

Vrijednosnica: ARNT

LEI: 74780000Z0PH7TFW3185

ISIN: HRARNTRA0004

Matična država članica: Republika Hrvatska

Segment uređenog tržišta: Vodeće tržište Zagrebačke burze

Pula, 02.03.2023.

- ZAGREBAČKA BURZA
- HRVATSKA AGENCIJA ZA NADZOR
FINANCIJSKIH USLUGA
- HRVATSKA IZVJEŠTAJNA NOVINSKA
AGENCIJA
- INTERNET STRANICE DRUŠTVA

Predmet: **Prezentacija rezultata za 2022. godinu – materijali**
- Ostale informacije koje nisu propisane informacije

Arena Hospitality Group d.d. sa sjedištem u Puli, Smareglina ulica 3, OIB: 47625429199 (u daljnjem tekstu: Društvo), nastavno na objave od 23.02.2023. i 01.03.2023. o prezentaciji rezultata 2022. godine dana 02.03.2023. godine u 11 i 14 sati (CET), objavljuje materijal s prezentacije koja će se danas predstaviti zainteresiranoj javnosti.

Prezentirani materijali će nakon predviđenih termina prezentacija bit će objavljeni na webu Društva nakon održane prezentacije.

Arena Hospitality Group d.d.

ARENA HOSPITALITY GROUP, A MEMBER OF PPHE HOTEL GROUP

ARENA HOSPITALITY GROUP D.D. SMAREGLINA ULICA 3 PULA CROATIA T +385 52 223 811

E INFO@ARENAHOSPITALITYGROUP.COM W ARENAHOSPITALITYGROUP.COM

Trgovački sud u Pazinu, MBS: 040022901; OIB: 47625429199; temeljni kapital 102.574.420,00 kn / 13.613.965,09 euro (fiksni tečaj konverzije 7.53450) uplaćen u cijelosti, ukupan broj izdanih dionica 5.128.721; Predsjednik Nadzornog odbora: Boris Ernest Ivesha;

Predsjednik Uprave: Reuel Israel Gavriel Slonim; Članovi Uprave: Manuela Kraljević, Devansh Bakshi, Edmond Pinto

IBAN: HR7223600001101213690 Zagrebačka banka d.d. Zagreb.



PARTNER BRAND



Annual Report 2022



art'otel



ARENA

HOSPITALITY GROUP

PARTNER BRAND



2nd MAR 2023



Presented by



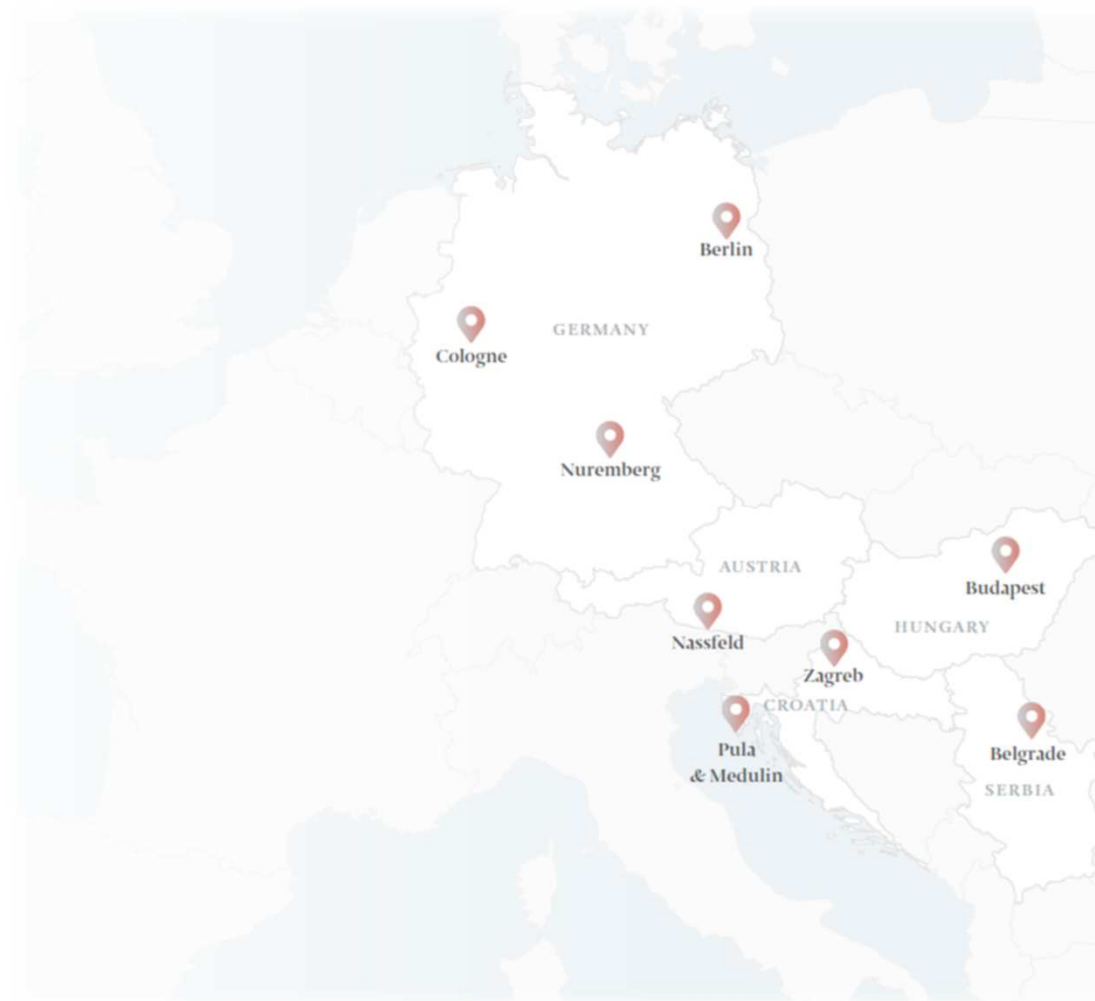
DEVANSH BAKSHI, FCMA, MBA

Member of Management Board &
Chief Financial Officer



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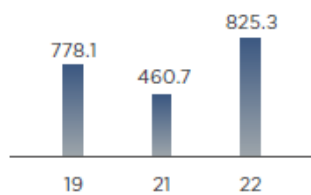




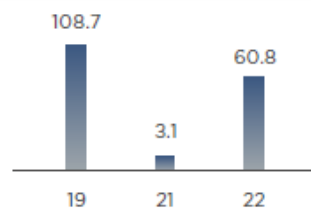
Highlights

FINANCIAL KPI'S

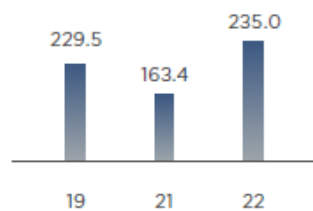
REVENUE (HRK MILLION)



PBT (HRK MILLION)

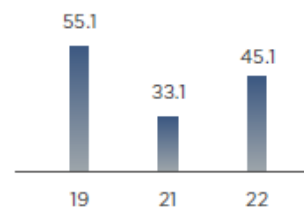


EBITDA (HRK MILLION)

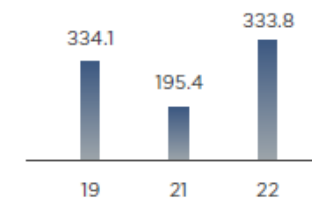


OPERATING KPI'S

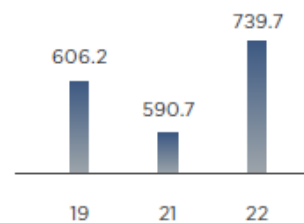
OCCUPANCY



REVPAR HRK



AVERAGE DAILY RATE HRK

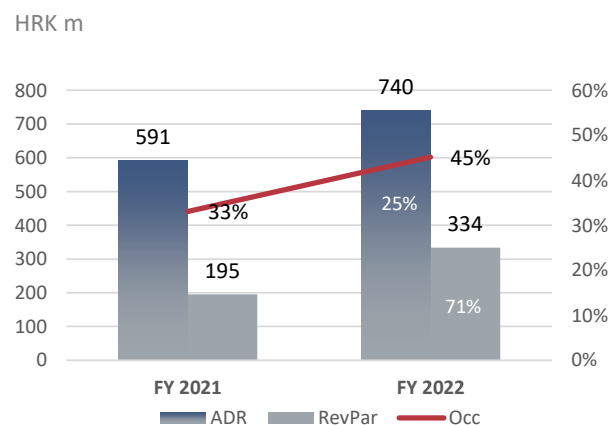
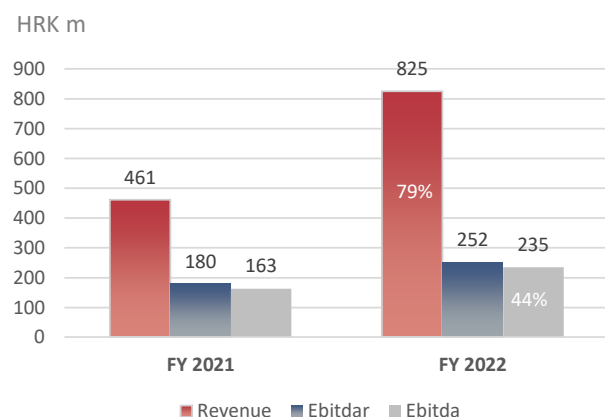


Operating Review





2022 Operating Review - Group



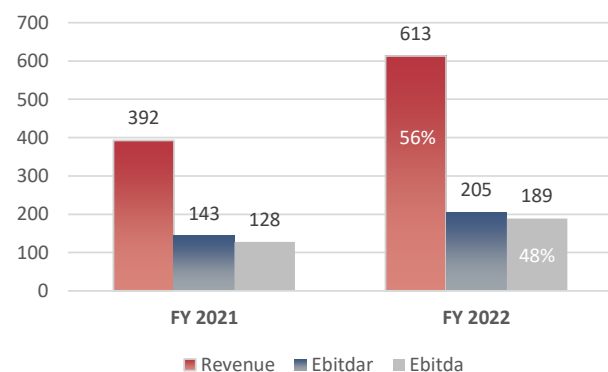
KEY COMMENTS

- As European markets eased COVID-19 restrictions, we saw pent-up demand for travel, particularly from holidaymakers. This resulted in an exceptional strong performance from our Croatian operations during the summer months.
- Demand throughout 2022 was ahead of management expectations, with revenue significantly higher than 2021 and surpassing pre-pandemic levels in 2019.
- Reported revenue increased by 79.1% to HRK 825.3 million (2021: HRK 460.7 million) and by 6.1% when compared with 2019.
- Reported EBITDA increased 43.8% to HRK 235.0 million (2021: HRK 163.4 million) and by 2.4% when compared to 2019.
- This growth over 2019 and an exceptional increase over last year marks the recovery of the business overall, with occupancy increased to 45.1% strengthened by increase in ADR to HRK 739.7.

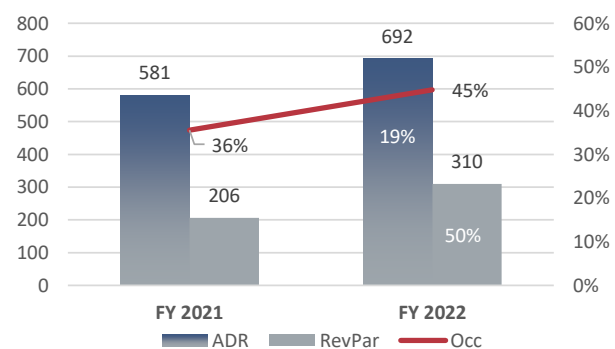


2022 Operating Review- Croatia

HRK m



HRK m

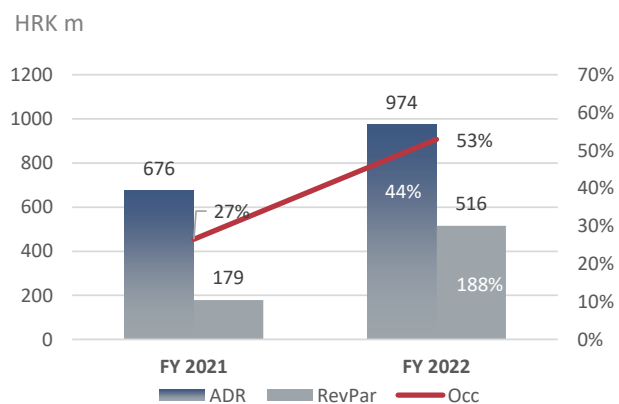
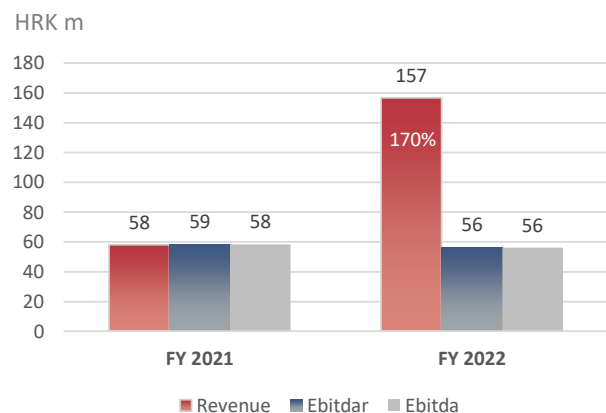


KEY COMMENTS

- Our 2022 performance reflected an exceptional summer season, delivering outstanding EBITDA despite inflationary pressures and a higher proportion of international seasonal employees who require accommodation, meals, and transportation.
- in Croatia revenue increased by 17.9% and EBITDA by 22.5% over 2019.
- For the year, total revenue in Croatia increased by 56.2 % to HRK 612.8 million (2021: HRK 392.2 million). Accommodation revenues increased by 55.3 % because of an increase in the average daily rate of 19.2% to HRK 518.4 million (2021: HRK 333.8) and occupancy increased to 44.8% (2021: 35.5%). This translated into a RevPAR of HRK 309.7, which represents an increase of 50.2% over last year (2021: HRK 206.2).
- EBITDA increased significantly to HRK 189.2 million (2021: 127.6 million).



2022 Operating Review - Germany

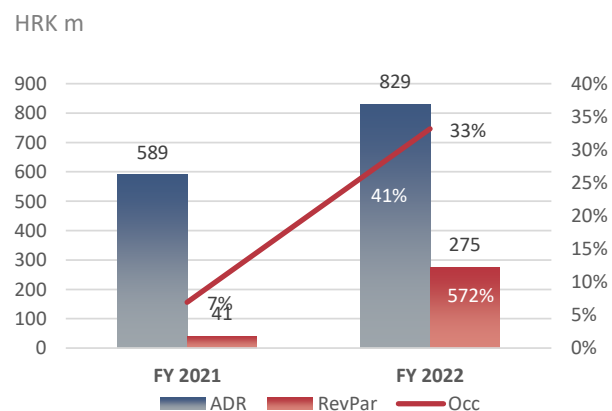
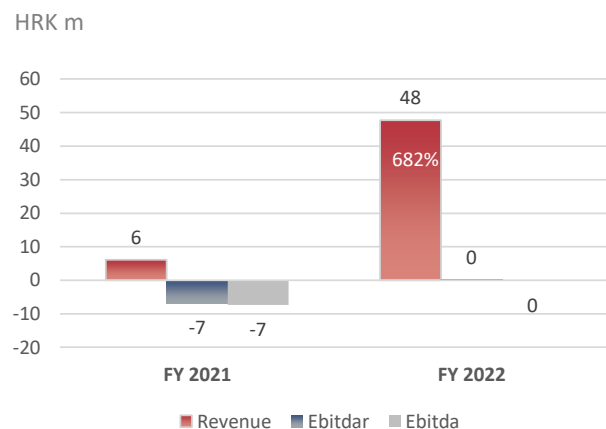


KEY COMMENTS

- This slow start to the year was the result of extended COVID-19 restrictions which were finally relaxed in March 2022. Once lifted, bookings began to build from the domestic leisure market, although the business market continued to remain subdued.
- Total reported revenue in the region increased significantly by 170.0% to HRK 156.6 million (2021: HRK 58.0 million), however it remained 24% below 2019. Accommodation revenue increased by 187.8% to HRK 134.4 million (2021: HRK 46.7 million). RevPAR increased by 187.9% to HRK 515.9 (2021: HRK 179.2).
- Profitability continued to be adversely affected by increasing payroll costs and higher inflation-related costs for acquiring goods and services.
- Regardless, reported EBITDA was positive and amounted to HRK 56.2 million (2021: HRK 58.4 million) due to the strong improvement in the second part of the year.
- There were less government grants to support payroll costs and operating expenses than in the prior year.
- Total government grants amounted to HRK 21.7 million (2021: HRK 70.9 million), which reduced payroll expenses by HRK 0.5 million and operating expenses by HRK 21.2 million in the year.



2022 Operating Review - CEE Region



KEY COMMENTS

- Our CEE operating region, which consists of Hungary, Serbia, and Austria, reported a substantial increase in business activities during the year.
- The integration of the Arena Franz Ferdinand Hotel in Nassfeld, Austria saw the property open for eight months during the summer and winter months, with the property undergoing a soft refurbishment in the remainder.
- art'otel budapest partially reopened in June after an extensive redesign and with all public areas renovated to an upper upscale standard.
- Arena 88 Rooms Hotel, Belgrade remained open throughout the year, reaching a solid occupancy of 39% and we expect to start a refurbishment and rebranding project in 2023.
- Total revenues for the region increased significantly to HRK 47.7 million (2021: HRK 6.1 million). Accommodation revenue increased by 837.1% to HRK 32.8 million (2021: HRK 3.5 million) delivering an average daily rate increase of 40.8% to HRK 829.2 (2021: HRK 588.9). Occupancy increased by 2,619.9 bps to 33.1% (2021: 6.9%). This resulted in RevPAR increasing by 571.9% to HRK 274.8 (2021: HRK 40.9).
- Reported EBITDA was negative but significantly improved to HRK 0.2 million (2021: negative HRK 7.3 million).
- Government grants in Austria amounted to HRK 0.6 million.



2023 Outlook

KEY TOPICS

- We believe that the results of 2022 set a new base line for our future performance and growth. This is supported by our investment plan and unrelenting focus on improving our customers' experience which is building strong brand loyalty.
- Whilst the geopolitical outlook remains uncertain with market volatility and ongoing inflationary pressures, the Company is supported by its strong cash balance and well-invested portfolio.
- Our strategically important capital investment plans during 2023 will further enhance our luxury campsite offer and the opening of new art'otel in Zagreb.
- From 1 January 2023, Croatia joined the Eurozone. Consequently, from the start of our 2023 financial year, the Company will report in Euros. We view this change as positive for the Company. We will be less exposed to currency fluctuations, contracts will be easier and cheaper to transact, the nation will be tied to a globally resilient monetary system, and international travellers will be able to operate in Croatia with more ease.
- The board has recommended profit distribution of EUR 0.7 per share



Consolidated Income Statement

	HRK '000			€ '000		
	2022	2021	Change	2022	2021	Change
Revenues	825.278	460.699	364.579	109.533	61.231	48.302
Operating expenses	-573.037	-281.127	-291.910	-76.055	-37.364	-38.691
EBITDAR	252.241	179.572	72.669	33.478	23.867	9.611
Rental expenses and concession fees: land	-17.260	-16.124	-1.136	-2.291	-2.143	-148
EBITDA	234.981	163.448	71.533	31.187	21.724	9.464
Depreciation, amortisation and impairment	-117.767	-103.644	-14.123	-15.630	-13.775	-1.855
EBIT	117.214	59.804	57.410	15.557	7.948	7.609
Financial expenses	-46.858	-27.456	-19.402	-6.219	-3.649	-2.570
Financial income	1.320	911	409	175	121	54
Other expenses	-12.709	-33.361	20.652	-1.687	-4.434	2.747
Other income	83	9.457	-9.374	11	1.257	-1.246
Share in result of joint ventures	1.781	-6.295	8.076	236	-837	1.073
Profit/(loss) before tax	60.831	3.060	57.771	8.074	407	7.667
Income tax benefit/(expense)	-24.594	28.454	-53.048	-3.264	3.782	-7.046
Profit/(loss) for the year	36.237	31.514	4.723	4.809	4.188	621

KEY COMMENTS

- Total revenue increased by HRK 364.6 million driven by exceptionally strong summer season in Croatia. The Group's 2022 financial performance pleasingly surpassed 2019 levels, whereby the Groups revenue grew 6.1% compared with 2019.
- Total operating expenses increased by HRK 291.9 million due to increased business activity but also effected by wide inflationary pressure on key input costs such as food, utilities, and higher proportion of international seasonal employees who require accommodation, meals, and transportation.
- Financial expenses increased to HRK 46.9 million, mostly due to recognized exchange rate differences from translation of lease liability in Hungary.
- Other income decreased mostly due to lack of profit that we had in prior year from written-off fixed assets (mobile homes sale).



Consolidated Balance Sheet - Assets

	HRK '000			€ '000		
	2022	2021	Change	2022	2021	Change
ASSETS						
Non-current assets						
Intangible fixed assets	4.130	2.167	1.963	548	288	260
Property, plant and equipment	2.542.150	2.418.456	123.694	337.401	321.725	15.677
Right-of-use assets	242.909	262.132	-19.223	32.240	34.871	-2.632
Inventories	16.053	8.326	7.727	2.131	1.108	1.023
Interest in joint ventures	42.209	38.701	3.508	5.602	5.148	454
Other non-current financial assets	11.531	3.100	8.431	1.530	412	1.118
Deferred tax asset	75.692	97.579	-21.887	10.046	12.981	-2.935
Restricted deposits and cash	65.902	65.813	89	8.747	8.755	-8
	3.000.576	2.896.274	104.302	398.245	385.288	12.956
Current assets						
Inventories	4.446	2.764	1.682	590	368	222
Other current financial assets	0	201	-201	0	27	-27
Trade receivables	15.667	10.957	4.710	2.079	1.458	622
Other receivables and prepayments	21.716	82.257	-60.541	2.882	10.943	-8.060
Income tax receivable	2.414	2.971	-557	320	395	-75
Cash and cash equivalents	530.707	340.903	189.804	70.437	45.350	25.087
	574.950	440.053	134.897	76.309	58.540	17.769
Total assets	3.575.526	3.336.327	239.199	474.554	443.828	30.726

KEY COMMENTS

- Non-current assets increased by HRK 104.3 million to HRK 3,000.6 million (2021: HRK 2,896.3 million) mostly as a result of investments.
- Current assets increased by HRK 134.9 million to HRK 574.9 million predominantly driven by the increase in the Group's cash position.
- At 31 December 2022, the Group's cash position increased to HRK 530.7 million (2021: HRK 340.9 million). This strong cash position was mainly a result of record business performance coupled with new bank loans.



Consolidated Balance Sheet - Equity & Liabilities

	HRK '000			€ '000		
	2022	2021	Change	2022	2021	Change
EQUITY AND LIABILITIES						
Equity:						
Issued capital	102.574	102.574	0	13.614	13.645	-31
Share premium	1.142.742	1.142.742	0	151.668	152.018	-350
Hedging reserve	8.605	-5.378	13.983	1.142	-715	1.858
Other reserves	317.536	318.608	-1.072	42.144	42.384	-240
Accumulated earnings/(losses)	46.693	10.456	36.237	6.197	1.391	4.806
Total equity	1.618.150	1.569.002	49.148	214.765	208.723	6.043
Non controlling interest						
Total equity	1.618.150	1.569.002	49.148	214.765	208.723	6.043
Non-current liabilities:						
Bank borrowings	1.314.898	1.151.730	163.168	174.517	153.213	21.303
Lease liability	262.804	278.821	-16.017	34.880	37.091	-2.211
Provisions	45.358	45.358	0	6.020	6.034	-14
Other liabilities	4.756	8.279	-3.523	631	1.101	-470
	1.627.816	1.484.188	143.628	216.048	197.440	18.608
Current liabilities:						
Trade payables	34.523	65.330	-30.807	4.582	8.691	-4.109
Current lease liability	33.912	31.613	2.299	4.501	4.205	295
Other payables and accruals	90.288	89.934	354	11.983	11.964	19
Liabilities towards related parties	9.525	18.547	-9.022	1.264	2.467	-1.203
Bank borrowings	161.312	77.713	83.599	21.410	10.338	11.072
	329.560	283.137	46.423	43.740	37.665	6.075
Total liabilities	1.957.376	1.767.325	190.051	259.788	235.105	24.683
Total equity and liabilities	3.575.526	3.336.327	239.199	474.554	443.828	30.726

KEY COMMENTS

- Non-current liabilities increased by HRK 143.6 million to HRK 1,627.8 million (2021: HRK 1,484.2 million). The increase is mostly due to a new loans.
- Current liabilities amounted to HRK 329.5 million, an increase of HRK 46.4 million (2021: HRK 283.1 million), primarily due to current liabilities toward banks but also due to current lease liabilities.
- The Group overall is in compliance with all its banking covenants, whereas in Germany waivers remained in place due to slower recovery after quarter one lockdowns were lifted.



Consolidated Cash Flow Statement

	HRK '000			€ '000		
	2022	2021	Change	2022	2021	Change
Net cash provided by operating activities	213.941	120.378	93.563	28.395	16.014	12.381
Net cash used in investing activities	-245.782	-354.134	108.352	-32.621	-47.110	14.489
Net cash provided by financing activities	220.839	148.210	72.629	29.310	19.716	9.594
(Decrease)/increase in cash and cash equivalents	188.998	-85.546	274.544	25.084	-11.380	36.464
Net foreign exchange differences	806	836	-30	107	111	-4
Cash and cash equivalents at end of year	530.707	340.903	189.804	70.437	45.350	25.087

KEY COMMENTS

- Net cash provided from operating activities increased by HRK 93.6 million as a result of the strong summer recovery in Croatia contributing to Groups overall performance.
- The Group increased investments during the year compared to previous year what resulted in HRK 108.4 million higher outflows from investing activities. Total capital investments in 2022 in our portfolio amounting to HRK 242,5 million.
- Financing activities had positive impact on the Groups cash flow due to new loans taken for partly financing of our investments.
- During the year, the Group secured in total HRK 131.0 million in financing loans and refinanced a loan of HRK 139.4 million for investments executed in previous periods.
- With most of our loans secured at competitive fixed interest rates, the Group's planned investment and refurbishment programme is well funded for the foreseeable future.

Liquidity and Debt Structure





Net debt as at 31 Dec 2022

Debt Composition

HRK M	FY 2022	FY 2021	Change
Net Debt	1,242	1,199	43
Cash	531	341	190
Bank Borrowings	1,476	1,229	247
Lease Liability	297	310	-14

KEY COMMENTS

- Net debt did not show significant change on year-on-year basis.
- The Group had a cash position of HRK 530.7 million, with the increase of HRK 189.8 million mostly due to new loans.
- During 2022 the Group entered into several new facilities;
 - HRK 139.4 million (EUR 18.5 million) facility for refinancing of investments executed in previous periods. Repaid amount of previous facility was HRK 60 million. Kazela Refinace
 - HRK 21.5 million (EUR 2.9 million) facility for financing of investment in mobile homes in Arena Stoja Campsite.
 - through its subsidiary Ulika d.o.o. into a HRK 94.9 million (EUR 12 million) facility for financing of investment in art'otel hotel in Zagreb. The facility was withdrawn partly in the amount of HRK 34.5 million.
 - through its subsidiary SW Szállodaüzemeltető Korlátolt, into a HRK 15 million (EUR 2 million) facility for financing of investment in art'otel in Budapest.
- During 2022 the Group withdrew HRK 150 million from the facility signed in 2021 with Zagrebačka banka as part of HBOR's programme for insurance of liquidity portfolio for exporters related with Covid-19 measurements, and the amount of HRK 24.4 million from Brioni facility.
- No significant change in lease liability and the group does not have any deferred loan liabilities.



Group Debt Profile at 31 Dec 2022

DEBT STRUCTURE

% Fixed Rate Debt

94%

Weighted Cost of Debt

2.1%

Term of Debt

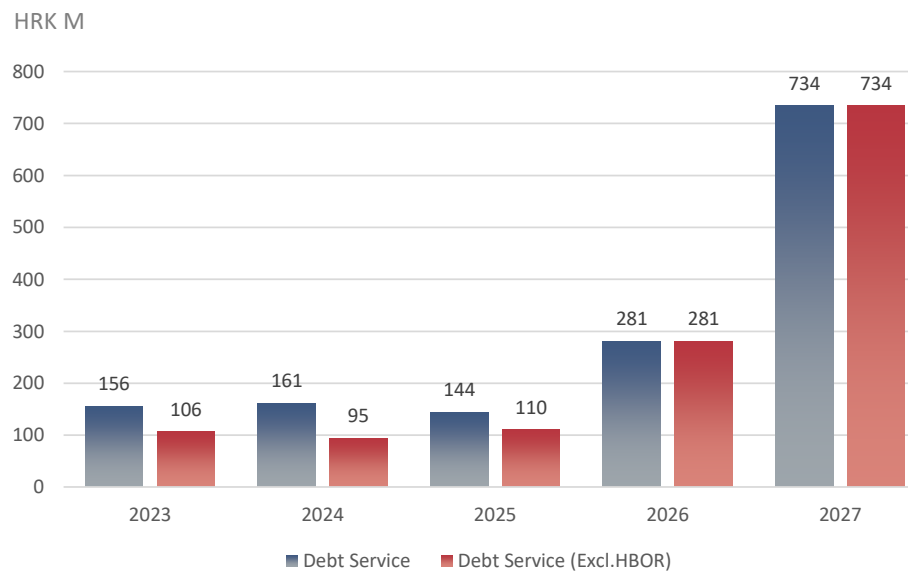
6.6

years

Net Leverage

5.3

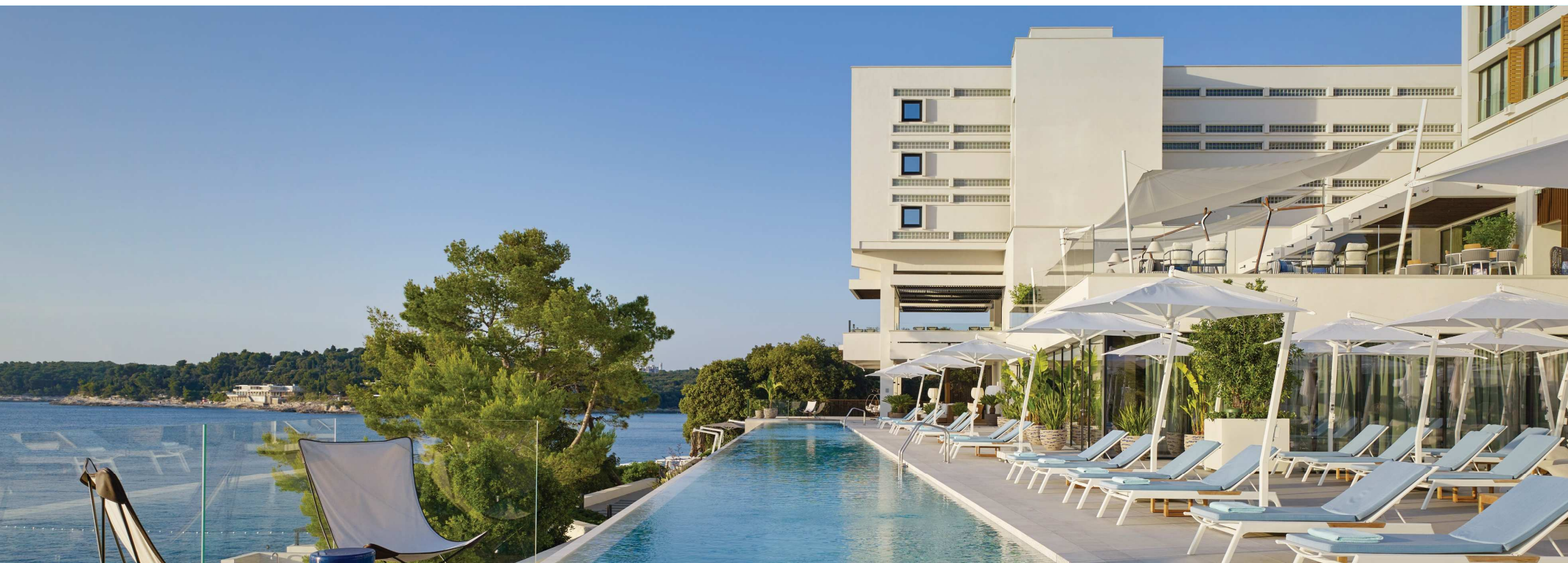
GROUP DEBT MATURITY



NOTES

- Weighted cost of debt excludes HBOR liquidity loan
- Repayments of HBOR Covid 19 liquidity loan amounting to HRK 50 million in 2023, HRK 66,7 million in 2024 and HRK 33,3 million in 2025
- Loan maturities starting 2026 onwards;

Strengthening Long Term Growth





Investments

TOTAL
93M €

HOTEL GRAND BRIONI PULA

35M €

100% completed

HOTEL ZAGREB CONVERSION

18M €

60% completed

RIVIERA CONVERSION

15M €

5% completed

BUDAPEST REFURBISHMENT

7M €

50% completed

ARENA STOJA CAMPSITE
REFURBISHMENT

7M €

50% completed

ARENA FRANZ FERDINAND
REFURBISHMENT

3.5M €

100% completed

BELGRADE ARENA 88
REFURBISHMENT

3M €

Start in 2023

OTHER SMALL CAPEX (CROATIA)

4M €

OTHER SMALL CAPEX GERMANY

0.4M €

Sustainability Report 2022





Overview TBA

METHODOLOGY

We applied Global Reporting Initiative (GRI) & EU Taxonomy

Incorporates recommendations and reporting requirement of Croatian regulatory body HANFA

We worked with external partners to achieve limited assurance and independent data handling.

Across all emissions scopes, the process of calculating emissions has followed methods which are set out within the GHG Protocol's Corporate Standard

We conducted an audit with DEKRA Assurance Services GmbH to verify the contents of this Sustainability Report.

DEKRA
Assurance statement



Leadership sustainability statement

"The Group normalised its operations and recovered from pandemic, despite the geopolitical challenges posed by the war in Ukraine, while continuing our sustainability commitments.

In recent years, we have made important progress through our Responsible Business Programme and are proud of our committed workforce who are positively targeting environmental and social issues throughout our value chain. We recognised the refugee crises and housed numerous families in our dedicated resort and also offered employment to the effected individuals and helped them get back their livelihoods.

By continually investing in operational training, innovative technology and systems, we are adopting best practices and collaborate with industry specialists to achieve our ESG goals. We approved plans and initiated contracts for four solar installations across our resorts with an aim to produce five percent of our electricity demands, however small this is a step in the right direction, and we are preparing ourselves with much wider implementation of solar energy.

Our approach to responsible business is underpinned by good governance which begins with our Supervisory Board and which is implemented by the Management board and dedicated ESG working groups. Our ESG initiatives and efforts are supported by a robust governance structure. In 2022 we have continued to strengthen our focus by forming a dedicated Sustainability committee within the structure of Arena's Supervisory Board."

Reuel ("Reli") Slonim, CEO and President of the Management Board



Overview TBA

MATERIAL TOPICS

GOVERNANCE

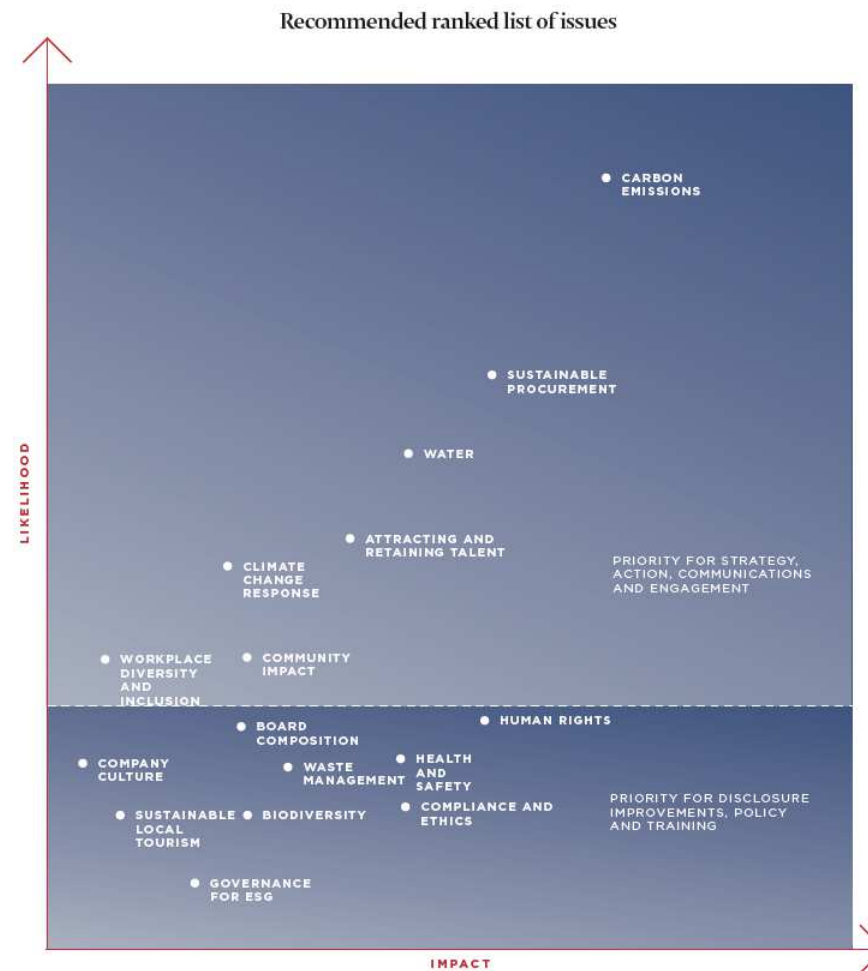
- Corporate Governance
- Corruption

SOCIAL

- Health and Safety
- Diversity and Equal Opportunity
- Collective Bargaining
- Human Rights
- Training and Skills
- Community and Social impact

ENVIRONMENTAL

- Greenhouse Gas Emissions
- Water, Waste and Energy
- Biodiversity





Select Social GRI's

Gender distribution by Number and Percentage

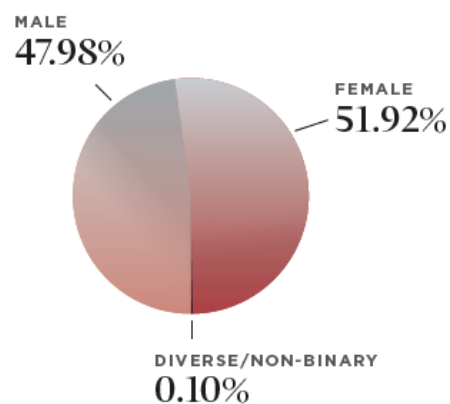
Female Employee Age Distribution



Male Employee Age Distribution



Employee Gender Distribution



AVERAGE EMPLOYEE WAGE² DISTRIBUTION BY GENDER

Employee Wage Distribution



0.92%

Female:Male wage ratio
This is the ratio of the basic salary and remuneration of women to men)



Select Environment GRI's

KEY METRICS: GHG EMISSIONS FOR 2022 AND 2021

Emissions Scope	2022	2021
Emissions reported in metric tonnes CO₂e		
SCOPE 1	1951.7	928.1
SCOPE 2 (market based)	5896.6	3100.9
Location based Scope 2	7448.3	6196.1
SCOPE 3	9535.6	9633.5
Total GHG emissions	17383.9	13662.5

KEY METRICS: NET EMISSIONS AFTER COMPENSATION

Net Emissions, post compensation, in CO₂e

17130.9

Metric Tonnes

KEY METRICS: WASTE COMPOSITION IN METRIC TONNES

Non-hazardous waste

2.306,0

Metric tonnes

Potentially hazardous waste

211,6

Metric tonnes

Total waste

2.517,6

Metric tonnes

KEY METRICS: CO₂e OCCUPANCY-BASED NET EMISSIONS INTENSITY

Emissions Scope

Kilogram CO₂e per Room Sold

Net GHG emissions (Scopes 1, 2 and 3 minus compensation)

17.81

KEY METRICS: WATER CONSUMPTION*

Water Withdrawn

936,95

Megalitres

Water Discharged

936,95

Megalitres

ARENA

HOSPITALITY GROUP

A MEMBER OF PPHE HOTEL GROUP

Thank you!

DISCLAIMER

Arena Hospitality Group d.d. (Arena)

Euro figures are based on fixed conversion rate of HRK 7.5345 to 1 Euro

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ARENA

HOSPITALITY GROUP

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NEW Hotel in Zagreb



HOTEL ZAGREB CONVERSION

18M €





Arena 88 Rooms Belgrade



BELGRADE ARENA 88
REFURBISHMENT

3M €





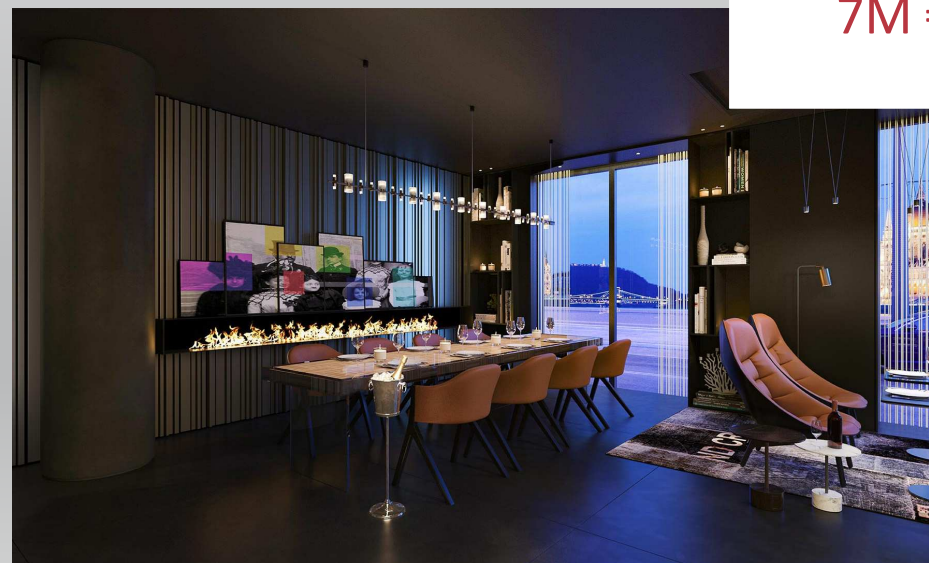
art'otel budapest

Public areas, lobby, bar, reception, conference center, SPA and 165 hotel bedrooms



art'otel budapest

7M €





Arena Stoja Campsite



ARENA STOJA CAMPSITE
REFURBISHMENT
7M €

