boat days in the annual berthing services marked a decrease by 1% compared to 2020. The charging of the charter fee on the price of the annual berthing service for charter boats was also suspended in 2021 (depending on the marina, charter fee is from 15% to 20%), which resulted in a decrease in the revenues from the annual berthing service. At the beginning of the year, the Company implemented the decision to suspend collection from some of the lessees performing secondary activities in the marinas, but, compared to 2020, there was still a significant increase in revenues from secondary activities, in the amount of HRK 5.7 million, or by 43%.

There was an increase in operating income by HRK 33 million, or 18%, to HRK 212.6 million, compared to HRK 179.8 million in 2020, which was primarily due to a significant increase in revenues from the daily berthing service (HRK 22.6 million, or +67%), but also to an increase in revenues from all other services.

Aware of the possible risks, the Company reorganised its business in order to reduce the negative impact of the COVID-19 virus 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 deemed not necessary at this time.

1.6. Impact of Russia's actions destabilising the situation in Ukraine on business

With regard to the new circumstances relating to the war in Ukraine in February 2022, as well as the sanctions against Russian citizens, the Company assessed that at this time its exposure to risk in relation to legal and natural persons from Russia or Ukraine is not high. Of the total number of users of the annual berthing service in the ACI system, the contracts of Russian and Ukrainian nationals account for about 1%; and since, as a rule, payment in advance is contractually agreed upon, it is estimated that at present the exposure is not high.

In addition, the Company has no relationships with entities with which there would be a direct or indirect ownership connection, nor does it have investments in entities in Russia or Ukraine or in entities that are significantly linked to entities in Russia or Ukraine, therefore there is also no exposure in this part.

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 2021 have been prepared in accordance with the valid Croatian Accounting Act and the International Financial Reporting Standards, established by the European Commission and published in the Official Journal of the European Union (IFRS).

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

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

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

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

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16) – extended period of application of the exemption until 30 June 2022 (effective for annual periods beginning on or after 1 April 2021);
- Interest Rate Benchmark Reform – Phase 2 introduces amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 and is not mandatorily effective until annual periods beginning on or after 1 January 2021.

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

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

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

- Annual Improvements to IFRSs - 2018-2020 cycle - (effective for annual periods beginning on or after 1 January 2022);

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

- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts Cost of Fulfilling a Contract): The amendments define what costs should be included in the entity's assessment of whether the contract will be detrimental (effective for annual periods beginning on or after 1 January 2022);
- IAS 16 Property, Plant and Equipment (Amendment - Proceeds before Intended Use): The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss (effective for annual periods beginning on or after 1 January 2022);
- IFRS 3 Business Combinations Amendment – Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022).

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

IFRS currently adopted in the European Union do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, the adoption of which the European Union has not yet decided on 5 April 2022 relate to IFRSs issued by the IASB:

- IFRS 17 Insurance Contracts
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendment – Disclosure of Accounting Policies)
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimates)
- IAS 12 Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

Amendments stated above are effective for annual periods beginning on or after 1 January 2022.

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

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) Transaction and foreign currency balances

Transactions in foreign means of payment are converted into functional currency so that the amounts in foreign means of payment are converted at the exchange rate on the day of the transaction. Gains or losses on exchange rate differences occurring in the settlement of those transactions and the conversion of monetary assets and liabilities expressed in foreign currencies are recognised in the profit or loss account. The EUR exchange rate as at 31 December 2021 was EUR 7.517174 (EUR 7.536898 as at 31 December 2020).

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	2021	2020
Investments in software	3 to 5 years	3 to 5 years

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

2.5. Right-of-use-assets

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

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

2.5.1. Right-of-use-assets

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

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

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

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

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

DESCRIPTION	2021	2020
Office buildings	6 years	6 years
Concessions	8 to 12 years	8 to 12 years
Cars	4 years	2 to 4 years

2.5.2. Lease liabilities

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

2.5. Right-of-use assets (continued)

2.5.2. Lease liabilities (continued)

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

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

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

2.6. Property, plant and equipment

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

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

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

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

Useful lives of asset use are as follows:

DESCRIPTION	2021	2020
Buildings	6 to 40 years	7 to 40 years
Plant and equipment	1 to 32 years	1 to 32 years
Tools and machinery	3 to 10 years	3 to 10 years

2.6. Property, plant and equipment (continued)

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

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

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

2.7. Investment property

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

The useful life of assets for 2021 is from 6 to 40 years (2020: 7 to 40 years).

2.8. Impairment of assets

a) Impairment of non - financial assets

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

b) Impairment of financial assets

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

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

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

2.9. Contract assets and contract liabilities

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

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

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

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

2.10. Financial assets

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

The Company classifies assets as shown below:

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

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 be measured at fair value through other comprehensive profits with subsequent reclassification into the income statement. In all other cases, financial assets are measured at fair value through profit and loss. Equity instrument valuation is measured through the profit and loss account (FVTPL). This is because investments prioritise maximising profits in the short term. The acquisition and sale of equity instruments are based on business policy considerations. Dividends are recognised in the income statement when they do not represent the repayment of principal.

2.10. Financial assets (continued)

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. Joint venture investment

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

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

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

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

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

2.11. Joint venture investment (continued)

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

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

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

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

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

2.12. Inventory and small inventory

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

2.13. Non - current assets held for sale

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

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

2.14. Cash and cash equivalents

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

2.15. Loans

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

2.16. Current and deferred tax

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

2.17. Employee benefits

a) Pension and other post – retirement liabilities

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

2.17. Employee benefits (continued)

b) Severance pay

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

c) Long - term employee's benefits

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

d) Short - term employee's benefits

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

2.18. Long - term provisions for risk and charges

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

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

2.19. Revenue recognition

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

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

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

2.19. Revenue recognition (continued)

Revenue is reported in amounts less value added tax, estimated returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, when the Company will have future economic benefits, and when specific criteria for the Company's activities described below are met.

a) Revenue from contracts with customers

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

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

b) Revenue from provision of services

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

c) Interest income

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

d) Dividend income

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

2.20. Distribution of dividends

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

2.21. Value - added tax (VAT)

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

2.22. Accounts payable

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

2.23. Reclassifications

In 2021, the Company changed the way certain items of expenses are presented in the statement of comprehensive income in order to better understand the financial statements.

In order to reconcile the presentation of comparable data with the data presented in 2020, the following items have been reclassified in the financial statements for the year ended 31 December 2020:

in thousands of HRK	2020	impact	2020 reclassified
Cost of material and services	39,138	(39,138)	-
Cost of raw and other materials	-	9,516	9,516
Other external costs	-	29,622	29,622

NOTE 3 – RISK MANAGEMENT

a) Liquidity risk

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

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

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

NOTE 3 – RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

in thousands of HRK	Weighted average effective interest rate %	Up to 1 mth	From 1 to 3 mths	From 3, mths to 1 yr	Total
31 December 2020					
Interest - free					
Cash and cash equivalents	-	78,978	-	-	78,978
Trade receivables	-	7,067	-	-	7,067
Contract assets	-	-	-	14,621	14,621
Other receivables	-	761	3,549	2,795	7,105
		86,806	3,549	17,416	107,771
Fixed interest rate instruments					
Deposits	0.38%	-	-	62,858	62,858
		86,806	3,549	80,274	170,629

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

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

NOTE 3 – RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

in thousands of HRK	Weighted average effective interest rate %	Up to 1 mth	From 1 to 3 mths	From 3, mths to 1 yr	From 1 yr, to 5 Yr	Total
31 December 2020						
Interest - free						
Trade payables	-	3,439	-	3,174	-	6,613
Contract liabilities	-	-	-	11,413	-	11,413
Other liabilities	-	2,943	7,692	2,782	3,146	16,563
		6,382	7,692	17,369	3,146	34,589
Loan liabilities	-	-	2,989	8,033	69,617	80,639
Lease liabilities	-	151	2,291	1,366	18,091	21,899
		6,533	12,972	26,768	90,854	137,127

NOTE 3 – RISK MANAGEMENT (continued)

b) Capital risk management

The Company manages capital in order to ensure its going concern.
The indebtedness on the date of the financial position statement was as follows:

Debt	31 December 2021	31 December 2020
Long - term loans	58,753	69,617
Current portion of long-term liabilities	10,811	11,022
Cash and cash equivalents	136,449	78,978
Net debt	66,885	(1,661)
Principal	499,844	486,509
Debt - to - principal ratio	13.4%	(0.3%)

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 2021, if the EUR exchange rate were to rise/decrease by 1% compared to HRK (2020, 1%), assuming that all other indicators remained unchanged, profit before tax for the reporting period would be HRK 651 thousand (in 2020, HRK 37 thousands) 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

NOTE 3 – RISK MANAGEMENT (continued)

d) Market risk (continued)

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 259 thousands (in 2020, HRK 287 thousands).

d) 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:

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

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

NOTE 4 - KEY ACCOUNTING ESTIMATES

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

Lawsuits and legal claims

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

Useful life of property, plant and equipment

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

If depreciation rates on property, plant and equipment were 5% higher/lower, assuming unchanged other variables, net profit for the year and net book value of property, plant and equipment would be HRK 2.971 thousand (2020: HRK 13,821 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

In thousands HRK	Total revenue		Non-current tangible and intangible assets	
	2021	2020	31 December 2021	31 December 2020
Umag	9,798	9,263	6,906	9,107
Rovinj	12,532	7,047	133,327	148,950
Pula	6,002	5,100	7,755	9,045
Pomer	8,805	8,033	25,663	29,180
Opatija	14,311	13,489	12,677	15,120
Cres	14,185	12,993	23,725	28,015
Supetarska Draga	6,266	5,140	5,454	6,602
Rab	2,918	2,167	2,280	2,135
Šimuni	5,731	5,170	5,535	6,237
Žut	2,424	1,983	6,850	7,171
Piškera	3,045	1,938	6,332	6,518
Jezera	8,673	7,500	8,456	9,858
Vodice	12,165	11,915	8,981	7,767
Skradin	10,709	7,542	7,611	9,593
Trogir	10,183	8,406	5,474	3,617
Split	25,798	20,217	39,510	43,544
Milna	7,598	6,444	9,764	10,770
Vrboska	3,774	2,902	3,891	4,769
Plamižana	9,524	5,053	4,444	5,576
Korčula	3,578	5,057	38,013	18,928
Dubrovnik	22,899	22,455	36,435	34,145
Veljko Barbieri	5,431	5,767	37,665	44,474
ACI Sail	4,987	1,971	21,487	8,240
General administrative and technical services	4,291	7,980	9,188	23,020
	215,627	185,532	467,423	492,381

NOTE 5 - BUSINESS SEGMENT REPORTING (continued)

Total revenue per market in which they are generated

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

In thousands HRK	Total revenue		Non-current tangible and intangible assets	
	2021	2020	31 December 2021	31 December 2020
Domestic market	86,592	82,858	467,423	492,381
Foreign market	129,035	102,674	-	-
	215,627	185,532	467,423	492,381

Information on major customers

The total net claims against customers as at 31 December 2021 amounted to HRK 7,537 thousand (as at 31 December 2020, HRK 7,067 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 2021.

NOTE 6 – SALES REVENUE

In thousands HRK	2021	2020
Annual berthing service	102,126	102,559
Monthly berthing service	11,087	9,635
Daily berthing service	56,454	33,838
Other boating services	12,317	8,399
Rental income	19,034	13,351
Income from boat rental and charter	4,593	1,971
	205,611	169,753

NOTE 7 – OTHER OPERATING REVENUE

In thousands HRK	2021	2020
Revenue from re-invoiced overhead costs	3,206	2,770
Collection of accounts receivable previously adjusted (Note 22)	1,371	522
Advertising revenue	919	947
Income from damages compensations	590	149
Revenue from previous years	297	3,253
Income from provisions for lawsuits reversed	99	49
Prihodi od prodaje rashodovanih sredstava i dugotrajne imovine	22	643
Income from contract penalties	-	348
Other revenue	493	1,318
	6,997	9,999

NOTE 8 – COST OF RAW AND OTHER MATERIALS

In thousands HRK	2021	2020
Material costs	2,709	1,725
Energy costs	7,800	6,630
Maintenance material costs	1,371	1,129
Small inventory costs	6	32
	11,886	9,516

NOTE 9 – PERSONEL COSTS

In thousands HRK	2021	2020
Gross wages	53,356	50,075
Severance pays	1,228	333
Other benefits	5,703	3,759
	60,287	54,167

In 2021 the Company employed 355 employees on average (2020: 346).

- i) Pension contributions calculated by the Company to pay into mandatory pension funds for the year ended 31 December 2021 amount to HRK 9,944 thousand (2020: HRK 9,667 thousand).
- ii) Other employee benefits include transportation costs, training, untaken annual leave liability and occasional bonuses.

NOTE 10 – DEPRECIATION, AMORTIZATION AND VALUE IMPAIRMENT

In thousands HRK	2021	2020
Depreciation of property, plant and equipment	52,639	55,119
Property investment depreciation	8,945	9,286
Right-of-use depreciation	3,282	3,291
Amortisation of intangible assets	462	526
Impairment of non-current assets	711	-
	66,039	68,222

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

NOTE 11 – OTHER EXTERNAL COSTS

In thousands HRK	2021	2020
Maintenance and security services	11,660	10,813
Utilities	7,553	6,716
Mail, transport and communications services	3,705	3,507
Promotional services, sponsorships and boat show costs	4,147	3,467
Intellectual and personal services	3,834	2,812
Lease services	220	287
Berth brokers costs	885	203
Cost of goods sold	248	147
Other external service costs	2,210	1,670
	34,462	29,622

NOTE 12 – OTHER OPERATING EXPENSES

In thousands HRK	2021	2020
Maritime domain – concessions i)	6,748	4,628
Insurance costs	2,703	1,901
Value adjustment and trade receivables (Note 22)	1,483	1,888
Unamortised value of disposal/sold assets	1,668	1,087
Subsequently identified operating costs	2,303	854
Contributions, membership fees and similar duties	974	799
Provisions for fees and risks	359	585
Bank fees and payment transactions costs	597	430
Representation costs	566	347
Indemnity expense	75	316
Per diem and travel expenses	288	273
Reimbursement to members of the Management Board Supervisory Board and Audit Committee	207	258
Other operating expenses ii)	4,125	2,724
	22,096	16,090

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

NOTE 12 – OTHER OPERATING EXPENSES (continued)

- ii) In 2021, the Company donated HRK 3.3 million to the City of Rovinj to repair the city's infrastructure along the access road to the marina Rovinj as part of a complete reconstruction, while in 2020 it donated HRK 2 million to the Municipality of Dubrovačko Primorje for the construction of a road leading to the Veljko Barbieri Marina in Slano.

NOTE 13 – NET FINANCIAL EXPENSES

In thousands HRK	2021	2020
Financial income		
Interest income	555	408
Dividend income	16	-
Exchange rate gains	2,448	5,372
	3,019	5,780
Financial expenses		
Cost of interest on loans	(1,032)	(1,330)
Exchange rate losses	(2,258)	(5,686)
Interest expense on lease liabilities	(281)	(349)
Unrealized losses on financial assets	(3)	(12)
	(3,574)	(7,377)
	(555)	(1,597)

NOTE 14 – INCOME TAX

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

In thousands HRK	2021	2020
Income tax recognised in the statement of comprehensive income		
Current tax	3,886	361
Impact of temporarily non-deductible provisions	(141)	(42)
	3,745	319

NOTE 14 – INCOME TAX (continued)

In thousands HRK	2021	2020
Reducing the accounting profit to the income tax of the current year		
Pre-tax profit	17.080	517
Impact of non-taxable income	(435)	(209)
Impact of non-deductible expenses	4.944	1.700
Tax base (profit after increase/decrease)	21.589	2.008
Income tax	(3.886)	(361)
Impact of temporarily non-deductible provisions	141	42
Income tax recognised in the statement of comprehensive income	(3.745)	(319)

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

NOTE 15 - BASIC EARNINGS PER SHARE

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

Basic earnings per share

	2021	2020
Net profit (in thousands HRK)	13,335	198
Number of ordinary shares	111,060	111,060
Basic earnings per share (in HRK)	120.07	1.78

NOTE 16 - PROPERTY, PLANT AND EQUIPMENT

In thousands HRK	Land	Buildings	Plants and equipment	Tools, machinery, vehicles	Other tangible assets	Tangible assets under construction	Advances for tangible assets	Total
Acquisition Cost								
Balance as at 1 January 2021	22,913	767,847	149,200	109,718	2,910	14,053	2,603	1,069,244
Additions	-	-	-	-	-	42,250	594	42,844
Activations	-	25,960	7,224	846	-	(34,030)	-	-
Reclassification	-	958	15	-	-	-	-	973
Impairment	-	-	-	-	-	(630)	-	(630)
Disposals	-	(7,791)	(2,347)	(3,604)	-	-	-	(13,742)
Balance as at 31 December 2021	22,913	786,974	154,092	106,960	2,910	21,643	3,197	1,098,689
Accumulated depreciation								
Balance as at 1 January 2021	-	490,833	102,637	72,541	1,442	-	-	667.453
Depreciation	-	36,606	9,431	6,519	300	-	-	52.856
Reclassification	-	730	15	-	-	-	-	745
Disposals	-	(6,443)	(2,067)	(3,598)	-	-	-	(12.108)
Balance as at 31 December 2021	-	521,726	110,016	75,462	1,742	-	-	708.946
Net book value								
Balance as at 1 January 2021	22,913	277,014	46,563	37,177	1,468	14,053	2,603	401.791
Balance as at 31 December 2021	22,913	265,248	44,076	31,498	1,168	21,643	3,197	389.743

NOTE 16 - PROPERTY, PLANT AND EQUIPMENT (continued)

In thousands HRK	Land	Buildings	Plant and equipment	Tools, machinery, vehicles	Other tangible assets	Tangible assets under construction	Advances for tangible assets	Total
Acquisition cost								
Balance as at 1 January 2020	21,833	758,691	142,791	93,416	2,909	24,079	4,227	1,047,946
Additions	-	-	-	-	-	37,331	-	37,331
Reclassification	-	363	-	-	-	-	-	363
Activation	1,080	13,609	10,208	22,459	1	(47,357)	-	-
Disposals	-	(4,816)	(3,799)	(6,157)	-	-	(1,624)	(16,396)
Balance as at 31 December 2020	22,913	767,847	149,200	109,718	2,910	14,053	2,603	1,069,244
Accumulated depreciation								
Balance as at 1 January 2020	-	456,896	95,839	71,988	1,139	-	-	625,862
Depreciation	-	37,758	10,492	6,566	303	-	-	55,119
Reclassification	-	220	-	-	-	-	-	220
Disposals	-	(4,041)	(3,694)	(6,013)	-	-	-	(13,748)
Balance as at 31 December 2020	-	490,833	102,637	72,541	1,442	-	-	667,453
Net book value								
Balance as at 1 January 2020	21,833	301,796	46,952	21,429	1,770	24,079	4,227	422,084
Balance as at 31 December 2020	22,913	277,014	46,563	37,177	1,468	14,053	2,603	401,791

NOTE 17 - RIGHT - OF - USE ASSETS

In thousands HRK	Concessions	Vehicles	Office building	Total
Balance as at 1 January 2021	17,294	1,995	2,315	21,604
Additions	223	-	-	223
Disposals	(1,655)	-	-	(1,655)
Depreciation	(1,805)	(698)	(780)	(3,283)
Balance as at 31 December 2021	14,057	1,297	1,535	16,889

Liabilities under lease agreements

In thousands HRK	Concessions	Vehicles	Office building	Total
Balance as at 1 January 2021	17,240	2,307	2,352	21,899
Reclassification	262	(262)	-	-
Additions	223	-	-	223
Interest cost	170	83	29	282
Disposals	(1,735)	-	-	(1,735)
Payment under lease agreements	(1,868)	(767)	(814)	(3,449)
Balance as at 31 December 2021	14,292	1,361	1,567	17,220

In thousands HRK	to 3 months	from 3 to 12 months	from 1 to 2 years	from 2 to 5 years	over 5 years
Balance as at 31 December 2021					
Liabilities under lease agreements - concessions	1,386	727	1,911	6,685	3,583
Liabilities under lease agreements - business offices	202	670	695	-	-
Liabilities under lease agreements - vehicles	167	617	577	-	-
	1,755	2,014	3,183	6,685	3,583

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

Short-term leases and low-value leases

In thousands HRK	2021	2020
Short-term leases	106	60
Low-value leases	31	90
Costs of the variable part of the concession	6,748	4,628
Future undiscounted liabilities on short-term leases	-	-

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

NOTE 18 - INVESTMENT PROPERTY

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

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

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 2021. The value of discounted cash receipts from the revenue of secondary activities amounts to HRK 116 milion. The discount rate used for future cash flows was 6,56%.

NOTE 19 – INTANGIBLE ASSETS

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

In thousands HRK	Software	Intangible assets under construction	Total
Acquisition cost			
Balance as at 1 January 2020	10,668	382	11,050
Additions	-	526	526
Activation	156	(156)	-
Disposals	(39)	-	(39)
Balance as at 31 December 2020	10,785	752	11,537
Accumulated depreciation			
Balance as at 1 January 2020	9,615	-	9,615
Depreciation	526	-	526
Disposals	(39)	-	(39)
Balance as at 31 December 2020	10,102	-	10,102
Net book value			
Balance as at 1 January 2020	1,053	382	1,435
Balance as at 31 December 2020	683	752	1,435

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

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

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

In thousands HRK	31 December 2021	31 December 2020
Joint venture: ACI - Gitone d.o.o.	500	-
Net loss for the year (100%)	(432)	-
Share of joint venture loss (50%)	(216)	-
	284	-

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

The main activities of ACI - Gitone d.o.o. are hospitality, tourism, and nautical tourism services. As at 31 December 2021, the Company's ownership share in the joint venture was 50%.

As at 31 December 2021, the Company's share in the joint venture decreased by HRK 216,000, or by 50% of after-tax loss made by ACI - Gitone d.o.o. in 2021. The Company recognised a share in the investee's loss in the same amount in the Comprehensive Income Statement.

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

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

In thousands HRK	31 December 2021	31 December 2020
EXPENSES		
Cost of material and services	246	-
<i>Costs of raw and other materials</i>	12	-
<i>Other external costs</i>	234	-
Personel cost	149	-
Other expenses	37	-
	432	-

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

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

In thousands HRK	31 December 2021	31 December 2020
ASSETS		
Tangible assets under construction	1,678	-
Receivables from the State and other institutions	114	-
Cash at bank and in hand	75	-
	1,867	-
CAPITAL AND LIABILITIES		
Capital and reserves	568	-
<i>Issued share capital</i>	<i>1,000</i>	-
<i>Net loss for the year</i>	<i>(432)</i>	-
Short - term liabilities	1,299	-
<i>Trade payables - related parties</i>	<i>594</i>	-
<i>Trade payables</i>	<i>665</i>	-
<i>Employee related liabilities</i>	<i>21</i>	-
<i>Liabilities for taxes, contributions and similar duties</i>	<i>17</i>	-
<i>Other short-term liabilities</i>	<i>2</i>	-
	1,867	-

Adjustment with the book value (In thousands HRK)	2021
<i>Initial net assets as at 22 February</i>	500
<i>Loss for the period</i>	(432)
Closing net assets	284

NOTE 21 – DEFERRED TAX ASSETS

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

The costs of provisions for interest on lawsuits and decisions of government bodies, long-term provisions of Years-of- Service awards are temporarily non-deductible and form the basis for deferred tax assets in 2021. On the other hand, deferred tax assets were reduced on the basis of the recognition of previously non-deductible provisions.

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

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

NOTE 21 – DEFERRED TAX ASSETS (continued)

In thousands HRK	Opening balance	Recognition of deferred tax assets in the Statement of Financial Position	Closing balance
2020			
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	62	83
Impact of temporarily non-deductible provisions	690	43	733

NOTE 22 – TRADE RECEIVABLES

In thousands HRK	31 December 2021	31 December 2020
Domestic trade receivables	9,437	11,563
Foreign trade receivables	1,884	2,130
Impairment on receivables from customers	(5,784)	(6,626)
Net trade receivables	5,537	7,067

Changes to trade receivables impairment provisions are as follows:

In thousands HRK	31 December 2021	31 December 2020
Balance at the beginning of the year	6,626	6,274
Value adjustment during the year (note 12)	1,483	1,888
Collection of accounts receivable previously adjusted (note 7)	(1,371)	(522)
Write-off of accounts receivable previously adjusted	(954)	(1,014)
	5,784	6,626

NOTE 22 – TRADE RECEIVABLES (continued)

As at 31 December 2021, trade receivables in the amount of HRK 5,102 thousand (2020: HRK 6,599 thousand) were due, but were not impaired.

In thousands HRK	31 December 2021	31 December 2020
up to 3 months	2,928	4,360
from 3 months to 1 year	2,174	2,239
	5,102	6,599

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

In thousands HRK	31 December 2021	31 December 2020
EUR	23	249
HRK	5.514	6.818
	5.537	7.067

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

NOTE 23 – CONTRACT ASSETS

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

In thousands HRK	31 December 2021	31 December 2020
Domestic market	7,478	9,179
Foreign market	4,652	5,442
	12,130	14,621

The management expects that contract assets obtained by active contracts as at 31 December 2021 will be invoiced and charged during the next reporting period.

NOTE 24 – OTHER RECEIVABLES

In thousands HRK	31 December 2021	31 December 2020
Government receivables (VAT)	1,861	382
Prepaid expenses	1,042	1,322
Advances to suppliers	348	160
Accrued revenue not yet due	137	159
Employee receivables	84	94
Credit card receivables	62	60
Other receivables	1,326	1,285
	4,860	3,462

NOTE 25 – DEPOSITS

In thousands HRK	31 December 2021	31 December 2020
Term deposit - HRK	20,000	10,000
Term deposit - EUR	30,069	52,759
Deposits for other business activities	112	99
	50,181	62,858

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

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

NOTE 26 – CASH AND CASH EQUIVALENTS

In thousands HRK	31 December 2021	31 December 2020
Home currency accounts	30,126	46,980
Foreign currency accounts	106,220	31,929
Cash on hand	103	69
	136,449	78,978

NOTE 26 – CASH AND CASH EQUIVALENTS (continued)

Funds in accounts are denominated in the following currencies:

In thousands HRK	31 December 2021	31 December 2020
HRK	30,182	47,006
EUR	104,738	30,907
USD	1,529	873
Other currencies	-	192
	136,449	78,978

NOTE 27 – ISSUED SHARE CAPITAL

The total number of shareholders as at 31 December 2021 was 683 (31 December 2020: 691).

The share capital for 2021 and 2020 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 2021 was as follows:

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

NOTE 27 – ISSUED SHARE CAPITAL (continued)

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%
	111,060	399,816,000	100%

NOTE 28 – RESESRVES AND RETAINED EARNINGS

In thousands HRK	31 December 2021	31 December 2020
Legal reserves	19,991	19,991
Retained earnings	66,703	66,505
Net profit for the year	13,335	198
	100,029	86,694

NOTE 29 – LOAN LIABILITIES

In thousands HRK	31 December 2021	31 December 2020
Loan liabilities	58,753	69,617
Current maturities of loan liabilities	10,811	11,022
	69,564	80,639

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

Maturity of long-term liabilities as at 31 December:

In thousands HRK	31 December 2021	31 December 2020
Between 1 and 2 years	10,682	10,710
Between 2 and 5 years	32,047	32,131
Over 5 years	16,024	26,776
	58,753	69,617

NOTE 30 - PROVISIONS

In thousands HRK	Years-of - service awards	Unused annual leave	Severance pay	Provisions for lawsuits	Total
Balance as at 31 December 2019	1,008	2,042	777	1,848	5,675
Provisions	166	512	218	562	1,458
Utilised	(141)	(1,959)	(321)	(562)	(2,983)
Reversed	(45)	-	-	-	(45)
Balance as at 31 December 2020	988	595	674	1,848	4,105
Provisions	237	1,524	1,197	359	3,317
Utilised	(165)	(559)	(377)	(116)	(1,217)
Reversed	-	-	-	(98)	(98)
Balance as at 31 December 2021	1,060	1,560	1,494	1,993	6,107
Long-term part	977	-	719	1,534	3,230
Short-term part	83	1,560	775	459	2,877

As at 31 December 2021, the Company made a calculation of long-term provisions for Years-of-Service awards and severance pays. Actuarial assumptions listed below were used when calculating. When calculating the reserve, the projected unit credit method was used, defined by IAS 19, in such a way that in each year of work the present value of the proportional part of the expected amount of the obligation is deducted depending on the total time until the obligation will be paid, while the retirement age is determined for each employee taking into account his or her present age and the years of actual service completed with the employer, with the average retirement age of 63 years for women and 65 years for men used. The calculation of provisions for severance pay upon retirement is calculated using the amount of HRK 8,000.

The employee turnover rate is 4.60% on average (the average of 7 years was used), and, regarding mortality, the Croatian National Bureau of Statistics data for the period from 2010 to 2012 were used, while the rate of the average annual yield to maturity of the ten-year bond issued by the Republic of Croatia in HRK (CNB) in the amount of 0.38% was used as the discount rate.

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

NOTE 31 - CONTRACT LIABILITIES

In thousands HRK	31 December 2021	31 December 2020
Domestic market	5,875	7,208
Foreign market	3,727	4,205
	9,602	11,413

NOTE 32 - TRADE PAYABLES

In thousands HRK	31 December 2021	31 December 2020
Domestic trade payables	15,485	6,587
Foreign trade payables	1,065	26
	16,550	6,613

NOTE 33 - DEFERRED REVENUE

In thousands HRK	31 December 2021	31 December 2020
Deferred revenue from annual berthing services	42,329	40,378
Other deferred revenue	397	291
	42,726	40,669

NOTE 34 - OTHER SHORT-TERM LIABILITIES

In thousands HRK	31 December 2021	31 December 2020
Liabilities for other taxes and contributions and other duties	6,785	5,788
Concessions for maritime domain - variable fee	4,439	1,904
Employee related liabilities	2,798	2,769
Other operating costs accrued	554	613
Liabilities due to shares in results	518	537
Liabilities for advances received	308	289
Other short-term liabilities	76	72
	15,478	11,972

NOTE 35 - COMMITMENTS

At the 31 December 2021, the purchase of non-current tangible assets in the amount of HRK 37,890 thousand (2020: HRK 28,231 thousand) was contracted, but not yet realised and is therefore not shown on the balance sheet as at 31 December 2021.

NOTE 36 - RELATED PARTY TRANSACTIONS

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

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

In thousands HRK	31 December 2021	31 December 2020
RECEIVABLES		
Trade receivables	503	127
<i>ACI - Gitone d.o.o</i>	<i>432</i>	<i>-</i>
<i>Other related parties</i>		
INA industrija nafte d.d.	71	127
LIABILITIES		
Trade payables	346	654
<i>Other related parties</i>		
Hrvatska elektroprivreda d.d.	193	526
Državne nekretnine d.o.o.	57	57
Hrvatska pošta d.d.	13	18
Other	83	53
In thousands HRK	2021	2020
REVENUE		
Sales revenue	2,805	1,630
<i>ACI - Gitone d.o.o.</i>	<i>26</i>	<i>-</i>
<i>Other related parties</i>		
INA industrija nafte d.d.	2,771	1,605
Plovput d.o.o.	8	25
EXPENCES		
Cost of material and services	7,955	5,436
<i>Other related parties</i>		
HEP opskrba d.o.o.	3,638	2,851
HEP - operator distribucijskog sustava d.o.o.	1,244	808
INA kartice d.d.	1,176	688
HEP elektra d.o.o.	1,407	700
HP - Hrvatska pošta d.d.	118	1
Other	372	388

NOTE 36 - RELATED PARTY TRANSACTIONS (continued)

Key management income

In thousands HRK	2021	2020
Salaries and other short-term incomes – Management Board	1,094	1,256
Compensations for members of Supervisory Board and Audit Committee	150	191
	1,244	1,447

Key management relates to the Management Board of the Company, and as at 31 December 2021 consists of 1 member (2020: 2 members).

NOTE 37 - CONTINGENT LIABILITES

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

NOTE 38 - EVENTS AFTER THE REPORTING DATE

At the Company's Assembly held on 12 October 2021, the Supervisory Board of the Company was appointed for the period from 12 October 2021 to 12 January 2022, with the members as follows: Dražen Ivanušec, President, Dobrica Rončević, Vice President, Tomislav Ninić, Member, and Marijeta Hladilo, Member. At General Assembly held on 25 January 2022 term that the members of the Supervisory Board were elected to was extended for next three months.

With regard to the new circumstances relating to the war in Ukraine in February 2022, as well as the sanctions against Russian citizens, the Company assessed that at this time its exposure to risk in relation to legal and natural persons from Russia or Ukraine is not high. Of the total number of users of the annual berthing service in the ACI system, the contracts of Russian and Ukrainian nationals account for about 1%; and since, as a rule, payment in advance is contractually agreed upon, it is estimated that at present the exposure is not high.

In addition, the Company has no relationships with entities with which there would be a direct or indirect ownership connection, nor does it have investments in entities in Russia or Ukraine or in entities that are significantly linked to entities in Russia or Ukraine, therefore there is also no exposure in this part.

In addition, after 31 December 2021, there were no events that would have a significant impact on the financial statements for the period ended 31 December 2021, i.e., they are not of such importance to the Company's operations to require being reported in the notes to the financial statements.

NOTE 39 - FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Management Board and authorized for issue on 5 April 2022.



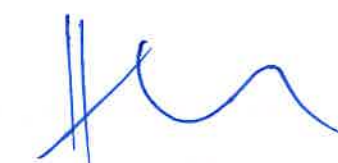
Kristijan Pavić

President of the Management Board



Josip Ostrogović

Member of the Management Board



Ivan Herak

Member of the Management Board

ISSUER'S GENERAL DATA

Reporting period:

1.1.2021

to

31.12.2021

Year:

2021

Annual financial statements

Registration number (MB): 03267628

Issuer's home Member
State code:

HR

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

LEI: 7478000090X86WBQ6C10

Institution code: 1181

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

Postcode and town: 51000

Rijeka

Street and house number: **Rudolfa Strohala 2**

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

Web address: www.aci-marinas.com

Number of employees
(end of the reporting period): 334Consolidated report: **KN** (KN-not consolidated/KD-consolidated)Audited: **RD** (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS)

Registered office:

MB:

Bookkeeping firm: (Yes/No)

(name of the bookkeeping firm)

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

Telephone: 051/257-288

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

Audit firm: **BDO Croatia d.o.o.**
(name of the audit firm)Certified auditor: **Vedrana Stipić**
(name and surname)

BALANCE SHEET
balance as at 31.12.2021

in HRK

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	493.114.069	468.218.249
I INTANGIBLE ASSETS (ADP 004 to 009)	003	23.038.826	19.016.821
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	22.287.326	17.490.038
3 Goodwill	006	0	0
4 Advance payments for purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	751.500	1.526.783
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	469.342.695	448.406.219
1 Land	011	22.913.378	22.913.378
2 Buildings	012	277.013.983	265.247.731
3 Plant and equipment	013	46.555.621	44.069.750
4 Tools, working inventory and transportation assets	014	37.185.723	31.504.310
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	2.753.598	3.196.415
7 Tangible assets in preparation	017	14.148.120	21.643.199
8 Other tangible assets	018	1.466.780	1.167.756
9 Investment property	019	67.305.492	58.663.680
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	0	284.247
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	284.247
5 Investment in other securities of companies linked by virtue of participating interest	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V. Deferred tax assets	036	732.548	510.962
C) CURRENT ASSETS (ADP 038+046+053+063)	037	169.710.110	208.758.300
I INVENTORIES (ADP 039 to 045)	038	562.152	673.295
1 Raw materials	039	34.392	0
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	527.760	673.295
5 Advance payments for inventories	043	0	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	27.217.637	21.348.125
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interest	048	0	432.183
3 Customer receivables	049	7.067.354	5.104.459
4 Receivables from employees and members of the undertaking	050	93.760	84.258
5 Receivables from government and other institutions	051	4.008.024	1.914.855
6 Other receivables	052	16.048.499	13.812.370
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	62.951.824	50.288.552
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057	0	0
5 Investment in other securities of companies linked by virtue of participating interest	058	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059	0	0
7 Investments in securities	060	94.295	107.498
8 Loans, deposits, etc. given	061	62.857.529	50.181.054
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	78.978.497	136.448.328
D) PREPAID EXPENSES AND ACCRUED INCOME	064	1.481.599	1.178.492
E) TOTAL ASSETS (ADP 001+002+037+064)	065	664.305.778	678.155.041
OFF-BALANCE SHEET ITEMS	066	0	0

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

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	486.509.678	499.845.030
I. INITIAL (SUBSCRIBED) CAPITAL	068	399.816.000	399.816.000
II CAPITAL RESERVES	069	0	0
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	19.990.800	19.990.800
1 Legal reserves	071	19.990.800	19.990.800
2 Reserves for treasury shares	072	0	0
3 Treasury shares and holdings (deductible item)	073	0	0
4 Statutory reserves	074	0	0
5 Other reserves	075	0	0
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	66.504.686	66.702.878
1 Retained profit	084	66.504.686	66.702.878
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	198.192	13.335.352
1 Profit for the business year	087	198.192	13.335.352
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	2.835.417	3.229.835
1 Provisions for pensions, termination benefits and similar obligations	091	498.265	719.236
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	1.515.000	1.534.000
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	822.152	976.599
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	88.162.311	72.595.193
1 Liabilities towards undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	099	0	0
3 Liabilities towards companies linked by virtue of participating interest	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities towards banks and other financial institutions	103	69.617.136	58.752.649
7 Liabilities for advance payments	104	0	0
8 Liabilities towards suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	18.545.175	13.842.544
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	44.135.727	56.150.459
1 Liabilities towards undertakings within the group	110	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	111	0	0
3 Liabilities towards companies linked by virtue of participating interest	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities towards banks and other financial institutions	115	10.710.328	10.682.299
7 Liabilities for advance payments	116	0	0
8 Liabilities towards suppliers	117	6.613.039	16.550.099
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	2.942.883	2.921.587
11 Taxes, contributions and similar liabilities	120	9.586.984	13.703.131
12 Liabilities arising from the share in the result	121	537.186	517.771
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	13.745.307	11.775.572
E) ACCRUALS AND DEFERRED INCOME	124	42.662.645	46.334.524
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	664.305.778	678.155.041
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01. to 31.12.2021

in HRK

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (AOP 002 do 006)	001	179.751.985	212.607.703
1 Income from sales with undertakings within the group	002	0	0
2 Income from sales (outside group)	003	169.753.166	205.610.688
3 Income from the use of own products, goods and services	004	0	0
4 Other operating income with undertakings within the group	005	0	0
5 Other operating income (outside the group)	006	9.998.819	6.997.015
II OPERATING EXPENSES (AOP 08+009+013+017+018+019+022+029)	007	177.637.717	194.756.881
1 Changes in inventories of work in progress and finished goods	008	0	0
2 Material costs (AOP 010 do 011)	009	39.137.911	46.348.216
a) Costs of raw material	010	9.516.433	11.886.488
b) Costs of goods sold	011	147.094	248.020
c) Other external costs	012	29.474.384	34.213.708
3 Staff costs (AOP 014 do 016)	013	50.031.082	52.955.828
a) Net salaries and wages	014	30.912.889	33.154.405
b) Tax and contributions from salaries expenses	015	12.127.274	12.423.595
c) Contributions on salaries	016	6.990.919	7.377.828
4 Depreciation	017	68.222.197	65.327.634
5 Other expenses	018	12.142.910	17.003.659
6 Value adjustments (AOP 020+021)	019	1.888.357	2.194.965
a) fixed assets other than financial assets	020	0	711.439
b) current assets other than financial assets	021	1.888.357	1.483.526
7 Provisions (AOP 023 do 028)	022	1.426.630	3.124.369
a) Provisions for pensions, termination benefits and similar obligations	023	188.548	1.003.458
b) Provisions for tax liabilities	024	0	0
c) Provisions for ongoing legal cases	025	585.176	359.164
d) Provisions for renewal of natural resources	026	0	0
e) Provisions for warranty obligations	027	0	0
f) Other provisions	028	652.906	1.761.747
8 Other operating expenses	029	4.788.630	7.802.210
III FINANCIAL INCOME (AOP 031 do 040)	030	5.780.383	3.018.826
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032	0	784
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0
4 Other interest income from operations with undertakings within the group	034	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0
6 Income from other long-term financial investments and loans	036	0	0
7 Other interest income	037	407.779	554.694
8 Exchange rate differences and other financial income	038	5.372.334	2.447.673
9 Unrealised gains (income) from financial assets	039	270	15.675
10 Other financial income	040	0	0
IV FINANCIAL EXPENDITURE (AOP 042 do 048)	041	7.377.760	3.573.555
1 Interest expenses and similar expenses with undertakings within the group	042	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0
3 Interest expenses and similar expenses	044	1.669.015	1.302.410
4 Exchange rate differences and other expenses	045	5.687.164	2.258.302
5 Unrealised losses (expenses) from financial assets	046	11.697	2.472
6 Value adjustments of financial assets (net)	047	0	0
7 Other financial expenses	048	9.884	10.371
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	049	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	215.753
IX TOTAL INCOME (AOP 001+030+049 +050)	053	185.532.368	215.626.529
X TOTAL EXPENDITURE (AOP 007+041+051 + 052)	054	185.015.477	198.546.189
XI PRE-TAX PROFIT OR LOSS (AOP 053-054)	055	516.891	17.080.340
1 Pre-tax profit (AOP 053-054)	056	516.891	17.080.340
2 Pre-tax loss (AOP 054-053)	057	0	0
XII INCOME TAX	058	318.699	3.744.988
XIII PROFIT OR LOSS FOR THE PERIOD (AOP 055-059)	059	198.192	13.335.352
1 Profit for the period (AOP 055-059)	060	198.192	13.335.352
2 Loss for the period (AOP 059-055)	061	0	0

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (AOP 063-064)	062	0	0
1 Pre-tax profit from discontinued operations	063	0	0
2 Pre-tax loss on discontinued operations	064	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0
1 Discontinued operations profit for the period (AOP 062-065)	066	0	0
2 Discontinued operations loss for the period (AOP 065-062)	067	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (AOP 055+062)	068	0	0
1 Pre-tax profit (AOP 068)	069	0	0
2 Pre-tax loss (AOP 068)	070	0	0
XVII INCOME TAX (AOP 058+065)	071	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (AOP 068-071)	072	0	0
1 Profit for the period (AOP 068-071)	073	0	0
2 Loss for the period (AOP 071-068)	074	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (AOP 076+077)	075	0	0
1 Attributable to owners of the parent	076	0	0
2 Attributable to minority (non-controlling) interest	077	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	078	198.192	13.335.352
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (AOP 80 + 87)	079	0	0
III Items that will not be reclassified to profit or loss (AOP 081 do 085)	080	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0
5 Other items that will not be reclassified	085	0	0
6 Income tax relating to items that will not be reclassified	086	0	0
IV Items that may be reclassified to profit or loss (AOP 088 do 095)	087	0	0
1 Exchange rate differences from translation of foreign operations	088	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0
6 Changes in fair value of the time value of option	093	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0
8 Other items that may be reclassified to profit or loss	095	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (AOP 080+087 - 086 - 096)	097	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 078+097)	098	198.192	13.335.352
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 100+101)	099	0	0
1 Attributable to owners of the parent	100	0	0
2 Attributable to minority (non-controlling) interest	101	0	0

STATEMENT OF CASH FLOWS - direct method
for the period 01.01.2021 to 31.12.2021

in HRK

Submitter: Adriatic Croatia International Club, za djelatnost marina d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Cash receipts from customers	001	208.376.470	267.094.444
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	117.184	588.369
4 Cash receipts from tax refund	004	0	0
5 Other cash receipts from operating activities	005	1.763.560	845.528
I Total cash receipts from operating activities (ADP 001 to 005)	006	210.257.214	268.528.341
1 Cash payments to suppliers	007	-60.749.980	-63.802.301
2 Cash payments to employees	008	-55.938.566	-59.108.105
3 Cash payments for insurance premiums	009	-44.186	-63.744
4 Interest paid	010	-1.557.334	-1.223.260
5 Income tax paid	011	-4.163.459	0
6 Other cash payments from operating activities	012	-33.917.669	-44.357.890
II Total cash payments from operating activities (ADP 007 to 012)	013	-156.371.194	-168.555.300
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 006 + 013)	014	53.886.020	99.973.041
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	015	613.003	22.315
2 Cash receipts from sales of financial instruments	016	0	0
3 Interest received	017	543.320	452.654
4 Dividends received	018	0	784
5 Cash receipts from repayment of loans and deposits	019	0	0
6 Other cash receipts from investment activities	020	57.607.783	22.533.843
III Total cash receipts from investment activities (ADP 015 to 020)	021	58.764.106	23.009.596
1 Cash payments for the purchase of fixed tangible and intangible assets	022	-50.575.440	-40.456.374
2 Cash payments for the acquisition of financial instruments	023	0	0
3 Cash payments for loans and deposits	024	0	0
4 Acquisition of a subsidiary, net of cash acquired	025	0	0
5 Other cash payments from investment activities	026	-32.704.324	-10.500.000
IV Total cash payments from investment activities (ADP 022 to 026)	027	-83.279.764	-50.956.374
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 021 + 027)	028	-24.515.658	-27.946.778
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	029	0	0
2 Cash receipts the from issue of equity financial instruments and debt financial instruments	030	0	0
3 Cash receipts from credit principals, loans and other borrowings	031	0	0
4 Other cash receipts from financing activities	032	0	0
V Total cash receipts from financing activities (ADP 029 to 032)	033	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	034	-10.752.441	-10.684.144
2 Cash payments for dividends	035	-19.109.530	-19.416
3 Cash payments for finance lease	036	0	0
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	037	0	0
5 Other cash payments from financing activities	038	-4.071.079	-3.968.124
VI Total cash payments from financing activities (ADP 034 to 038)	039	-33.933.050	-14.671.684
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 033 +039)	040	-33.933.050	-14.671.684
1 Unrealised exchange rate differences in cash and cash equivalents	041	109.514	115.252
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 014 + 028 + 040 + 041)	042	-4.453.174	57.469.831
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	043	83.431.671	78.978.497
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 042+043)	044	78.978.497	136.448.328

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - GFI

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

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

Reporting period: **01.01.-31.12.2021**

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

- present information about the basis for the preparation of the financial statements and the specific accounting policies used in accordance with the International Accounting Standard 1 (IAS 1),
- disclose any information required by IFRSs that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity,
- provide additional information that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity, but is relevant for understanding any of them.
- (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 2021 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 2021 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 2021 in the Management report, from Sales revenue trends to profitability trends, and in the notes to financial statement for the year ended 31 December 2021 (notes 5 to 13).

6. amounts owed by the issuer and falling due after more than five years, as well as the total debts of the issuer covered by valuable security furnished by the issuer, specifying the type and form of security
Company was one long term investment loan with contracted quarterly payments ending 30 June 2028. Total balance as at 31 December 2021 amounts to HRK 58,8 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 2021, Company had on average 355 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 2021, 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 2021, compensation for Management Board members amounts to HRK 1.049 thousand, while compensation for Supervisory Board members and Audit Committee members amounts to HRK 150 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 335, gross wages amounts to HRK 60.3 million, consisting of net salaries in the amount of HRK 33.5 million, cost of taxes and contribution in the amount of HRK 12.4 million and cost of contributions on gross wages in the amount of HRK 7.4 million, severance payments amounts to HRK 1.2 million, and other employee benefits amounts to HRK 5.7 million.

11. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year
As at 31 December 2021, deferred tax assets amounts to HRK 510 thousand, and during the year it was decreased by HRK 362 thousand, and increased by HRK 140 by deferred tax assets recognized in the Statement of Financial Position.

12. the name and registered office of each of the companies in which the issuer, either itself or through a person acting in their own name but on the issuer's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the company concerned for which financial statements have been adopted, the information concerning capital and reserves and the profit or loss may be omitted where the company concerned does not publish its balance sheet and is not controlled by another company
The Company concluded a Joint Venture Agreement with Gitone Kvarner d.o.o., from Zagreb ad has a 50% share. All decisions of Management Board are to be approved from both owners, so the investment is classified as Joint Venture. The company was founded for submitting a tender for the award of the concession on the construction and commercial use of the nautical port of Porto Baroš in Rijeka. As at 31 December 2021 the company's share capital in the amount of HRK 500 thousands, was impaired by 50% loss for the year 2021 of the Company ACI - Gitone d.o.o. in the amount of HRK 215 thousand, so the net book value of investment calculated using the cost method as at 31 December amounts HRK 284 thousand.

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 2021 no such companies exist.

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

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

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

20. the proposed appropriation of profit or treatment of loss, or where applicable, the appropriation of the profit or treatment of the loss
The Management Board of ACI d.d. proposes to the Supervisory Board of the Company to allocate the realised net profit of the current year in the amount of HRK 13,335,352.47 to retained earnings. Proposed decision on profit distribution is consisted in Management report for the year 2021.

21. the nature and business purpose of the company's arrangements that are not included in the balance sheet and the financial impact on the company of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the company
During the reporting period no such arrangement were made.

22. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet
After 31 December 2021, there were no effect on financial statements for period ended as at 31 December 2021, or they are not of such importance to the Company's operations that they would require disclosure in the Notes to the financial statements in Annual report for the 2021.

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 86.6 million, and foreign market which generated HRK 129 million. Sales revenues are generated from berthing services (annual, monthly and daily berthing) in the total amount of HRK 169.7 million, other boating services in the amount of HRK 16.9 million (including ACI Sail), and rental income in the amount of HRK 19 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 2021 is HRK 80 thousand, for tax consulting the fee amounted to HRK 57.6 thousand, while the Company paid a total of HRK 1.258 thousand for consulting services in 2021.

Reconciliation of positions under IFRS and GFI POD

MSFI Item	NOTE	in 000 HRK	GFI - POD	ADP CODE	in 000 HRK
ASSETS					
Property, Plant and Equipment	16	389,743	Tangible assets	ADP 010 (ADP 011 do 019)	448,406
Investment property	18	58,664			
Intangible Assets	19	2,127	Intangible assets	ADP 003 (ADP 004 do 009)	19,017
Right-of-Use Assets	17	16,889			
Customer receivables	22	5,537	Receivables	ADP 046 (ADP 047 do 052)	21,348
Contract Assets	23	12,130	Prepaid expenses and Accrued income	ADP 064	1,178
Other receivables	24	4,860			
LIABILITIES					
Lease liabilities	17	13,451	Other long-term Liabilities	ADP 107	13,843
Other long-term Liabilities		391			
Loan Liabilities	29	10,811	Liabilities towards banks and other financial institutions	ADP 115	10,682
			Other short-term Liabilities - Interest	ADP 123	129
Contract Liabilities	31	9,602	Other short-term Liabilities - Contract liabilities	ADP 123	9,602
Short-term lease liabilities	17	3,769	Other short-term Liabilities - Lease liabilities	ADP 123	1,966
			Taxes, contributions and similar liabilities - concession	ADP 120	1,801
Short-term Provisions	30	2,877	Accruals and deferred income - Provisions	ADP 124	2,753
			Provisions for Years-of-use awards and Severance pay	ADP 119	124
STATEMENT OF PROFIT OR LOSS					
MSFI Item	NOTE	in 000 HRK	GFI - POD	ADP CODE	in 000 HRK
Personnel costs	9	60,287	Staff costs	ADP 013 (ADP 14 do 18)	52,956
			Provisions for severance pay and other similar provisions	ADP 023	1,003
			Other reservations	ADP 028	1,762
			Other expenses - staff costs	ADP 018	4,566
			Value adjustments - b) Current assets other than financial assets	ADP 021	1,484
Other operating expenses	12	22,096	Other expenses - without staff costs	ADP 018	12,438
			Other operating expenses - without other gains/losses - net	ADP 029	7,815
			Provisions for ongoing legal cases	ADP 025	359
Other gains/losses - net			-13 Other operating expenses -other gains/losses - net	ADP 029	-13