2024
Annual Report & Financial Accounts

ARENA

HOSPITALITY GROUP

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HOSPITALITY GROUP

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Strategic report

About us

Who we are

We are an international, dynamic hospitality company with a portfolio which spans five countries. We own, co-own, lease, operate and develop city centre hotels, resorts, self-catering apartment complexes, campsites and Croatia's first all-glamping property.

What we do

Our primary objective is to grow our profile in the upscale, upper upscale and lifestyle market segments in the Central Eastern Europe region (the "CEE region" - see the definition in the Glossary section) and Germany, whilst striving to create and realise shareholder value. We operate and develop our own brands, Arena Hotels & Apartments and Arena Campsites. In addition, through our majority shareholder PPHE Hotel Group Limited ("PPHE Hotel Group" or "PPHE") we have the exclusive right to operate and develop the international Park Plaza brand in 18 countries in the CEE region and Germany, and the right to manage art'otel branded properties, allowing us to further grow our presence. In 2022, through PPHE, we secured a license to operate Grand Hotel Brioni Pula as a Radisson Collection Hotel and this strategic cooperation was further extended in 2024, with the opening of our two Radisson RED branded hotels, in Belgrade and Berlin. Brands currently used by the Group include Park Plaza, art'otel, Radisson Collection, Radisson RED, Arena Hotels & Apartments and Arena Campsites.

How we do it

Our portfolio comprises 29 owned, co-owned, leased and managed properties with around 10,000 units located in select resort destinations in Istria (Croatia) and Nassfeld (Austria), and major cities in the CEE region and Germany such as Belgrade, Berlin, Budapest, Cologne, Nuremberg and Zagreb. Our revenue is generated from different market segments comprising predominantly leisure in Croatia and Austria with a more diversified business mix in Germany, Hungary and Serbia, where our portfolio caters for both business and leisure travellers as well as conference and trade fair delegates.

Highlights

Record Revenue and EBITDA

Financial KPI's

KPI	2024	2023
Total Revenue (EUR)	142.3 M	(2023: 126.5 M)
EBITDA (EUR)	35.0 M	(2023: 28.0 M)
EBITDAR (EUR)	37.5 M	(2023: 30.4 M)
Profit before tax (EUR)[1]	8.7 M	(2023: 5.8 M)

Operating KPI's

KPI	2024	2023
Occupancy[2]	48.8%	(2023: 46.2%)
REVPAR (EUR)	55.0	(2023: 50.7)
Average Daily Rate (EUR)	112.7	(2023: 109.7)

1. Also see Chief Financial Officer's Statement on page 36.
2. Occupancy is calculated based on the number of days that each property is open.

Our business at a glance

We are an international, dynamic hospitality owner-operator with a strong asset base and access to multiple brands and a global distribution network through our majority shareholder, PPHE Hotel Group. Our approach means that we fully understand the hospitality industry from both an owner and operator perspective and have the power and distribution that international brands bring.

Croatia — 8,493 units

Located in one of Croatia's most prominent tourist regions, Istria, our diverse accommodation property portfolio includes hotels, self-catering holiday apartment complexes as well as campsites, and provides guests with a wide choice of locations in and around Pula and Medulin. In 2023, we opened our first hotel in the Croatian capital, Zagreb. Croatia has become a popular leisure destination, and with over 40 years of experience in this market we have unrivalled expertise in providing a wide range of holiday accommodation types from mid-market to luxury, with inspirational service in areas of natural beauty.

Germany — 956 units

Our hotels are located in main cities with a strong demand from the leisure, business travel or events market segments such as Berlin, Cologne and Nuremberg. The hotels are positioned in prime city-centre locations near major landmarks and with easy access to international airports and public transport.

Hungary — 165 units

Located in Hungary's capital city Budapest, which is a popular tourist destination, our property in Budapest is situated in a prime location overlooking the River Danube and the magnificent premises of the Hungarian Parliament.

Serbia — 88 units

The Radisson RED Belgrade, which opened in February 2024, is located on Takovska Street, close to the business area, with easy access to the Belgrade Fair and the city's cultural area, near the iconic old town of Belgrade and the Danube riverbank.

Austria — 144 units

Arena Franz Ferdinand Hotel Nassfeld is a 4-star hotel in Nassfeld, which complements our existing summer leisure business, is modern mountain resort superbly located next to the valley station of the Nassfeld Ski Resort in Carinthia, providing instant access to the area's 110km of slopes for winter sports and various walking and cycling trails during the summer.

Attractive brands

Well-invested, trusted and recognised brands, underpinned by luxury

We are confident in the power of our trusted and recognised brands, delivered through a bespoke approach. Our four core brands - art'otel, Park Plaza, Arena Hotels & Apartments, and Arena Campsites - are mutually complementary, vibrant, unique, and continually evolving. In addition, we secured an agreement to operate Grand Hotel Brioni Pula as a Radisson Collection property in 2022 and in 2024 we further expanded our brand portfolio with two Radisson RED hotels.

Park Plaza is an upper upscale contemporary hotel brand featuring individually designed hotels in vibrant city centre locations and select resort destinations. Renowned for creating memorable moments, Park Plaza caters to both leisure and business travellers through its inspiring service, stylish guest rooms and versatile meeting facilities which are perfectly complemented by award-winning restaurants and bars.

PPHE Hotel Group Limited is an international hospitality real estate group. It has an exclusive and perpetual licence from the Radisson Hotel Group, one of the world's largest hotel groups, to develop and operate Park Plaza branded hotels and resorts in Europe, the Middle East and Africa.

parkplaza.com

art'otel is a contemporary collection of upper upscale lifestyle hotels that fuse exceptional architectural style with art-inspired interiors. Located in cosmopolitan centres across Europe, each hotel is inspired by a dedicated signature artist and displays a collection of original works designed or acquired specifically for each art'otel, with each property offering a unique art gallery. art'otel has created a niche for itself in the hotel world, differentiating it from more traditional peers.

artotel.com

Arena Hotels & Apartments is a collection of hotels and self-catering apartment complexes offering relaxed and comfortable accommodation which features contemporary and warm interiors accompanied by a welcoming and friendly service. Each location offers a holiday full of opportunities for exploration and relaxation complemented by food and drink offering a touch of local flavour. The brand offers beachfront locations across the historic settings of Pula and Medulin in Istria (Croatia) and a mountain resort in Nassfeld (Austria). Arena Hotels & Apartments is a home away from home catering for families, couples and friends.

arenahotels.com

Arena Campsites are located in exclusive beachfront sites across the southern coast of Istria, Croatia. Situated within close proximity of the historic towns of Pula and Medulin, each campsite provides a distinctive offering and relaxed environment from which guests can experience Istria's areas of natural beauty and enjoy outdoor activities from April to October. Arena Stoja Campsite continues to operate during winter, making it one of the few year-round campsites in Croatia. Arena Campsite's portfolio includes Arena One 99 Glamping, Croatia's first all-glamping site.

arenacampsites.com
arenaglamping.com

PARTNER WITH

The Group benefits from a Radisson Collection license for Grand Hotel Brioni Pula, a Radisson Collection Hotel. Radisson Collection is a new generation of iconic properties and one-of-a-kind spaces. In the collection of exceptional hotels, no two are the same and each has a unique character authentic to its locality. The modern design blends elegance in form and function, making Radisson Collection hotels the ultimate destination for those who value a vibrant and luxury lifestyle.

radissonhotels.com

The Group benefits from access to the Radisson RED brand and during 2024 opened Radisson RED properties in Belgrade and Berlin. Radisson RED hotels are different and put a twist on the normal to make them unforgettable. The brand's relaxed service style gives guests permission to be themselves. Everyone is welcome there. The Radisson RED statement design kickstarts the day or night with attitude. Business or pleasure, RED guests can dive into the vibe as easily as they can relax out of it. Get to the heart of the action.

radissonhotels.com/red

Chairman of the Supervisory Board's Statement

We are pleased to report a 25% increase in Group's EBITDA. We maintain strong liquidity, with total cash and short-term deposits amounting to EUR 37.3 million.

Boris Ivesha
Chairman of the Supervisory Board

Dear Shareholders,

In 2024, Arena Hospitality Group d.d. ("the Company") and its consolidated subsidiaries ("the Group") delivered yet another year of topline growth as we saw increased demand for our city centre hotels and leisure properties. This is a testament to our focus on driving RevPAR and seeing the benefit of previous investments and upgrades to our property portfolio, improving our guest value proposition.

Due to our strict cost discipline and continued revenue growth as a result of the recovery of our city portfolio, maturing estate post investment and new inventory, we are pleased to report a 25% increase in Group's EBITDA. We maintain strong liquidity, with total cash and short-term deposits amounting to EUR 37.3 million. These record results were achieved against a backdrop in which the Group continued to face increases in service sector prices and payroll expenses, impacting operating costs. Although throughout the year inflationary pressure across the Euro area eased to 2.4% by the year end, Croatia remained comparatively higher at 4.5%. Payroll expenses were affected by the growth in national minimum wage across the regions. We were able to offset some of these factors through careful financial management and forward planning around our utility purchasing strategy.

DIVIDEND AND SHAREHOLDER RETURNS

In light of the Company's performance in 2024, the Board has recommended a 47% increase in the final dividend to EUR 1.10 per share. This increase is significantly ahead of the Company's stated dividend policy to consider paying to shareholders up to 25% of its consolidated normalised net profits for the preceding business year.

Furthermore, during the year 66,114 treasury shares with an average value of EUR 2.2 million were purchased, returning together with 2023 dividend payment in total EUR 5.9 million to shareholders, continuing our efforts to enhance shareholder value and improve share liquidity. At 31 December 2024, the Company held 129,564 treasury shares, representing 2.53% of the issued share capital.

Subject to shareholder approval for payment of the final dividend, total shareholder returns for 2024 amounts EUR 7.7 million (2023: EUR 4.3 million).

OUR MARKETS

The ongoing recovery of European tourism in 2024 saw our operating regions continue to build occupancy and average daily rates, supported by our recent and ongoing investments.

Although our industry continues to face inflationary pressures, these, alongside energy costs, have become more predictable recently, allowing us to adjust budgets accordingly. Competition for labour and high payroll costs remains challenging, particularly in Croatia. Nevertheless, we are successfully navigating these challenges with a more diverse, well-invested, and high-quality portfolio, strengthening our brand equity and enhancing customer appeal.

While the economic climate has become more stable, we remain attuned to broader geopolitical and climate risks that could affect leisure and business travel. In response, we are focused on preserving liquidity while enhancing standards across our campsites and hotels.

DEVELOPMENT AND PROPERTY OPENINGS

Our strategy of investing in our existing portfolio to reposition our properties into higher-return, high-end guest offerings continued to enhance the positioning of our assets in the market.

We were pleased to see the Arena Stoja Campsite upgraded to a four-star categorisation and to be awarded the "Croatia's Best Campsites 2025" label for the second consecutive year, together with our Arena Grand Kažela Campsite and Arena One 99 Glamping. Our investment has also seen the Arena Stoja Campsite extend its season to offer winter camping, making it one of the few year-round campsites in Croatia.

Supported by the introduction of further regulations around the Non-Appraised Construction Land Act and following the success of our Arena Stoja campsite, we are upgrading the Arena Stupice and Arena Indije campsites using a similar model to upgrade these from two star to four-star standards.

This investment will improve the appeal of the campsite and help drive better returns.

Ahead of the UEFA European Football Championship in 2024, we relaunched the 133-room former Park Plaza Berlin Kudamm (joint venture investment) as Radisson RED Berlin Kudamm, following a six-month repositioning and rebranding development programme. The hotel fully opened in September 2024.

Our well-established sustainability strategy underpins our approach to caring for our people, local communities and planet.


GRAND HOTEL BRIONI PULA, A RADISSON COLLECTION HOTEL


ARENA STOJA CAMPSITE


RADISSON RED BERLIN KUDAMM

RESPONSIBLE BUSINESS

Our well-established sustainability strategy underpins our approach to caring for our people, local communities and planet. We continue to establish Arena as a sustainable and responsible tourism leader across the CEE region, centred around quality, excellence, stakeholder participation, local community inclusion and high-level green and social competitiveness. While we see our efforts as a journey, we are receiving increased recognition for our initiatives through participation in industry conferences, certification and awards.

As part of its decisions, and in accordance with the new guidelines and standards of the EU Commission, the Management Board has made additional efforts to evolve the Company's sustainability strategy to achieve, maintain and build on its results in sustainable business operations.

Further details are set out in the Company's Sustainability Report on pages 53 - 134.

OUR COLLEAGUES

On behalf of the Supervisory Board, I would like to take this opportunity to extend my sincere thanks to all my colleagues across the Group for their hard work and commitment during the year. With thriving travel markets across our portfolio, we have achieved remarkable results thanks to our incredible team members, who consistently deliver outstanding hospitality to our guests. We are committed to fostering employee talent development and well-being, empowering our team members to support our growth.

SUMMARY AND OUTLOOK

Our property investment strategy, disciplined financial management, and focus on higher-end, higher-margin properties delivered a robust performance in 2024.

Looking ahead, we expect to continue reaping the benefits of these investments as they continue to mature and a more diversified portfolio. During the winter months, our performance is dominated by city properties and our leisure property in Austria. We remain focused on increasing occupancy and average daily rates, capitalising on international trade fairs and events in Berlin, Cologne, and Nuremberg.

The Group prioritises its liquidity position while remaining dedicated to elevating the quality of our campsite and hotel portfolio through ongoing investments and rebranding initiatives to unlock growth. With this in mind, we continue to review and identify strategic investment opportunities across all regions, including actively exploring high-growth opportunities in Croatia and Central and Eastern Europe.

Boris Ivesha

Chairman of the Supervisory Board

President of the Management Board's Statement

Our three operating segments – hotels, campsites, and self-catering holiday apartments – saw year-on-year revenue increase by 10.6% to EUR 99.8 million

Reuel ('Reli') Slonim
President of the Management Board

Welcome,

Our strong performance in 2024 reflected our ongoing diversification strategy and investment in our portfolio to expand the Group's year-round operations. We continue to enhance the appeal of our products, helping to drive revenue, raise overall occupancy levels and flex average daily rates.

Our hotels, particularly in Croatia, continued to perform well and support a more balanced and less seasonal portfolio across Europe. With inflation stabilising during the year, we managed our finances and forecasts with greater predictability, improving profit margins while continuing to invest in our assets.

As a result, we are pleased to report a 12.5% increase in reported revenue, a 25.0% increase in reported EBITDA and a proposed 47% increase in the final dividend compared with 2023, a payout of approximately EUR 5.5 million.

2024 IN REVIEW

CROATIA

Our three operating segments - hotels, campsites, and self-catering holiday apartments - saw year-on-year revenue increase by 10.6% to EUR 99.8 million (2023: EUR 90.2 million). This growth was driven by higher accommodation revenue from increased average daily rates, increased occupancy levels, and new inventory from art'otel Zagreb. This upper upscale lifestyle hotel, which is located in the heart of Zagreb, enjoyed its first full year of contribution following its opening in October 2023.

The maturing of key assets such as Grand Hotel Brioni Pula, Arena Stoja Campsite and Arena Grand Kažela Campsite following earlier investments were also key contributing factors. Excluding art'otel Zagreb, revenue increased by 5.7% to EUR 94.8 million.

Grand Hotel Brioni Pula and art'otel Zagreb provided additional year-round revenues, reducing our reliance on seasonal business. Further recent upgrades to Arena Stoja Campsite also enabled us to extend opening into the winter season, making it one of the few year-round campsites in Croatia.

As we entered the low season, we took advantage of the introduction of further regulations around the Non-Appraised Construction Land Act in early 2024 to continue to upgrade our campsite portfolio while upholding requirements and navigating the challenges of evolving locality specific nature preservation demands. Following the successful repositioning of Arena Stoja Campsite as an upscale product, the Group has initiated investments in Arena Stupice Campsite and Arena Indije Campsite, aiming to elevate these sites to four-star status ahead of the 2025 summer season. Notably, with these latest upgrades, the Group will have enhanced five of its eight campsites to four-star status. Combined with the maturing of previous campsite investments, these developments are expected to contribute to the Group's ongoing financial growth.

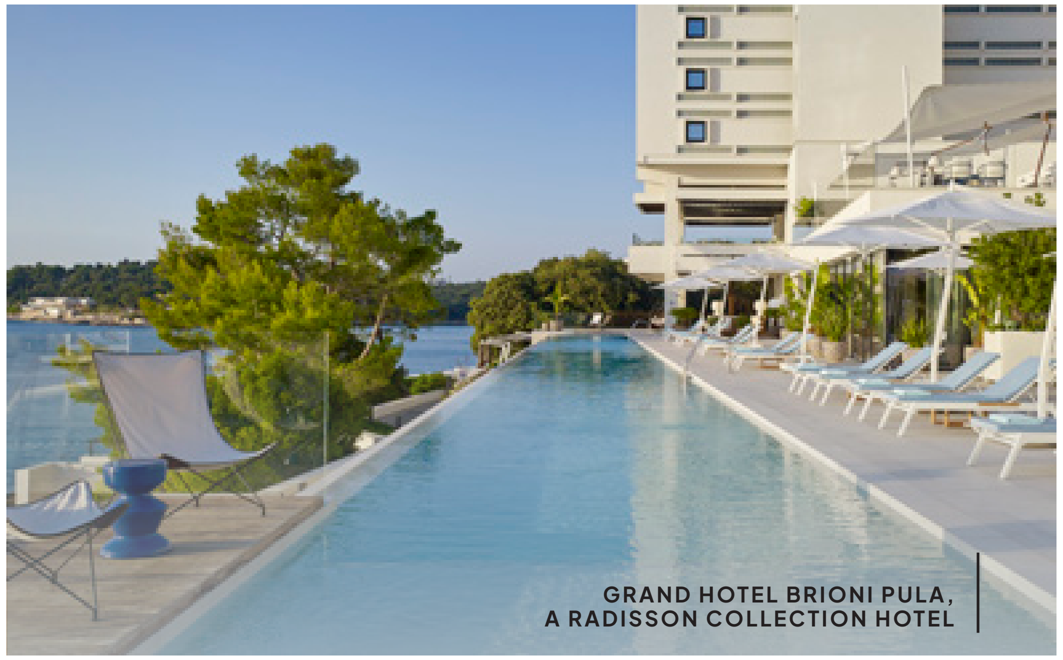
Reported EBITDA amounted to EUR 25.4 million for the region, an 8.1% increase (2023: EUR 23.5 million), driven by growth in occupancy and a sustained leisure performance in Croatia coupled with more favourable energy costs compared to the previous year.

GERMANY

Our city centre hotels benefited from a full recovery in leisure demand for our destinations in Berlin, Cologne, and Nuremberg, which resulted in a strong uplift in occupancy levels to 69.5% (2023: 62.3%). Revenue grew by 10.3% to EUR 28.9 million (2023: EUR 26.2 million), on an 11.2% increase in rooms sold.

We were delighted to reopen the 133-room former Park Plaza Berlin Kudamm as a Radisson RED with a soft launch in June 2024, strategically timed ahead of the European UEFA Football Championship. This followed a six-months repositioning and rebranding programme. The timing contributed to a strong initial performance, and since its official and full opening in September 2024, the hotel has continued to improve its performance, steadily increasing occupancy rates and leveraging the strong brand recognition of Radisson RED hotels.

RADISSON RED BELGRADE



GRAND HOTEL BRIONI PULA, A RADISSON COLLECTION HOTEL

ARENA GRAND KAŽELA CAMPSITE

CEE REGION (HUNGARY, SERBIA, AUSTRIA)

Our Central and Eastern Europe (CEE) operating region also reported significant increase in business activity during the year, with revenue 41.1% higher at EUR 12.7 million (2023: EUR 9.0 million) and occupancy rates rising to 59.3% (2023: 44.4%). Average daily rates saw a dilution to EUR 137.5 (2023: EUR 149.4) as a large part of the occupancy growth was during the off-peak season when rates are more competitive.

In Hungary, our Park Plaza Budapest hotel continued to improve its occupancy and revenue and delivered a noteworthy performance with an EBITDA growth of 193%, contributing EUR 0.95 million incrementally to the bottom line. In Austria, the Arena Franz Ferdinand Nassfeld hotel grew both occupancy and average daily rates, benefiting from now operating for 10 months of the year across the winter and summer seasons. In Serbia, the Radisson RED Belgrade had nearly a full year of operations following its launch in February 2024. After an 11-month full refurbishment and repositioning programme, it continues to build its presence in the city hotels segment.

FINANCIAL REVIEW

The Group's overall strong financial performance once again benefited from our strategy of investing in our properties, diversifying the portfolio, driving product performance and our strong financial discipline.

Reported revenue increased by 12.5% to EUR 142.3 million (2023: EUR 126.5 million), which reflected a more stable economic environment, growth in the business and leisure travel market and the success of our ongoing investment refurbishment programme to upgrade our portfolio and enhance guest experience.

This was reflected in the performance of our hotel segment, which continued to benefit from significant investment in recent years, with revenue across all regions increasing by 18.8%. Grand Hotel Brioni Pula once again performed outstandingly with an increase in revenue of 38%.

Accommodation revenue increased by 11.4% to EUR 117.7 million (2023: EUR 105.7 million) due to increased occupancy at 48.8% (2023: 46.2%) and 2.8% growth in average daily rate to EUR 112.7 (2023: EUR 109.7). Together, this translated into a RevPAR of EUR 55.0, which is 8.5% higher compared to the previous year (2023: EUR 50.7).

Reported EBITDA increased by 25% to EUR 35.0 million (2023: EUR 28.0 million), reflecting the full recovery of the German region, improved occupancy across our portfolio and sustained leisure business performance in Croatia. Stabilising energy costs were also a contributory factor supported by the Group's well-balanced energy hedging strategy designed to mitigate market volatility.

Further details of the Group's financial performance are set out in the Operating Review.

INNOVATION AND RESPONSIBILITY

We continued to execute our sustainability strategy throughout the year and promote sustainable hospitality within our industry through conferences and speaker events.

We actively engage with our people, with the support of an external partner, through our anonymous annual online employee engagement survey, 'Let's Talk', which saw over 1,000 employees take part. The survey covers development and growth, wellbeing and recognition and support. We have action plans in place to communicate training opportunities across multiple platforms, ensuring employees are consistently reminded and updated on available learning options.

As part of our drive to operate with zero impact on the environment and to improve the energy efficiency of our properties, art'otel Zagreb (Croatia) was awarded a Green Building and Sustainable Built Environment Award by the Croatian Green Building Council in the Building of the Year – Reconstruction category. Our Croatian and German properties successfully gained re-certification for the Green Key programme, while in Serbia, our Radisson RED Belgrade hotel successfully underwent the Green Key certification highlighting our promotion of sustainable development in accommodation. Furthermore, in December 2024, Arena Franz Ferdinand Nassfeld (Austria) was successfully assessed by the Green Key audit. In addition, The Travelife Gold Certificate continued to be held by Park Plaza Histria Pula and TUI Blue Medulin in Croatia, while Blue Flag status was awarded to Ambrela Beach and Yacht Beach.

In addition to achieving our Green Key eco-tourism label and Travelife certification, we were proud to secure third place among 36 AmCham members in the Sustainability maturity assessment study, which recognised our dedication to "Business Sustainability through Sustainability Principles" at a conference held in Zagreb in the third quarter. In fourth quarter, the Group received Special Recognition at the 7th annual Zagreb Stock Exchange and PwC Building Public Trust Awards for outstanding advancements in transparent reporting.

Our support of local communities saw us continue to support cultural and sporting events such as the Pula Film Festival, Pula Cultural Summer, the Rocks and Stars Festival, and the Pula Marathon, alongside social and health awareness campaigns, among which, the long-standing support to the Pula General Hospital stands out.

More information our sustainability strategy is set out on pages 53 - 134.

PARK PLAZA HISTRIA PULA

GROWTH STRATEGY

We continually optimise the value of our assets while consistently delivering and exceeding our guests' expectations in our properties and campsites. Since 2018, the Group has invested more than EUR 200 million to upgrade and purchase its hotels, self-catering apartment complexes and campsites. All properties which have been refurbished or upgraded to target the luxury lifestyle market segment continue to see an uplift in performance and average daily rate. To date, over 50% of the portfolio has been upgraded offering further longer-term potential and returns.

Our hotel acquisitions and developments in recent years across our three key regions have supported our portfolio's seasonal, geographic and product diversification.

Taking into consideration ongoing economic and geopolitical uncertainty, the Management Board's focus is to preserve liquidity, continue investing in our existing portfolio, and take a more cautious approach to property and geographical expansion. In total, EUR 7.5 million of further capital investments was made in our portfolio in 2024, in addition to an investment of EUR 32.3 million in 2023.

OUR COLLEAGUES

Following several years of fierce competition for labour, we have a well-conceived employment strategy that ensures we have the correct number of well-trained team members to deliver an exceptional guest experience to our guests year-round. Majority of our permanent workforce is locally sourced, reflecting our strong commitment to employee retention and long-term service. As a core policy, we prioritise hiring locally and from neighbouring countries. However, in Croatia, due to a limited local talent pool for certain skilled seasonal roles, we supplement our workforce with overseas recruitment to meet operational needs.

We have a dedicated recruitment team, comprising experts from various fields in hotel operations along with our talent acquisition teams, which travels to countries outside of the EU to meet candidates and undertake skill assessments as part of the interview process to ensure the Group's high standards are met. As a result, the Group has successfully built an exemplary skilled workforce from diverse countries, including Indonesia, the Philippines, Thailand, Serbia, North Macedonia, Bosnia and Herzegovina, and other neighbouring countries. Consequently, our team members have diverse backgrounds, with 17.5% from outside the EU (2023: 14%).

We remain committed to ongoing training and development of our permanent team members and maintain a high standard in our work environment. We further enhanced our "Connect Team" employee engagement app which now offers our team members training and employee surveys, and we plan to integrate this with our human resources system to enhance employee communication and engagement.

Regular personal development conversations, where employees have ongoing discussions about their career aspirations and development needs, are a key part of our culture, ensuring continuous personal and professional development. For wellbeing, we ensure that support services are accessible to everyone and are continuously communicated across the organization. During busy periods, we implement additional support measures such as extra breaks and mindfuless workshops aiding staff to retain a healthy work-life balance. In recognition and support, managers engage with their teams through structured, frequent check-ins, ensuring open dialogue and the opportunity for employees to share feedback. Managers also recognise and celebrate great performance regularly, actively fostering a culture of appreciation and continuous improvement.

The Group was the first tourist business in Croatia to adopt the third pillar pension scheme in 2022, which enables us to offer our employees the opportunity to save for their retirement and take advantage of a government incentive. We believe this scheme continues to help us attract and retain talent within the business.

This year, we were proud to congratulate the second cohort of the Arena Hospitality Group Professional Development Program for completing our tailored 12-month program and earning the Professional Certificate in International Hospitality Management from BHMS Business & Hotel Management School, Switzerland.

On behalf of the Management Board, I would like to thank all team members and colleagues, past and present, for their commitment and professionalism throughout the year.

CURRENT TRADING AND OUTLOOK

We are encouraged by our 2024 financial performance, driven by increasing demand, the normalisation of our city portfolio, and sustained growth in the Croatian leisure market. With our maturing products and positive industry trends, we remain optimistic about the tourism sector as a whole and anticipate steady growth in the coming financial year.

The Group is experiencing a good winter season across its portfolio and given the current demand and booking pace, we remain optimistic about the coming summer season, which is expected to be in line with management's expectations.

Reuel ('Reli') Slonim

President of the Management Board

Investment and development

The Group has invested more than EUR 200 million in the business since 2018, expanding from a largely seasonal Croatian operation into a year-round diversified portfolio that includes hotel properties in Croatia, Germany, Hungary, Serbia and Austria. In parallel, the Group has focused on raising standards and has extended its higher-end and upper-scale product offering, driving operational performance and meeting guest expectations.

After a number of years of intensive activity, the Management Board is focusing on smaller investments and optimising the operational performance of recently completed projects. It is also taking a cautious approach to new developments and postponing larger projects, such as converting the Hotel Riviera in Pula into a premium destination, until there is greater certainty that targeted return hurdle rates can be met. The Group will continue with its regular capital investments across the portfolio.

PROPERTIES COMPLETING FIRST FULL YEAR OF OPERATIONS IN 2024

PARK PLAZA BUDAPEST (FORMERLY ART'OTEL)

After completing the first phase of a repositioning project in 2022, which saw an extensive redesign and renovation of public areas, the property was rebranded in March 2023 under the Park Plaza brand. The property was positioned as a contemporary, upper upscale lifestyle hotel with a unique design and architectural style blend.

Rooms and facilities:
165 rooms, restaurant and bar, conference centre and wellness centre

PROPERTIES COMPLETING FIRST FULL YEAR OF OPERATIONS IN 2024

ART'OTEL ZAGREB

The premium lifestyle hotel, art'otel Zagreb, was launched in October 2023 following a EUR 18 million investment to convert this iconic Art Déco building in the heart of Zagreb's city centre into a hotel. The property is dedicated to one of Croatia's most renowned artists, the late Boris Bućan, and features several of his later works for guests to enjoy. In May 2024, the Group was pleased to open the Rooftop Bar with stunning city centre views and a fantastic venue for private and business events.

Rooms and facilities:
110 rooms, a pan-Asian destination restaurant and bar, four meeting rooms, a spa, an indoor pool, and a rooftop bar.

PROPERTIES COMPLETING FIRST FULL YEAR OF OPERATIONS IN 2024

ARENA STOJA CAMPSITE, PULA

Recognised as one of "Croatia's Best Campsites 2025" by the Croatian Camping Union two years in a row, the four-star Arena Stoja Campsite reopened in time for the summer 2023 season, having undergone a two-year phased redevelopment of the communal areas and infrastructure as well as the introduction of 75 new upscale mobile homes. Overall, EUR 8.3 million was invested.

Facilities:
Campsite, luxury zone, upscale mobile homes of 45 to 58 sqm, restaurants, and coffee shop

PROPERTIES RELAUNCHED
2024

RADISSON RED BELGRADE (FORMERLY ARENA 88 ROOMS)

The Group's first Radisson RED branded property opened in February 2024 following a EUR 3.0 million 11-month refurbishment to reposition and rebrand the hotel. The hotel offers a guest gym, an all-day restaurant, flexible event spaces, a co-working area, and a rooftop bar with views of the historic city centre.

Rooms and facilities:
88 rooms and public spaces, consisting of a common lounge and workspace, flexible meeting and event spaces, a gym, and food and beverage options, including a rooftop bar with views of the historic city centre.

PROPERTIES RELAUNCHED
2024

RADISSON RED BERLIN KUDAMM (FORMERLY PARK PLAZA BERLIN KUDAMM)

A second Radisson RED property, the 133-room former Park Plaza Berlin Kudamm (joint venture investment), had a soft launch in June 2024 to take advantage of the high demand in Berlin during the UEFA European Football Championship in June and July. The hotel was fully operational from September 2024. Situated close to the Kaiser Wilhelm Memorial Church and the boulevard "Kudamm", the property is well received by guests and its performance continues to ramp up.

Rooms and facilities:
133 rooms, breakfast restaurant and lounge and two meeting rooms.

INVESTMENTS COMMENCED IN 2024

ARENA STUPICE CAMPSITE, PREMANTURA & ARENA INDIJE CAMPSITE, BANJOLE

Preliminary upgrades to the core facilities at Arena Stupice and Arena Indije campsites began in late 2024, which will bring these sites in line with the recent major improvements at the Group's other campsites. These upgrades aim to elevate the campsites from two to four stars, aligning with the Group's strategy to provide premium camping experiences that yield higher returns.

The project includes replacing all existing mobile homes with modern, spacious units, refurbishing sanitary blocks, enhancing landscaping, modernising pitches to premium standards, and improving recreational areas for children.

ARENA STUPICE CAMPSITE

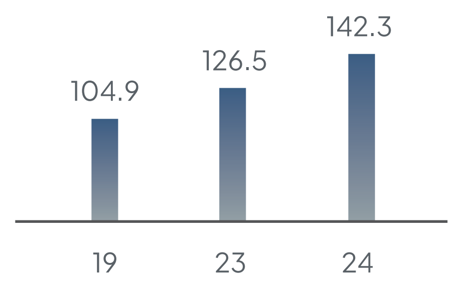
Facilities:
Campsite, two restaurants, fast food outlet, grocery store, coffee shop, water sports and recreation centre.

ARENA INDIJE CAMPSITE

Facilities:
Campsite, upscale mobile homes of 45 to 58 sqm, restaurant, bar, grocery store, and diving school.

Key performance indicators

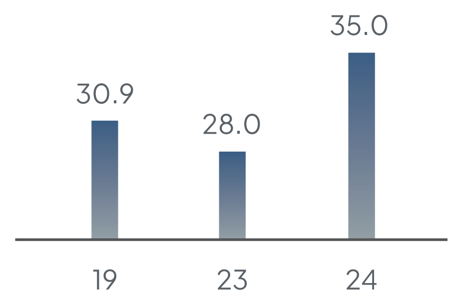
GROUP FINANCIAL KPIs



Total revenue (EUR MILLION)

DEFINITION
Total revenue includes all operating revenue generated by the Group's owned and leased hotels, management fees.

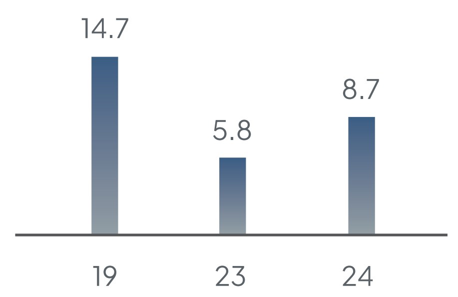
COMMENT
Also see Member of the Management Board and Chief Financial Officer's Statement page 36.



EBITDA (EUR MILLION)

DEFINITION
Earnings before interest, tax, depreciation and amortisation

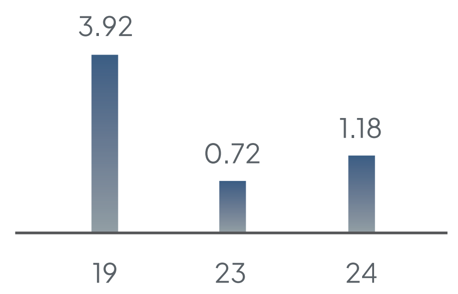
COMMENT
Also see Member of the Management Board and Chief Financial Officer's Statement page 36.



Profit before tax (EUR MILLION)

DEFINITION
Profit before tax

COMMENT
Also see Member of the Management Board and Chief Financial Officer's Statement page 36.

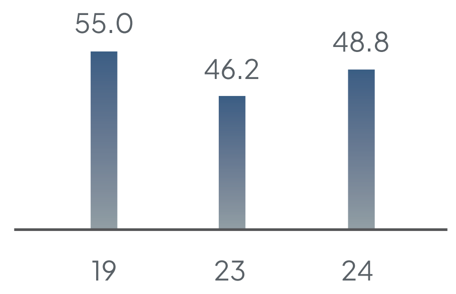


Earnings per share (EUR)

DEFINITION
Earnings for the year, divided by the weighted average number of ordinary shares outstanding during the year.

COMMENT
Also see Member of the Management Board and Chief Financial Officer's Statement page 36.

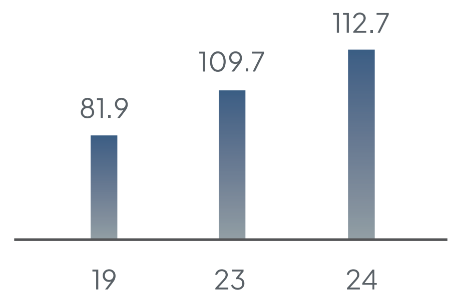
GROUP OPERATING KPIs



Occupancy (%)

DEFINITION
Total rooms occupied divided by the available rooms. Occupancy is calculated based on the number of days that each property is open.

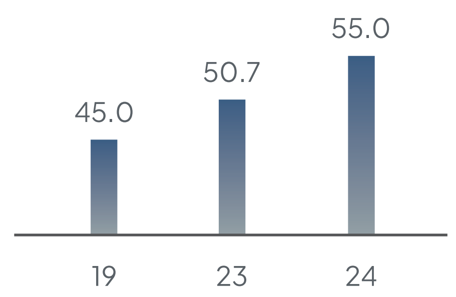
COMMENT
Also see Member of the Management Board and Chief Financial Officer's Statement page 36.



Average Daily Rate (EUR)

DEFINITION
The average daily rate per paid occupied room or accommodation unit.

COMMENT
Also see Member of the Management Board and Chief Financial Officer's Statement page 36.

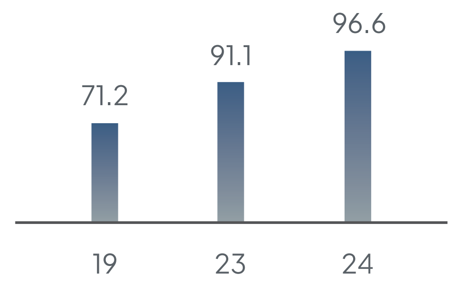


RevPAR (EUR)

DEFINITION
Revenue per available room or accommodation unit; total room or accommodation revenue divided by the number of available rooms or units.

COMMENT
Also see Member of the Management Board and Chief Financial Officer's Statement page 36.

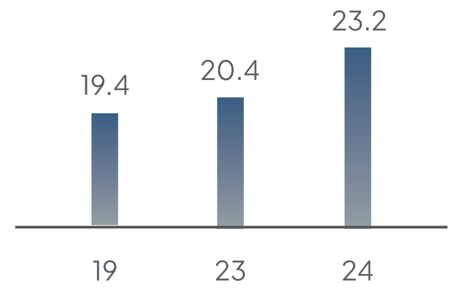
COMPANY FINANCIAL KPIs



Total revenue (EUR MILLION)

DEFINITION
Total revenue includes all generated operating revenue.

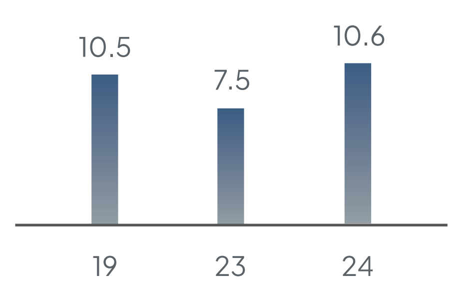
COMMENT
Also see Company Income Statement page 188.



EBITDA (EUR MILLION)

DEFINITION
Earnings before interest, tax, depreciation and amortisation.

COMMENT
Also see Company Income Statement page 188.

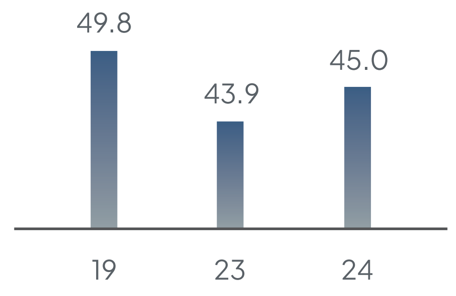


Profit before tax (EUR MILLION)

DEFINITION
Profit before tax

COMMENT
See Consolidated and Company Income Statement on page 188.

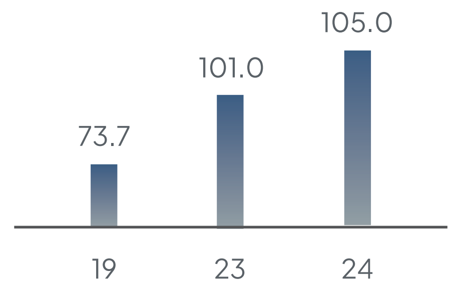
COMPANY OPERATING KPIs



Occupancy (%)

DEFINITION
Total rooms occupied divided by the available rooms. Occupancy is calculated based on the number of days that each property is open.

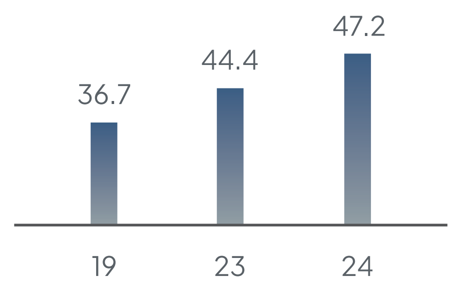
COMMENT
Also see Operating Review page 42.



Average Daily Rate (EUR)

DEFINITION
The average daily rate per paid occupied room or accommodation unit.

COMMENT
Also see Operating Review page 42.



RevPAR (EUR)

DEFINITION
Revenue per available room or accommodation unit; total room or accommodation revenue divided by the number of available rooms or units.

COMMENT
Also see Operating Review page 42.

Member of the Management Board and Chief Financial Officer's Statement

2024 financial year has demonstrated the continuing resilience of leisure demand, despite all of the geopolitical and macroeconomic challenges

Devansh Bakshi
Member of the Management Board and Chief Financial Officer

Welcome,

We are pleased to have delivered a strong financial performance in 2024, with topline growth across our portfolio of city hotels and continued growth at our recently opened and repositioned hotels and campsites as these continue to mature.

We saw continued momentum with a strong revenue performance in Croatia, and the normalising of business in Germany, which has now surpassed 2019 financial performance levels. The Group has once again benefited from a strong performance of its recently invested portfolio and the maturing of newly refurbished and developed assets, namely Radisson RED Belgrade, art'otel Zagreb, Grand Hotel Brioni Pula and Arena Franz Ferdinand Nassfeld.

There was a recovery in the European tourism economic environment, and while there were continued challenges related to geopolitical uncertainty, the trading environment offered opportunities for the Group to grow both in its domestic markets and in the Europe-wide leisure sector.

Together, these factors, alongside strong financial discipline, enabled us to deliver year-on-year revenue growth of 12.5% and EBITDA growth of 25%.

CONTINUED FOCUS ON COSTS AND LIQUIDITY

The Group has significantly reduced its leverage through regular debt servicing and partial repayment of its liquidity loan, resulting in a substantial decrease in net leverage compared to the previous year. Despite these repayments, the Group maintains a strong cash position, with total cash and short-term deposits amounting to EUR 37.3 million as of December 31, 2024, compared to EUR 50.3 million in 2023.

During the year the Group maintained strict financial disciplines in all areas of the business, and we remain committed to operational efficiency, through cost optimisation, to support the Group's profitability.

While there was an improvement in the macroeconomic environment, inflation remained a theme throughout the year. In the Euro area, inflation gradually reduced compared with 2023 and stood at 2.4% at the year-end. However, in Croatia inflation remained higher at 4.5%.

The growth in the National Minimum Wage across our operating regions, collective bargaining agreements in various jurisdictions, and increased service sector and logistics prices continued to affect overall operating expenses and profitability. Payroll expenses were 13% higher than in 2023, and whilst the trend shows a moderate rate of increase, this is expected to remain above inflation for the coming year. In addition, the cost of consumable goods such as food and beverage was up 10%.

Nonetheless, the Group realised cost savings through lower year-on-year electricity expenses by securing favourable pricing and a well-balanced hedging strategy to mitigate market volatility across all of our operating regions. Overall, utilities cost the Group 8% less than the prior year, with the greatest cost saving in Budapest, Hungary, which saw a 52% reduction year-on-year. In Croatia, the Group saved EUR 0.6 million on the cost of electricity compared with 2023.

The Group undertook a holistic short-term review of electricity and gas prices in our operating markets and in response has deployed the most-suited hedging strategy. Based on its review, the Group has enacted a partial hedging strategy for 2025 and continues to monitor this market closely to ensure we take prudent action.

In addition, as part of its "defensive CAPEX" strategy, the Group is dedicated to identifying wider cost-saving initiatives and areas to improve technical aspects of guest services, such as energy and water savings systems, with target returns on these investments in one to two years. Initiatives include solar plants, solutions to decrease water consumption, new energy-efficient investments and equipment replacement, as well as other activities instigated by operational certifications for sustainable business.

INVESTMENTS IN OUR PORTFOLIO

During 2024, we invested a further EUR 7.5 million in our existing portfolio to continue to enhance our guest offering and optimise our position to deliver a high-end guest experience. This approach has been successful, and recently and newly refurbished properties have delivered better returns.

We fully renovated our hotel in Serbia and relaunched the property as Radisson RED Belgrade following a EUR 3.0 million investment programme.

The Group recognises the immense opportunity in campsite refurbishments, which have produced very good returns, namely Arena Grand Kažela and Arena Stoja campsites. Current renovation programmes at Arena Stupice and Arena Indije campsites, aimed at upgrading these campsites to four-star, are expected to be a combined investment of EUR 11.9 million. This should provide incremental financial benefits in the coming years and through its organic investment the Group will have repositioned five out of its eight campsites.

While in the current economic climate the Group will conserve its liquidity, we remain committed to continuing our programme of regular investment projects and rebranding hotels and upgrading campsites to maximise opportunities for high-potential growth in Croatia and the CEE region.

Further information is set out on pages 24 - 31.

LEVERAGING TECHNOLOGY

We continued to invest in technology and innovation to improve efficiency and enhance guest experience. We have further evolved our mobile app for guests with interactive features. We have continued to invest in upgrading our guest-facing technology platform with improved in-room entertainment systems. Our digital online check-in and digital key solution has been a tremendous success and has further enhanced the seamless customer arrival experience.

In our revenue management and customer sales process, we have implemented a modern pricing application system, allowing us to monitor and react promptly to market changes.

A new ERP system has been implemented, bolstering our back-of-house capacities, especially in procurement, and providing a cornerstone for the group-wide rollout of a uniform financial strategy.

DEBT STRUCTURE AND FINANCING

In 2024, the Group did not require any external financing in its consolidated entities, and it amortised its debts, thereby reducing its overall debt position at the end-year. The Group does not expect any major refinancing before the end of 2026.

The Company continues to benefit from its long-standing debt structure with long tenures to protect its cash position, secure repayment commitments and enhance cash flow management. Currently, 93% of the Group's existing loans bear a fixed interest rate, and 100% either fixed or hedged. The weighted cost of debt (excluding the HBOR liquidity loan) is 2.4% and the average term of debt is 5.1 years.

In Croatia, the Company took the opportunity to draw down an old loan facility tranche in the amount of EUR 5.0 million which was at a very low interest rate of below 2.5%, to be utilised for investment in Arena Stupice Campsite and Arena Indije Campsite.

Given its healthy cash position, current financial performance and prudent debt financing strategy of predominant fixed interest rate the Group has safeguarded its medium to long term access to capital and had appropriate loan covenant buffers further solidify its financial discipline in the current and foreseeable economic climate.

The Group's net leverage ratio has decreased significantly, reflecting improved financial stability and a stronger balance sheet. This reduction highlights the Group's effective debt management, lowering financial risk and enhancing investor confidence. By reinforcing long-term financial resilience, the Group also gains greater flexibility to pursue strategic investment opportunities while returning value to shareholders through share buybacks and a robust dividend policy.

The table below presents our 2024 net leverage ratio, which has decreased primarily due to regular debt servicing of EUR 16.3 million, the partial repayment of the HBOR liquidity loan of EUR 11.1 million, and improved cash flow from operating activities.

In addition, the Group carries a significant long-term lease liability associated with its leased hotel agreements, with an average maturity of 19 years. This liability impacts the net leverage ratio; therefore, we have presented an adjusted net leverage ratio in the table below, excluding the effects of IFRS 16.

This IFRS 16 lease liability adjustment is provided to enhance transparency and offer a clearer understanding of the debt structure influencing net leverage. Looking ahead, the Group anticipates further improvements in its net leverage over the coming financial year.

			Adjusted[1]	
EUR'000	**2024**	2023	**2024**	2023
Bank debt	**167,570**	189,903	**167,570**	189,903
Lease liability	**39,288**	39,345	**-**	-
Cash and deposits	**(43,674)**	(59,683)	**(43,674)**	(59,683)
Net debt	**163,184**	169,565	**123,896**	130,220
EBITDA	**35,038**	28,050	**30,908**	24,565
Net debt/ EBITDA	**4.7**	6.0	**4.0**	5.3

[1] Adjusted Net leverage ratio is adjusted for impact of IFRS 16 (lease liability is excluded from calculation, while lease payments reduced EBITDA for the respective year).

In February 2024, the lease liability for tourist land came into effect in Croatia. In line with our assessment, based on the lease criteria, the Company has deemed that the application of IFRS 16, which would have resulted in recognition of right of use assets and corresponding liability, is not required and the current lease liability provisions deemed adequate. There is no need to adjust our current provision, and we have not accounted for additional costs in the financial year 2024.

BUSINESS PERFORMANCE

The 2024 financial year started well, with a gradual and encouraging improvement in demand and performance across all our three markets of Croatia, Germany and the CEE region during the first quarter. The timing of Easter meant we started to reopen most of our Croatian properties in March, which positively contributed to the Group revenue performance in the quarter, as did our recently opened art'otel Zagreb hotel and all-year-round operations at Grand Hotel Brioni Pula. We also saw increased business activity and occupancy levels in Germany and the CEE region as we benefited from our recent refurbishment and repositioning programmes. This trend and trading momentum continued in subsequent quarters, with increased demand across portfolio and market segments of leisure, corporate travel and meetings and events.

Our Croatian operations performed well across all segments in the peak summer season, particularly hotels, although September was disrupted by wet and cold weather in Istria which impacted our campsites. In Germany our hotels performed well, benefiting from a significant improvement in occupancy. In CEE region, consisting of Hungary, Austria and Serbia, the Group continued to build a presence in the city hotels segment by improving occupancy and revenues year-on-year, benefiting constantly from recent refurbishments and repositioning programmes.

As a result of the above the Group delivered 12.5% reported revenue growth to EUR 142.3 million (2023: EUR 126.5 million). On a like-for-like basis, which excludes the performance of art'otel Zagreb, total revenue grew by 9%. Accommodation revenue rose by 11.4% to EUR 117.7 million. We saw a solid improvement in occupancy, up 254.7 basis points to 48.8%, and average daily rate grew by 2.8% to EUR 112.7. This led to the growth in RevPAR to EUR 55.0, an 8.5% increase on the prior year (2023: EUR 50.7).

Reported Group EBITDA rose significantly by EUR 7.0 million to EUR 35.0 million, an increase of 25%. This reflected the positive revenue growth across all our operating regions, as well as lower utility costs, with electricity 17% lower year-on-year, due to the Group's utility purchasing strategy to put in place hedging and to secure favourable pricing.

CONSOLIDATED KEY PERFORMANCE INDICATORS

	REPORTED			LIKE FOR LIKE[5]		
	Year ended 31 December 2024	Year ended 31 December 2023	Variance[1] %	Year ended 31 December 2024	Year ended 31 December 2023	Variance[1] %
Total revenue (EUR million)	**142.3**	126.5	12.5	**137.3**	126.0	9.0
Accommodation revenue (EUR million)	**117.7**	105.7	11.4	**114.8**	105.4	8.9
EBITDAR (EUR million)	**37.5**	30.4	23.4	**37.8**	30.5	23.9
EBITDA (EUR million)	**35.0**	28.0	25.0	**35.4**	28.2	25.5
Profit/(loss) before tax (EUR million)	**8.7**	5.8	50.0	**11.8**	7.1	66.2
Rooms available[2]	**2,139,847**	2,084,342	2.7	**2,099,594**	2,077,522	1.1
Occupancy%[2]	**48.8**	46.2	254.7[4]	**48.9**	46.4	250.0[4]
Average daily rate[3] (EUR)	**112.7**	109.7	2.8	**111.9**	109.2	2.4
RevPAR (EUR)	**55.0**	50.7	8.5	**54.7**	50.7	7.9

1 Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table. Unless otherwise indicated, all figures in this report compare 12 months ended 31 December 2024 with 12 months ended 31 December 2023. All financial information in this report for accommodation revenue, total revenue, EBITDAR and EBITDA reflects the Group's interest.
2 Rooms available and the occupancy calculation are based on operating days.
3 Average daily rate represents total room revenues divided by the total number of paid units occupied by guests.
4 In Basis Points (BPS).
5 Like-for-like comparison figures for 2024 and 2023 exclude performance of art'otel Zagreb, Croatia.

PROFIT AFTER TAX

Consolidated profit after tax increased to EUR 5.9 million, representing an increase of 59% (2023: EUR 3.7 million).

FINANCIAL POSITION

Non-current assets decreased by EUR 13.7 million to EUR 401.2 million (2023: EUR 414.9 million) mainly due to depreciation of the tangible assets and fewer new investment projects. Current assets decreased by EUR 11.6 million to EUR 43.7 million (2023: EUR 55.4 million), primarily due to a reduction in the Group's cash position.

At 31 December 2024, the Group's cash and short term deposit position decreased to EUR 37.3 million (2023: EUR 50.3 million) mainly due to the repayment of bank loans.

Non-current liabilities decreased by EUR 19.1 million to EUR 186.3 million (2023: EUR 205.4 million), mostly due to payment of bank loans. Current liabilities amounted to EUR 44.9 million, a reduction of EUR 6.6 million (2023: EUR 51.5 million), primarily due to decreased current liabilities toward bank and payment of campsites concessions fees from previous years. The Group remains in compliance with its banking covenants.

EARNINGS AND SHAREHOLDER VALUE

The Board remains committed to delivering long-term value to its shareholders through a balanced capital allocation strategy, including share buybacks and a consistent dividend policy.

On the expiry of the two-year Treasury Share buyback programme launched on 15 September 2022, which purchased 91,758 shares with a total value of EUR 3.0 million, the Board launched another Treasury Shares Buyback Programme on 16 September 2024 to purchase up to 60,000 shares until 16 September 2026, with a total value of up to EUR 2 million.

In 2024 the Company purchased a total of 66,114 shares for a total amount of EUR 2.2 million at an average price of EUR 32.6 per share.

On 13 March 2024, the Company released a total of 18,240 treasury shares to the Members of the Management Board of the Company to satisfy the exercise of the Share Award Plan within the Company. Furthermore, on 23 December 2024, the Company released a total of 4,275 treasury shares to the employees for the reward purposes. At 31 December 2024, the number of treasury shares held was 129,564, representing 2.53% of the Company's issued share capital. Consequently, the number of Ordinary Shares in circulation at the year-end had reduced by 2.1%.

Earnings per share was EUR 1.18, an increase of 64%, compared with EUR 0.72 per share in 2023.

DIVIDEND

The Management Board is committed to its optimal dividend policy to return up to 25% of its consolidated normalised net profits for the preceding business year to its shareholders, after considering the business performance, future capital investment plans and overall business environment.

After considering the business performance and the progress made in the year, the Management Board has proposed a final dividend in excess of its policy and has recommended a 47% increase in final dividend to EUR 1.10 per share in respect of the 2024 financial year. This will be paid to shareholders in 2025, subject to approval at the Company's Annual General Assembly in May 2025.

Through a combination of share buybacks and dividend payments, the Group continues to demonstrate its dedication to maximising shareholder value. Subject to shareholder approval for payment of the final dividend, total shareholder returns for 2024 amounts EUR 7.7 million (2023: EUR 4.3 million).

LOOKING AHEAD

The Group has experienced strong momentum in its financial performance driven both by topline revenue generation in all regions and operational efficiency, supported by optimisation of costs and payroll despite higher-than-usual growth in national minimum wages.

We aim to build on the successes of 2024 and through organic investment in our campsites, incremental contributions from maturing products and a sustained growth in both city portfolio and strong leisure business we remain optimistic about 2025, and current business performance trends are in line with management's expectations.

Devansh Bakshi
Member of the Management Board and Chief Financial Officer

Operating Review

Croatia

The following table sets out the results for the Group's operations in Croatia for the financial year ended 31 December 2024.

Hotels, self-catering holiday apartment complexes and campsite operations

PARK PLAZA BELVEDERE MEDULIN

ART'OTEL ZAGREB

KEY PERFORMANCE INDICATORS

	REPORTED			LIKE FOR LIKE[6]		
	Year ended 31 December 2024	Year ended 31 December 2023	Variance[1] %	Year ended 31 December 2024	Year ended 31 December 2023	Variance[1] %
Total revenue (EUR million)	**99.8**	90.2	10.6	**94.8**	89.7	5.7
Accommodation revenue (EUR million)	**83.0**	76.2	8.9	**80.1**	75.9	5.5
EBITDAR (EUR million)	**27.7**	25.7	7.8	**28.0**	25.8	8.5
EBITDA (EUR million)	**25.4**	23.5	8.1	**25.8**	23.7	8.9
Rooms available[2]	**1,757,530**	1,718,183	2.3	**1,717,277**	1,711,363	0.3
Occupancy%[2]	**45.0**	43.9	106.7[4]	**44.9**	44.0	90.0[4]
Occupancy% 365 days	**25.5**	24.3	125.2[4]	**25.2**	24.5	69.6[4]
Average daily rate (EUR)[3]	**105.0**	101.0	4.0	**103.8**	100.8	3.0
RevPAR (EUR)	**47.2**	44.4	6.5	**46.6**	44.4	5.0
RevPAR 365 days (EUR)	**26.8**	24.5	9.3	**26.2**	24.7	6.1
FTE[5]	**815.5**	802.3	1.6	**741.6**	781.2	(5.1)

1 Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table. Unless otherwise indicated, all figures in this report compare 12 months ended 31 December 2024 with 12 months ended 31 December 2023. All financial information in this report for accommodation revenue, total revenue, EBITDAR and EBITDA reflects the Group's interest.
2 Rooms available and the occupancy calculation are based on operating days.
3 Average daily rate represents total room revenues divided by the total number of paid units occupied by guests.
4 In Basis Points (BPS).
5 The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full-time employee to arrive at a total for Full Time Equivalent Employees.
6 Like-for-like comparison figures for 2024 and 2023 exclude performance of art'otel Zagreb, Croatia.

All three operating segments realised an increase in revenue, reflecting our rate-led strategy, which once again delivered higher average daily rates.

This was supported by new operating city hotel in Zagreb as well as an increased contribution from the shoulder season operations across the Group's leisure destinations properties, in line with our portfolio diversification strategy. Two of our leisure hotels traded during this period including Grand Hotel Brioni Pula and Park Plaza Belvedere as well as the Arena Stoja Campsite, extending its season with the introduction of winter camping for the first time this year.

The strongest results were reported by hotels, with revenues increasing by 19.5%, led by Grand Hotel Brioni Pula, which continued to benefit from recent investment. The more recently opened art'otel Zagreb also performed well in its first full year of operations and following the opening of the Rooftop Bar.

Total revenue increased by 10.6% to EUR 99.8 million (2023: EUR 90.2 million). Accommodation revenue increased by 8.9% as a result of an increase in the average daily rate of 4% to EUR 105.0 (2023: EUR 101.0) and a 106.7 basis points increase in occupancy to 45.0% (2023: 43.9%). As a result, RevPAR was EUR 47.2, an increase of 6.5% on the previous year (2023: EUR 44.4).

Reported EBITDA increased by 8.1% to EUR 25.4 million (2023: EUR 23.5 million) as a result of the increased revenue, a larger inventory, and stabilised electricity expenses compared to the previous year. Energy costs stabilised due to the Group's use of hedging instruments and a switch in energy provider in the fourth quarter of 2023, mitigating price volatility in 2024 while bringing savings of EUR 0.6 million on the previous year. The lower inflationary environment also steadied labour and consumable costs during the year. However, inflation remained higher in Croatia, than in the rest of Europe.

We continue to invest in employee wellbeing, development and other benefits to ensure well-trained team members provide excellent guest experiences both seasonally and year-round. The settlement of trade union negotiations the previous year, alongside a well-evolved recruitment process of international seasonal staff, also minimised employment cost increases, with an average 18% increase in 2024, following an increase of 18% and 49% increase in 2023 and 2022 respectively.

Hotel operations

KEY PERFORMANCE INDICATORS

	REPORTED			LIKE FOR LIKE[5]		
	Year ended 31 December 2024	Year ended 31 December 2023	Variance[1] %	Year ended 31 December 2024	Year ended 31 December 2023	Variance[1] %
Total revenue (EUR million)	**52.1**	43.6	19.5	**47.1**	43.1	9.3
Accommodation revenue (EUR million)	**40.0**	34.0	17.6	**37.1**	33.7	10.1
EBITDAR (EUR million)	**9.3**	7.3	27.4	**9.6**	7.4	29.7
EBITDA (EUR million)	**9.1**	7.2	26.4	**9.5**	7.4	28.4
Rooms available[2]	**440,323**	394,342	11.7	**400,070**	387,522	3.2
Occupancy%[2]	**55.1**	54.0	105.9[4]	**55.9**	54.6	127.2[4]
Occupancy% 365 days	**38.4**	33.8	467.6[4]	**37.8**	35.8	202.0[4]
Average daily rate (EUR)[3]	**164.9**	159.8	3.2	**166.0**	159.7	3.9
RevPAR (EUR)	**90.8**	86.3	5.2	**92.7**	87.2	6.3
RevPAR 365 days (EUR)	**63.4**	53.9	17.6	**62.7**	57.2	9.6

1 Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table. Unless otherwise indicated. all figures in this report compare 12 months ended 31 December 2024 with 12 months ended 31 December 2023. All financial information in this report for accommodation revenue. total revenue. EBITDAR and EBITDA reflects the Group's interest.
2 Rooms available and the occupancy calculation are based on operating days.
3 Average daily rate represents total room revenues divided by the total number of paid units occupied by guests.
4 In Basis Points (BPS).
5 Like-for-like comparison figures for 2024 and 2023 exclude performance of art'otel Zagreb, Croatia.

Revenue from hotel operations increased by EUR 8.5 million to EUR 52.1 million. Accommodation revenue increased to EUR 40.0 million (2023: EUR 34.0 million). This increase was supported by both a strong performance from Grand Hotel Brioni, which continued to capitalise on significant investment to reposition the property as a luxury destination, as well as the first full year of operations from art'otel Zagreb.

An increase in the average daily rate of 3.2% to EUR 164.9 (2023: EUR 159.8) was supported by an increase in occupancy from 54.0% to 55.1% and greater contribution from the shoulder and low season with both Grand Hotel Brioni Pula and art'otel Zagreb operating year-round. RevPAR increased by 5.2% year-on-year to EUR 90.8. The hotel operations generated a significant increase of 26.4% in EBITDA profit which amounted EUR 9.1 million (2023: EUR 7.2 million). On a like-for-like basis, which excludes art'otel Zagreb, total revenue was up 9.3% to EUR 47.1 million. Like-for-like EBITDA was up 28.4% to EUR 9.5 million.

Self-catering holiday apartment complexes operations

KEY PERFORMANCE INDICATORS

	Year ended 31 December 2024	Year ended 31 December 2023	Variance[1] %
Total revenue (EUR million)	**16.1**	15.6	3.2
Accommodation revenue (EUR million)	**13.2**	12.8	3.1
EBITDAR (EUR million)	**4.0**	4.0	0.0
EBITDA (EUR million)	**3.8**	3.7	2.7
Rooms available[2]	**158,247**	165,617	(4.5)
Occupancy%[2]	**54.0**	49.5	443.5[4]
Occupancy% 365 days	**25.6**	24.5	100.7[4]
Average daily rate (EUR)[3]	**154.0**	156.2	(1.4)
RevPAR (EUR)	**83.1**	77.4	7.4
RevPAR 365 days (EUR)	**39.3**	38.3	2.6

1 Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table. Unless otherwise indicated. all figures in this report compare 12 months ended 31 December 2024 with 12 months ended 31 December 2023. All financial information in this report for accommodation revenue. total revenue. EBITDAR and EBITDA reflects the Group's interest.
2 Rooms available and the occupancy calculation are based on operating days.
3 Average daily rate represents total room revenues divided by the total number of paid units occupied by guests.
4 In Basis Points (BPS).

Total revenue from the Group's self-catering holiday apartment complexes, which typically attract visitors who drive to Croatia from surrounding countries, increased by 3.2% year-on-year to EUR 16.1 million (2023: EUR 15.6 million). Accommodation revenue increased to EUR 13.2 million (2023: 12.8 million). This was driven by our strategy to push RevPAR and occupancy levels, despite a slightly lower average daily rate. EBITDA increased by 2.7% to EUR 3.8 million, reflecting stabilised utility expenses and a weaker performance in 2023 (2023: EUR 3.7 million).

Campsite operations

KEY PERFORMANCE INDICATORS

	Year ended 31 December 2024	Year ended 31 December 2023	Variance[1] %
Total revenue (EUR million)	**31.6**	31.0	1.9
Accommodation revenue (EUR million)	**29.9**	29.4	1.7
EBITDAR (EUR million)	**14.4**	14.4	0.0
EBITDA (EUR million)	**12.5**	12.6	(0.8)
Rooms available[2]	**1,158,960**	1,158,224	0.1
Occupancy%[2]	**39.9**	39.7	24.6[4]
Occupancy% 365 days	**21.7**	21.4	26.3[4]
Average daily rate (EUR)[3]	**64.6**	63.9	1.1
RevPAR (EUR)	**25.8**	25.4	1.7
RevPAR 365 days (EUR)	**14.0**	13.7	2.3

1 Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table. Unless otherwise indicated. all figures in this report compare 12 months ended 31 December 2024 with 12 months ended 31 December 2023. All financial information in this report for accommodation revenue. total revenue. EBITDAR and EBITDA reflects the Group's interest.
2 Rooms available and the occupancy calculation are based on operating days.
3 Average daily rate represents total room revenues divided by the total number of paid units occupied by guests.
4 In Basis Points (BPS).

Our campsite operations continued to benefit from a significant and largely completed investment programme in 2023 to enhance the product offer and remain competitive. Arena Stoja Campsite benefited from an earlier repositioning investment programme, which saw the property upgraded to four-star and awarded the prestigious "Croatia's Best Campsites 2025" for the second consecutive year, together with Arena Grand Kažela Campsite and Arena One 99 Glamping. Arena Stoja Campsite remained open into the winter for the first time, benefitting from off-season activity.

Campsite operations total revenue increased by 1.9% to EUR 31.6 million (2023: EUR 31.0 million). Accommodation revenue increased to EUR 29.9 million (2023: EUR 29.4 million) due to an increase in average daily rate from EUR 63.9 in 2023 to EUR 64.6 in 2024, as well as an increase in occupancy from 39.7% to 39.9%.
EBITDA performance of EUR 12.5 million (2023: EUR 12.6 million) benefited from improved revenue performance and stabilised energy costs and was adversely impacted by an increase in payroll costs as well as operating expenses including services and consumables.

Tourism in the Istrian region*
In 2024 Croatia attracted more than 21.3 million arrivals and 108.7 million overnight stays, representing a growth a 4% increase in arrivals and a 1% increase in overnight stays compared to 2023.
Looking at the counties, the most overnight stays were achieved in Istria (30 million overnight stays), followed by Split-Dalmatia County (20.7 million overnight stays), Kvarner (18.2 million overnight stays), Zadar (15.4 million overnight stays) , Dubrovnik - Neretva County (9.1 million overnight stays), Šibenik - Knin County (6.6 million overnight stays) and Lika - Senj County (3.4 million overnight stays).
By destination, the most overnight stays during 2024 occured in Dubrovnik, Rovinj, Split, Poreč and Umag.

Tourism demand was highest across the countries within driving distance, such as Germany, Austria, Slovenia, Italy, Poland, and the Czech Republic, as well as domestic guests. This growth was delivered despite reduced flight capacity into Pula Airport compared with 2019, which affected demand from guests relying on flights from countries such as the UK and Nordics.
Source: htz.hr, January 2025

PREMANTURA | ISTRIA | CROATIA

Germany

The following table sets out the results for the Group's operations in Germany for the year ended 31 December 2024.

City hotels

KEY PERFORMANCE INDICATORS

	Year ended 31 December 2024	Year ended 31 December 2023	Variance %
Total revenue (EUR million)	**28.9**	26.2	10.3
Accommodation revenue (EUR million)	**24.8**	22.5	10.2
EBITDAR (EUR million)	**8.1**	6.3	28.6
EBITDA (EUR million)	**8.1**	6.3	28.6
Rooms available[1]	**261,324**	260,610	0.3
Occupancy%[1]	**69.5**	62.3	721.6[3]
Average daily rate (EUR)[2]	**136.6**	138.4	(1.3)
RevPAR (EUR)	**94.9**	86.2	10.2
FTE[4]	**119.3**	125.3	(4.8)

1 Rooms available and the occupancy calculation are based on operating days.
2 Average daily rate represents total room revenues divided by the total number of paid units occupied by guests.
3 In Basis Points (BPS).
4 The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full-time employee to arrive at a total for Full Time Equivalent Employees.

Total revenue increased by 10.3% to EUR 28.9 million as a result of significant RevPAR growth of 10.2% to EUR 94.9 (2023: EUR 86.2), occupancy growth to 69.5% (2023: 62.3%) and stable average room rates. This was due to favourable travel trends, international trade fairs and events in Berlin, Cologne and Nuremberg and continued recovery in demand.

EBITDA improved significantly to EUR 8.1 million (2023: EUR 6.3 million), an increase of 28.6% due to increased revenues as well as a more stable inflationary and labour cost environment.

The repositioning of Park Plaza Berlin Kudamm was completed during the year, having closed in November 2023 for refurbishment of all the public areas and guest rooms. The property was relaunched as a Radisson RED hotel in June 2024. The soft opening enabled the hotel to take advantage of the high level of demand in Berlin during the UEFA European Football Championship in June and July and was fully operational from September 2024.

The property is achieving excellent guest feedback, continues to mature and has been ranked 3rd among the best hotels to stay in Berlin by TimeOut.com.

CEE region

The following table sets out the results for the Group's operations in Hungary, Austria and Serbia for the year ended 31 December 2024.

KEY PERFORMANCE INDICATORS

	Year ended 31 December 2024	Year ended 31 December 2023	Variance %
Total revenue (EUR million)	**12.7**	9.0	41.1
Accommodation revenue (EUR million)	**9.9**	7.0	41.4
EBITDAR (EUR million)	**1.9**	0.5	280.0
EBITDA (EUR million)	**1.8**	0.4	350.0
Rooms available[1]	**120,993**	105,549	14.6
Occupancy%[1]	**59.3**	44.4	1,484.9[3]
Average daily rate (EUR)[2]	**137.5**	149.4	(8.0)
RevPAR (EUR)	**81.5**	66.4	22.8
FTE[4]	**126.6**	92.5	36.9

1 Rooms available and the occupancy calculation are based on operating days.
2 Average daily rate represents total room revenues divided by the total number of paid units occupied by guests.
3 In Basis Points (BPS).
4 The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full-time employee to arrive at a total for Full Time Equivalent Employees.

The performance for the CEE region, which consists of Hungary, Serbia and Austria, reflects the optimisation of previous investments in the portfolio, with higher occupancy levels and increased RevPAR compared with 2023.

Total reported revenue increased by 41.1% to EUR 12.7 million (2023: EUR: 9.0 million) on higher occupancy of 59.3% compared with 44.4% in 2023 and higher inventory of 14.6%. Average daily rate stood at EUR 137.5 (2023: EUR 149.4).

EBITDA was EUR 1.8 million (2023: EUR 0.4 million), as a result of maturing products and increased inventory.

The Arena FRANZ Ferdinand Nassfeld, a 144-room mountain resort in the Austrian Alps, performed strongly in its second year following an investment program to refurbish the hotel and upgrade amenities to position the resort for winter and summer seasons travel destination, capturing demand during summer and winter.

The rebranded Park Plaza Budapest delivered its first full year since it was relaunched in March 2023 as an upper-scale hotel. The hotel performed extremely well delivering an EBITDA growth of 193% year on year which is approximately EUR 0.95 million growth thus showing full recovery.

The former Arena 88 Rooms Hotel Belgrade was relaunched as a Radisson RED in February 2024 and continues to mature.

Managed and centralized services

The following table sets out the Group's results of management and central services operations for the year ended 31 December 2024.

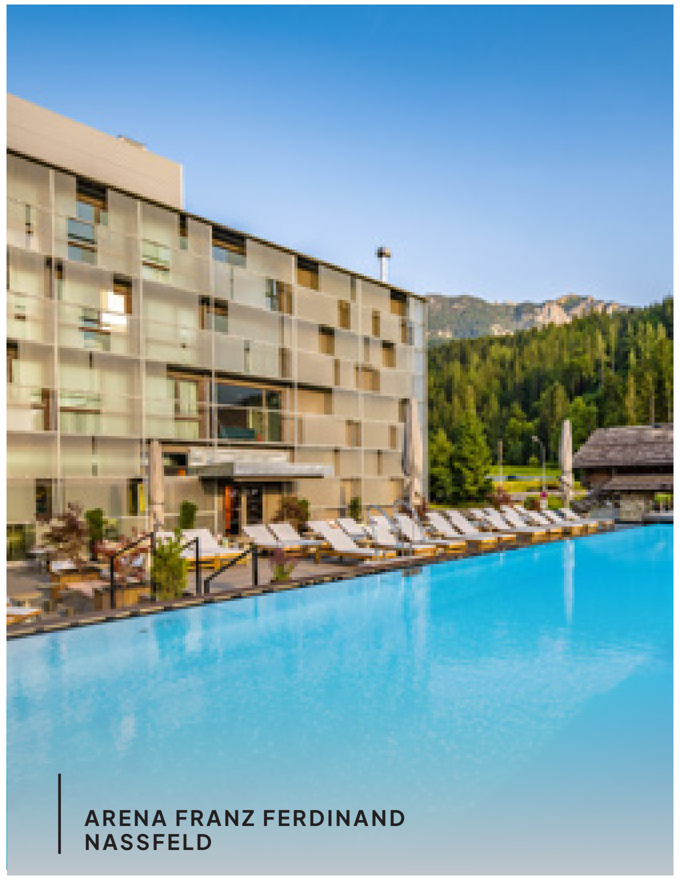
KEY PERFORMANCE INDICATORS

	Year ended 31 December 2024	Year ended 31 December 2023	Variance %
Total revenue before elimination (EUR million)	**18.8**	16.2	16.0
Elimination of intra group revenue (EUR million)	**(17.6)**	(14.8)	18.9
Total reported revenue (EUR million)	**1.2**	1.4	(14.3)
EBITDA (EUR million)	**(0.2)**	(2.2)	(90.9)
FTE[1]	**311.7**	303.5	2.7

1 The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full-time employee to arrive at a total for Full Time Equivalent Employees.

Arena Hospitality Management d.o.o., a subsidiary of the Company, has management agreements for all the properties owned, partially owned, leased, or managed by the Group in Croatia, Germany, Hungary, Serbia and Austria. The Company provides management services to all these properties and generates revenue from management fees. Hotel management revenue related to properties within the Group is eliminated upon consolidation as intra-group revenue. All revenue generated within the Group from centralised services in Croatia and Germany is eliminated upon consolidation as intra-group revenue.

In line with the operations in Croatia and all other regions, total reported revenue increased by 16% to EUR 18.8 million (2023: EUR 16.2 million). External revenue decreased by 14.3% from EUR 1.4 million to EUR 1.2 million. EBITDA loss was EUR 0.2 million compared to an EBITDA loss of EUR 2.2 million in 2023.



ARENA FRANZ FERDINAND NASSFELD

PARK PLAZA BUDAPEST

GRAND HOTEL BRIONI PULA, A RADISSON COLLECTION HOTEL

02

Sustainability report 2024

Responsible Hospitality by Design

In recent years, the evolving economy and society have consistently highlighted the importance of adaptability in navigating new challenges. During such times of change, the principles of sustainability and wellbeing have become even more vital, guiding our actions, strategies and decisions. We are dedicated to upholding our commitment to supporting local communities, promoting employee wellbeing, and protecting the environment. In the years ahead, we aim to fulfil our plans and meet customer expectations with steadfast focus and purpose in growing sustainably.
This report contains information about Arena Hospitality Group's Sustainability strategy, performance and sustainability report in accordance with European Sustainability Reporting Standards.

Reuel ('Reli') Slonim

President of the Management Board

Our Vision

As we strengthen and expand our hospitality portfolio, we know that the success of our business is intrinsically linked to our ability to change, evolve, and grow sustainably. We recognise the importance of looking after our people, local communities and our planet.
Our aim is to establish Arena Hospitality Group d.d. (the "Group") as a leader in responsible tourism across the regions in which we operate, centred around quality, excellence, stakeholders' participation, local community inclusion and high-level green and social competitiveness.

Sustainability Framework

Through consistent engagement with our stakeholders about responsible operations, we are able to best understand their priorities, and this is helping us to develop our products, services, and investments in a more sustainable and social manner.
Our sustainability framework represents our holistic approach to balance people, planet, and our long-term business strategy. We prioritise environmental and social concerns, and through policy we clearly define the methods and measures that we use to assess the Group's environmental and social impact, as well as its governance practices on the communities in which it operates.
Our Sustainability strategy, initiatives and goals are closely linked with the Group's vision, values, and growth strategy. Whilst we can relate our activities to most of the 17 UN Sustainable Development Goals (SDGs), there are 13 that most closely align with our purpose and values. These goals have been reviewed and approved by our Board.
We established our Responsible Business Programme in 2016, and we continually evolve and adapt our Sustainability strategy to support the changing landscape and to ensure engagement at all levels of the Group's operations. In support of this aim we will consider, measure and report against Sustainability factors, the methodology of which is set out below.
The Group remains committed to its strategic objective to strengthen and expand its hospitality portfolio within Croatia, Germany and CEE region and we recognise the importance of developing our products, services, and investments in an increasingly sustainable and social manner.
Our aim of generating long-term competitive advantage through our sustainable approach is at the heart of our organisation, and we strive to go well beyond our compliance obligations.

2024 Key highlights, awards & recognitions

+85%

Employee Engagement Survey (Let's Talk) covering more than 85% of the workforce.

3,000

3,000 native trees were planted in Croatia by employees who volunteered for a reforestation initiative.

art'otel Zagreb received the **Green Building and Sustainable Built Environment Award in the Building of the Year – Reconstruction category**. This award, presented by the Croatian Green Building Council, recognizes energy-efficient building reconstructions completed between January 2023 and July 2024. The Croatian Green Building Council is Croatia's largest organization promoting sustainable construction and is a member of the World Green Building Council and the European Regional Network.

Arena Hospitality Group received **Special Recognition at the 7th annual Zagreb Stock Exchange and PwC Building Public Trust Awards** for outstanding advancements in transparent reporting. The award highlights the Group's achievements in corporate governance and its exemplary 2023 Annual Report, which set new standards for transparency and stakeholder engagement.

Arena Hospitality Group secured **third place among 36 companies in AmCham's ESG Maturity Assessment**, announced at the "Business Sustainability through Sustainability Principles" conference in November 2024. The study, conducted with consultancy firm Kearney, evaluated Sustainability standards in business operations, reaffirming our dedication to sustainability.

Park Plaza Histria Pula and TUI Blue Medulin were awarded **The Travelife Gold Certificate**, reflecting their high standards of sustainability, while Blue Flag status was awarded to Ambrela Beach and Yacht Beach.

Key **supporter of various culture and sports events** such as Pula Film Festival, Rocks & Stars Festival, and Pula Marathon.

Supporting the community through donating neonatal care device to Pula General Hospital.

Arena Hospitality Group completed recertification for all properties in Croatia and Germany and obtained the **Green Key certificate** for Radisson RED Belgrade and Arena Franz Ferdinand Nassfeld in Austria.

In 2024, Arena Hospitality Group received multiple prestigious awards, including **Croatia's Best Campsites** for Arena Stoja, Arena Grand Kažela, and Arena One 99 Glamping (Croatian Camping Association); **ADAC Superplatz** for Arena Grand Kažela; and **Meeting Star Awards** by Conventa for Grand Hotel Brioni (Resort Meeting Hotel category) and art'otel Zagreb (City Meeting Hotel category).

Accreditations and memberships

Group is the member of the following industry associations, membership organizations, and national or international advocacy groups:

1. Croatian Tourist Board
2. Istria Tourist Board
3. Medulin Tourist Board
4. Pula Tourist Board
5. Croatian Tourism Association (HUT)
6. Association of Croatian travel agencies (UHPA)
7. Croatian Chember of Economy (HGK)
8. Croatian Camping Union (KUH)
9. Association of Employers in Croatian Hospitality (UPUHH)
10. AmCham
11. Croatian Meeting Professionals Association
12. Association of Unique Croatian Hotels – Impressia
13. Stories, Experience Premium Croatia by Croatian Chamber of Commerce
14. Wirtschaftskammer Österreich – Austrian Chamber of Commerce
15. DEHOGA- Deutscher Hotel- und Gaststättenverband
16. Deutsch-Niederländischer Businessclub Berlin
17. SKAL International, professional organization promoting global Tourism and friendship
18. Serbian Chamber of Commerce Serbian Chamber of Commerce
19. Magyar Szállodák és Éttermek Szövetsége – Hungarian Hotel Association
20. Business Association of Hotel and Restaurant Industry Serbia
21. VDR – Germany's business travel association
22. Österreichische Hoteliervereinigung – Austrian Hotelier Association

Sustainability Statement

TABLE OF CONTENTS

General information

BP-1

GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENTS

Preparation basis

The sustainability statement is prepared on a consolidated basis including subsidiaries of Arena Hospitality Group d.d ("the Group"). This includes the Groups operations in Croatia, Austria, Germany, Hungary and Serbia. The Group's primary activities include accommodation and food services across all regions. The Group's materiality assessment process applies the principles of double materiality (DM) and includes information related to material Impact, Risks and Opportunities (IROs) throughout its value chain.

Consolidated statement clarifications

The scope of the consolidated sustainability statement is aligned with the Group's financial statements for the same reporting period. Additionally, the sustainability statement includes joint venture entities that are accounted for under the equity method in the statement of financial position for the same period.

Joint ventures are included in the consolidated sustainability statement to reflect their impacts, risks, and opportunities across both the upstream and downstream value chain. This approach aligns with the principles of double materiality and ensures compliance with value chain-related requirements under the European Sustainability Reporting Standards (ESRS).

A detailed list is provided in the Appendix of the Annual Report 2024 page 253.

Value chain coverage

The value chain of the Group encompasses both upstream and downstream activities, which are an integral part of strategic planning of core business operations and considers sustainability matters directly or indirectly throughout such activities.

Our upstream value chain involves the sourcing of raw materials, goods, services and labour required for our primary business activities including but not limited to the provision of accommodation services, food and beverage, recreational services and other associated services in the leisure and tourism sector.

This also includes support activities such as technical services, financial services, leasing, Information technology, human resources, procurement, real estate management and infrastructure development activities such as refurbishing and repositioning of our leisure facilities.

Our downstream value chain involves the provision of services to our guests in our hotels, resorts and campsites including accommodation, food and beverage, meetings and events and other recreational services. Additional activities include sales and marketing, advertising and promotions, customer loyalty programs and after-sales customer care.

Material direct and indirect business relationships in our value chain considered in our sustainability reporting are product and raw material suppliers, labour agencies, service providers, our customers, tour operators, travel agencies, conference and corporate clients, employees engaged in production and delivery of service. We also engage with regulators and the local community as important stakeholders in our value chain.

We aim to have visibility and engagement with our suppliers upstream, and with our customers and end-users downstream due to practicality for the first ESRS reporting year. However, the extent of our coverage may vary depending on the specific context and the nature of our relationships with different suppliers and customers.

Geographical coverage of our value chain is comprised of multiple countries where we operate our hotels, campsites, and resorts, as well as the countries where our suppliers and customers are based. We aim to ensure that our sustainability standards are applied consistently across our value chain, regardless of location.

Omissions due to sensitive information

The option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation has not been used.

Exemption as per articles 19a(3) and 29a(3) of Directive 2013/34/EU

The exemption from disclosure of impending developments or matters in the course of negotiation, as provided for in articles 19a(3) and 29a(3) of Directive 2013/34/EU has not been used in the preparation of the Sustainability Statement.

BP-2

DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

Time horizons

The sustainability report time horizons are consistent with the Group's financial statement and in accordance with ESRS 1 section 6.4. including the assessment, identification and management of IROs. Therefore, the short-term time horizon is the period adopted by Group's financial statement i.e. up to one year in a way to facilitate connectivity between two reports. The medium-term time horizon can be defined as up to five years, long term as more than five years.

Value chain estimation

The Group has carried out an extensive double materiality assessment and identified material and non-material IROs. This process is ongoing due to its extensive nature, especially information and metrics pertaining to the supply chain. The Group has identified metrics for all material IRO's based on drivers of the activity in the value chain. The metrics have been calculated for the whole Group on a consolidated basis. We believe the level of accuracy is appropriate for its first year of reporting and will improve over the next two years. The Group is incorporating the data gathered periodically throughout the year, ensuring cohesion and accuracy. The Group is also striving to gather data from third parties and partners through proactive engagement.

Individual metrics are disclosed under the relevant individual topic sections.

Sources of estimation and outcome uncertainty

These are provided in the individual topic sections, a generic or wholesale estimation of any and all estimations made is not available, nor is it considered of value for the reader to be presented with this information separately from the reported material IRO in topical context.

Changes in preparation or presentation of sustainability information

Disclosures are not required for any period before the date of initial application which is 2024 the first year of reporting.

Incorporation by reference

The Sustainability Report has included references to the Group's Annual Report for the same period, which is in the same reporting language and published together.

→ The Group's Annual Report containing the Management Report

- The Group's Annual Report containing the Group Financial Statement and notes to the financial statements
- The Group's Annual Report containing Corporate Governance Report

Use of phase-in provisions

The Group through its double materiality assessment applying IROs, has assessed topics ESRS E1, ESRS S1, ESRS E3 and ESRS E5 in accordance with Appendix C of ESRS 1 and clearly identified topics that are material IROs and non-material IRO's.

The link to the Groups strategy, policies, actions and metrics are disclosed in the relevant individual material topics and where relevant referenced by incorporation.

		Omitted (Yes/No)	Material (Yes/No)
ESRS E1	E1-9	Yes	Yes
ESRS S1	S1-7 S1-11 S1-12 S1-13 S1-15	Yes	Yes
ESRS E3	E3-5	Yes	Yes
ESRS E5	E5-6	Yes	Yes

Use of phase-in provisions

GOV-1

THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

REFERENCING GOV-1 & SUB SECTIONS

Information on the Company's governance structure, Management and Supervisory Board (highest governing body) composition, gender, diversity, roles and skills, can be found in the Governance section of the 2024 Annual Report pages 153 - 157.

The Company has a two-tier board structure with the Supervisory Board as the highest governance body, which oversees the Management Board and exercises direct oversight of strategic risks, their impact and opportunities pertaining to the Group as a whole and in specific in matters of sustainability.

The Management Board oversees the direct management of the Group's daily business operations, both short term and long term.

The Supervisory Board is supported by independent board members and four committees, each consisting of at least three members. These are namely the Audit Committee, Sustainability Committee, Remuneration and Nomination Committees. Details of these can be found in the Governance section pages 153 - 157.

The Company confirms the independence of the Supervisory Board at the time of issuing of this report. There are no other significant positions or commitments held by the Supervisory Board members that could compromise their ability to perform their duties in the Company.

Top-level body diversity

	VALUE
Number of executive members - Supervisory Board members	7
Number of non-executive members	-
Percentage of male members	57%
Percentage of female members	43%
Board Gender (F:M) Diversity ratio	0.75:1
Percentage of other members	0%
Percentage of total members who are independent	43%

Percentages and ratios have been rounded to nearest whole number

The Supervisory Board has seven non-executive members and no executive members. One member of the Supervisory Board is appointed by the Worker's Council, who acts as a representative for all the employees and workers.

Employees are represented by the Worker's Council across the organisation, and they provide periodic feedback to the human resource department and Worker's Council representative on the Supervisory Board.

In terms of gender composition, the Supervisory Board has four male members, three female members and no non-binary members. Women represent 43% of the total composition of the Supervisory Board. There are no Supervisory Board members representing underrepresented social groups or stakeholders.

Identity of the administrative, management and supervisory bodies

The identity of the Management Board and Supervisory Board, including the members of the Sustainability Committee and the Audit Committee responsible for the oversight of impact, risks and opportunities pertaining to the Group, can be found in the Governance section of the Group's Annual Report 2024 on pages 153 - 157.

The Sustainability Committee was established in 2022. It is responsible for overseeing the impacts, risks and opportunities in relation to environmental and social considerations to both the Group, as well as the community and environment.

Management's Governance role

The Supervisory Board oversees and monitors the Group's progress in relation to impacts, risks and opportunities through both the Sustainability and the Audit Committee. These Committees meet quarterly to ensure proper monitoring and review. The rules and procedures governing such committees are available on the Company's website under www.arenahospitalitygroup.com.

The Group has a dedicated Sustainability Manager, who is responsible for the management and regular reporting to the Sustainability and Audit Committees on sustainability-related impacts, risks and opportunities.

The Company further adopted an Enterprise Risk Management Policy and Framework that outlines its approach, processes and controls to identify, assess, manage, and monitor risks that could impact its operations and objectives.

Sustainability skills and expertise development

The Group has access to the appropriate skills and expertise to appropriately execute and oversee its sustainability strategies.

Mrs Lorena Škuflić, member of the Supervisory Board and chair of the Sustainability Committee, has specific competencies and experience relevant to the sustainability impact of the Company. Mrs Škuflić is also a member of the International Association for Sustainable Economy and an advisor for International Sustainable Business affairs. She completed training as a lead auditor for the ISO 14001 certification in Environmental Management Systems.

In addition, Mrs Ivana Matovina, who in her role as Chair of the Audit Committee is responsible for reviewing sustainability reporting, has specific competencies as required by mandatory laws in terms of audit and sustainability matters.

The Group ensures team members dealing with sustainability have access to workshops, training and skill-building programs, enabling them to enhance their skills and contribute effectively to sustainability and impact management goals.

GOV-2

INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Group has a long-established sustainability governance and framework as part of its sustainability strategy. The Group established a Responsible Business Programme in 2016 to ensure engagement at all levels of the organisation covering all regions and business operations. The programme helps evolve and adapt our Sustainability strategy to support the changing business landscape through continuous review of impact, risks and opportunities. The programme enables the implementation of sustainability related operational plans, policies, business processes and standards that align business strategy to the Group's Sustainability strategy.

The Supervisory Board offers strategic direction pertaining to the Group's sustainability strategy and ensures the implementation of due diligence, review and oversight through its Sustainability Committee.

The Management Board is accountable for delivering the Group's sustainability strategy through its Responsible Business Programme. This programme is managed by the Sustainability Steering Group and chaired by the Sustainability manager and a designated Management Board member who is responsible for sustainability matters.

The progress and assessment of this programme is reviewed by the Sustainability Committee each quarter to ensure it aligns with the Group's strategy and Supervisory Board's expectations.

The Sustainability Steering Group is comprised of Group-wide cross-functional members of varying specialisms who are responsible for driving our Sustainability strategy goals and targets. They are responsible for delivering Company's responsible business programme, which includes representatives from various departments throughout the organisation, such as procurement, human resources, legal, information technology, technical services and operations. The progress of this programme is assessed and independently certified by Green Key.

The list of IROs addressed by the Management Board and the Supervisory Board, including members of the Sustainability Committee and the Audit Committee, were active participants in the double materiality process in determining the IROs detailed under SMB3.

GOV - 3

INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

REFERENCING GOV - 3

Details on integration of sustainability-related performance in incentive schemes is covered under this report section ESRS E1 page 94.

GOV-4

STATEMENT ON DUE DILIGENCE

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
a) Embedding due diligence in governance, strategy and business model	Sustainability report sections GOV-1 and GOV-2 pages 64-66
b) Engaging with affected stakeholders in all key steps of the due diligence	Sustainability report sections GOV-1, GOV-2, GOV-4 and GOV-5 pages 64-67
c) Identifying and assessing adverse impacts	Risk Management section Principal Risks pages 146 - 151
d) Taking actions to address those adverse impacts	Risk management section Principal Risks pages 146 - 151
e) Tracking the effectiveness of these efforts and communicating	Risk management section Risk Governance pages 142 - 143. Also, sustainability report sections GOV-2 and GOV-5

Statement on due diligence

GOV-5

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

REFERENCE GOV-5 – RISK MANAGEMENT

Details of the Enterprise risk management are outlined in the Management Board's Report of the Group's Annual Report 2024 on page 140-144.

The Group has an extensive and comprehensive enterprise risk management (ERM) strategy and a risk governance framework. The ERM strategy identifies the principal risks and risk categories, including matters relating to Sustainability. The ERM clearly defines the risk appetite levels, the objectives of risk management, the enterprise risk assessment process, risk description, residual risk and mitigating internal controls and processes to manage these risks.

The Group maintains a risk register, which is reviewed quarterly by the Audit Committee and managed by the Group's internal control officer under the oversight of the Management Board.

In 2024, the Group established the Risk Forum that comprises Group Internal Controls Officer, Group General Counsel, Chief Information Security Officer, Data Protection Officer, Regional General Manager, and Group and Regional Fuctions Heads. The Risk Forum helps implement the controls associated with risk management.

SBM-1

STRATEGY, BUSINESS MODEL AND VALUE CHAIN

Description of products, services, markets, and customer groups

Our primary objective is to become a dynamic hospitality company in the CEE Region that creates and realises shareholder value and further contributes to the development of the upscale, upper upscale and lifestyle market hotel segments in this part of Europe.

As we strengthen and expand our hospitality portfolio, we know that the success of our business is intrinsically linked to our ability to change, evolve, and grow sustainably. We recognise the importance of looking after our people, local communities, and our planet. We aim to establish the Group as a leader in sustainable and responsible tourism across the CEE region, centred around quality, excellence, stakeholder engagement, local community inclusion and environmental, economic and social impact.

Our purpose as a business is to create memories for our guests in premium destinations. We aim to exceed their expectations through excellent service in locations they will remember, and to which they will return. Within this, our sustainability purpose encompasses the well-being of all our partners, essentially our employees, our guests, and our local communities.

Our Sustainability strategy underpins how we operate our business and is guided by our embedded principal values:

- **Outstanding services and guest experience** - we continually strive to deliver service excellence and memorable experiences to all our guests.
- **Minimal impact** - we seek to operate with minimal impact on the environment within which the Group operates
- **Trust** – with our stakeholders, established through the considered way we undertake our business
- **Long-term sustainability and viability** – a focus on reducing our consumption of natural resources through operating sustainably and undertaking efforts to protect the environment around us.
- **Integration with our local community** - as well as respecting and promoting heritage and culture.
- **Transparency and integrity** – ensuring this is instilled across the business and implementing best practice corporate governance.
- **Employee development and growth** - to create a desirable and safe workplace, encourage a learning culture and deliver positive employee engagement that together ensure strong overall employee wellbeing.

The Group has conducted a double materiality assessment considering key stakeholders and from this has identified material IROs.

Headcount of employees by geographical areas

GEOGRAPHICAL AREA	COMPARATIVE YEAR (N-1) 2023	CURRENT REPORTING YEAR (N) 2024
GERMANY	251	257
HUNGARY	47	44
AUSTRIA	39	64
SERBIA	24	42
CROATIA	821	738
Total	1182	1145

Headcount of employees by geographical areas (including JVs)

Breakdown of total revenue

ESRS SECTORS	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	EC has not adopted a delegate act specifying the list of ESRS sectors, undertakings are not required to disclose the information referred to in ESRS 1 paragraph 40 (b)	
Total		

Breakdown of total revenue

Sustainability-related goals

Our sustainability targets are based on three pillars:

1. ENVIRONMENTAL – our consumption of natural resources, our impact on the environment and how we manage associated environmental risks. These can have a significant impact on the tourism sector as whole. The Company is committed to its climate action goals.

2. SOCIAL - how we maintain connections with our workforce, suppliers, customers, and the communities in which the Group operates, and what impact it has on people at each stage of the value or supply chain.

3. GOVERNANCE – leadership, executive remuneration, transparency, audits, internal controls, and shareholder rights.

We have identified 17 goals to achieve within the above three pillars based on our approach.

Assessment of products and services

The Group's products and services are linked to its primary activities and include the provision of accommodation services, food and beverage, recreational services and other associated services in the leisure and tourism sector. Majority of our customers and guests visit us from Germany, Austria, Hungary, Italy, Slovenia and Croatia and their reasons for travel span leisure, corporate, groups, government, transient, tours operators and meetings and fairs and events guests and delegates.

We operate in Croatia, Germany, Austria, Serbia and Hungary and therefore have both impact and influence within these markets, their local communities and the environment through the Group's business operations.

All the above have been factored in our double materiality assessment in establishment of our material and non-material IROs.

Elements of the undertaking's strategy with impact on sustainability matters

As part of our double materiality assessment, we have identified the following key sustainability matters that remain key for our industry and the Group's efforts to mitigate its impact.

Given the scope and scale of our business operations, we view climate change, resource use and the circular economy, employee engagement, and engagement with the local communities within our operating markets as priority areas for all our stakeholders.

More details can be found in SBM-2 on pages 70-73.

Description of the business model and value chain

REFERENCING

Outlined in SBM-1 section Strategy, business model and value chain of the sustainability report page 68 above.

SBM-2

INTERESTS AND VIEWS OF STAKEHOLDERS

The Group has engaged with stakeholders by undertaking the aforementioned double materiality assessment, which aims to align the Group's business operations with Sustainability (Environmental, Social, and Governance) standards. Key points include:

1. **Stakeholder categories:** Identification of groups includes suppliers, employees, guests or customers, local communities, regulatory institutions, financial institutions, and investors. Our employees and PPHE Hotel Group are recognised as key stakeholders.
2. **Stakeholder analysis:** In-depth analysis using three types of questionnaires to evaluate mutual relationships and influences in Sustainability areas.
3. **Long-Term engagement:** Ongoing communication and collaboration with stakeholders to align business goals with Sustainability principles and achieve mutually beneficial outcomes.
4. **Workforce priority:** The workforce is a primary focus, with its engagement and development highlighted in Annual Reports.
5. **Service quality & roader communication:** Continuous communication with stakeholders, especially to maintain service standards for end users (including the local population), is integral across all organisational levels.
6. **Internal Sustainability coordination:** Internal communication across the Group and PPHE Hotel Group plays a key role in developing and implementing Sustainability strategies.

The company emphasises collaboration, transparency, and shared value creation to meet stakeholder needs and uphold Sustainability standards.

Stakeholder engagement

A summary is outlined below of the Group's Stakeholder Engagement process, its findings and influence on business processes. This was undertaken during 2024:

→ **Stakeholders identified:**
- Categories: Suppliers, employees, end users, local communities, financial institutions, and investors.
- Key stakeholders: Employees and PPHE Hotel Group.

→ **Engagement methods:**
- **Employees:** Meetings, surveys, and Green Key team (Nominated team members in each business unit responsible for sustainability initiatives).
- **Customers:** Market research and feedback channels.
- **Suppliers:** Assessments, audits, and regular communication.
- **Investors:** AGMs, presentations, and reports.
- **Local communities:** Consultations and meetings.

→ **Coordination:** Led by the Sustainability Team with collaboration from relevant departments.

→ **Principles:** Inclusive, transparent and respectful engagement, alignment with sustainability goals.

Double materiality assessment and influence on company actions

→ Stakeholder engagement directly influenced:
- Identification of key wellbeing and learning and development areas (employees).
- Prioritisation of supply chain risks (suppliers).
- Communication of sustainability performance (investors).
- Building of beneficial relationships and addressing concerns (local communities).

Survey Implementation for 2024

→ **Purpose:** Assess the impact of sustainability practices on stakeholders and mutual influences, aligned with CSRD standards.

→ **Coverage:** Stakeholders representing 52–54% of turnover (as at October 31, 2024) across four regions.

→ **Response method:** Multiple formats (choice-based, rating scales, and open-ended).

Survey Findings

1. Local Communities:
- Strong relationships in Croatia, particularly in Pula and Medulin, intensifying during summer.
- Opportunities and risks include workforce employment and economic impact on local communities.
- Positive feedback on waste, water, and energy management but flagged as risk areas.

2. Financial Institutions:
- Strong Sustainability knowledge and positive relations.
- Concerns include bribery, corruption, gender equality, and pay equity.
- Green financing is seen as a key enabler for transition efforts.

3. Suppliers:
- Varied Sustainability knowledge necessitates tailored support, especially in Serbia and Hungary. Greater focus on Croatia due to proportionally large number of suppliers present in the Group.
- Most highlighted environmental goals as risks and opportunities.
- Significant cooperation challenges in Serbia (outside the EU) and Hungary (despite EU membership).

4. Own Workforce
- An annual employee engagement survey is conducted each year throughout the organisation, covering employee wellbeing and related matters.
- Results of the survey design future strategies.

Challenges and Actions for 2025

→ **Challenges**:
- Limited Sustainability awareness among some stakeholders, particularly in non-EU regions.
- Resource constraints for survey administration and follow-ups.

→ **Proposed Actions:**
- Expand survey coverage to all stakeholders.
- Enhance engagement with Serbia and Hungary through tailored meetings.
- Increase team capacity for regional surveys and stakeholder education.

To conclude, while the first survey highlighted gaps, future efforts aim to yield higher-quality insights to meet sustainability goals. The process is considered ongoing and will evolve and improve over time.

Relationship between the stakeholder interests and views and the undertaking's strategy and business model

The Company aligns its strategy and business model to address the diverse interests and expectations of its stakeholders. Below is the relationship between stakeholder interests and the Group's approach:

1. Customers:
- **Interests:** Affordable, high-quality products/services; excellent customer service; ethical practices.
- **Alignment:**
  - Focus on delivering cost-effective, high-standard offerings.
  - Strong emphasis on ethical operations and customer feedback systems to enhance trust and loyalty.

2. Employees:
- **Interests:** Safe work environment, fair compensation, career development, value-aligned culture.
- **Alignment:**
  - Investment in workplace safety measures and training programs.
  - Commitment to fair wages and fostering an inclusive, supportive organisational culture.

3. Investors:
- **Interests:** Financial performance, growth potential, risk management, sustainability initiatives.
- **Alignment:**
  - Transparent financial reporting and strategic risk management.
  - Integration of Sustainability goals to drive long-term value creation.

4. Suppliers:
- **Interests:** Fair business practices, timely payments, collaboration, human rights, environmental standards.
- **Alignment:**
  - Transparent procurement processes and prompt payment policies.
  - Engagement initiatives to promote sustainability across the supply chain.

5. Local Communities:
- **Interests:** Economic impact, employment opportunities, environmental sustainability, community development.
- **Alignment:**
  - Active participation in community development programs.
  - Minimising environmental footprint through sustainable operations and resource management.

6. Non-Governmental Organisations (NGOs):
- **Interests:** Social and environmental performance, human rights, stakeholder dialogue.
- **Alignment:**
  - Collaborating with NGOs to address societal and environmental challenges.
  - Prioritising transparency and engagement on human rights and sustainability efforts.

7. Government Regulators:
- **Interests:** Legal compliance, public policy contributions, transparency.
- **Alignment:**
  - Ensuring full regulatory compliance and ethical interactions with government entities.
  - Actively supporting policies that align with public interest and sustainable development goals.

Strategic Impact

The Company's strategy integrates stakeholder expectations by emphasising ethical practices, sustainability, transparency, and community development. This alignment not only supports long-term business success but also strengthens relationships with stakeholders, fostering mutual trust and shared value creation.

Amendments to the strategy and/or business model

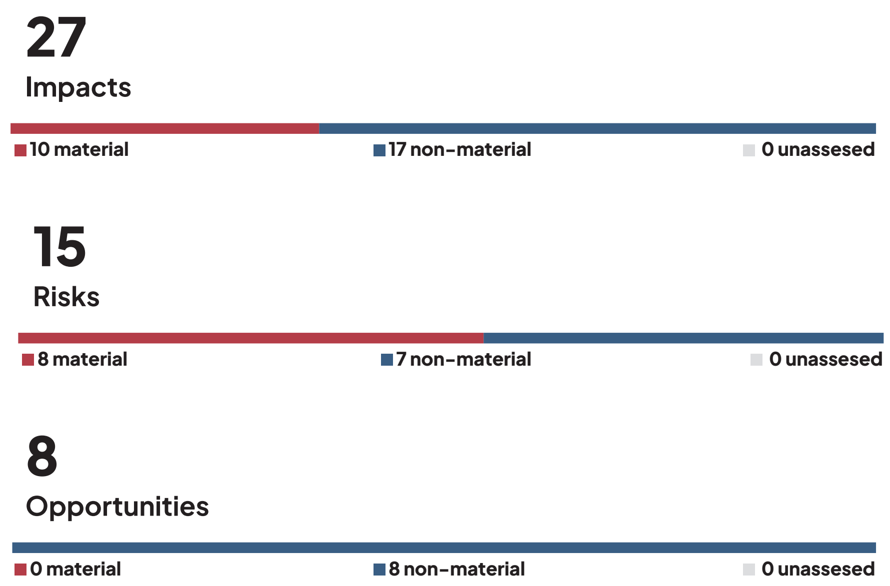
The Group's sustainability strategy and business model have taken into consideration all material IROs to ensure a clear alignment to the overall strategy and business model. The Group has been operating a sustainability programme since 2018, therefore the level of amendments has been moderate. The process is continuous improvement therefore we will take a view on this over the coming years.

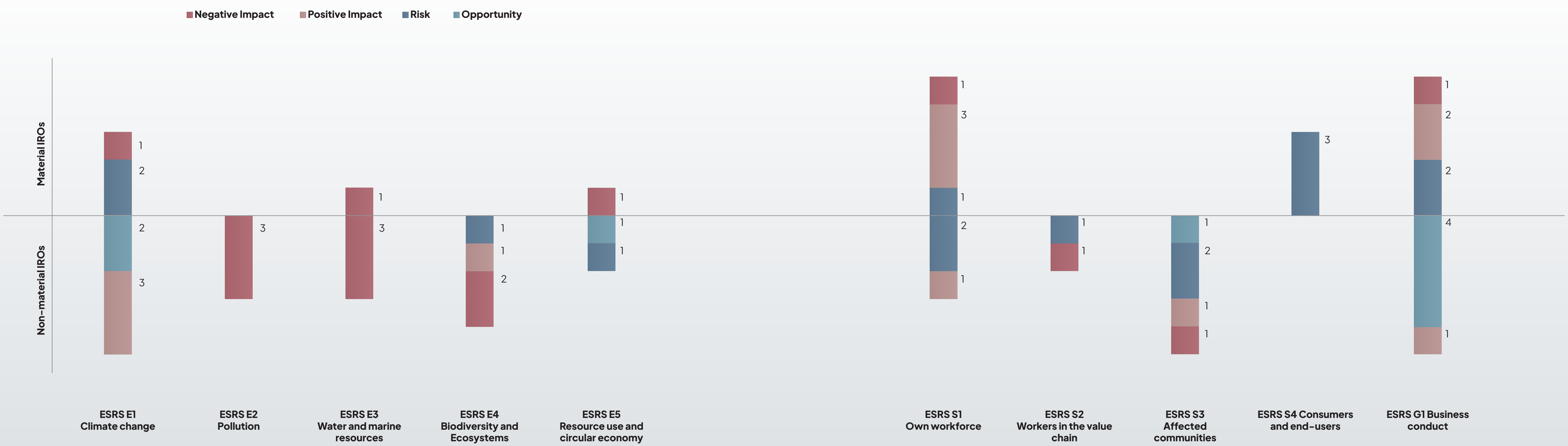
Information about views and interests of affected stakeholders

The Board and management actively participated in the double materiality process, which also includes the implementation of stakeholder engagement. The management has approved the methodology and procedures for implementing the stakeholder engagement and is familiar with the results of the engagement process. All business managers, including the Sustainability Steering Group, actively participated in the implementation of the process. The Supervisory Board is informed about double materiality activities and stakeholder engagement through Sustainability Committee meetings.

SBM-3

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL





Description of material impacts, risks and opportunities

CLIMATE CHANGE (E1)

INCREASE IN GHG IN THE ATMOSPHERE RESULTING FROM OUR DIRECT AND INDIRECT EMISSION – NEGATIVE IMPACT

This impact is considered to be Negative. The impact is the result of emissions throughout the business model and our value chain. Given that GHG persist in the atmosphere for many years, the impact is considered or expected to persist over the long term. The material sources of emissions whether located in our own operations of our value chain are grouped according to the categories of the GHG Protocol. This information is detailed in the metrics section of ESRS E1, which covers climate Change.

ASSET DAMAGE (PHYSICAL RISKS) ASSOCIATED WITH SEVERE CLIMATE CHANGE RELATED EVENTS - RISK

There is a considerable physical loss risk associated with climate change, both to Group's ability to deliver its leisure proposition to customers without conducive weather conditions, thus impacting revenues. On the other hand, severe climate change-related perils such as floods, drought, forest fires and strong wind can impact operations and infrastructure, leading to losses including those of physical damage. This risk may influence our supply chain through any disruption including that of climate change on agricultural production. The risk and impact persist through the value chain.

REVENUE LOSSES ASSOCIATED WITH ADVERSE WEATHER CONDITIONS DURING THE HIGH SEASON, AN EMERGING RISK

Changing temperatures and weather patterns can impact guest comfort (downstream). Unfavourable weather effects such as fires, floods, increased temperatures, and rising sea levels can negatively impact the attractiveness of the Group's destinations and can impact agriculture, which leads to an increase in procurement costs (upstream). There is also an indirect impact on energy costs due to the need to switch to other sources, including the possibility of increased costs due to regulatory changes. All of the above has a direct impact on all operations as well as financial results.

WATER AND MARINE RESOURCES (E3)

WATER CONSUMPTION FOR INDUSTRIAL/ ECONOMIC PURPOSES– NEGATIVE IMPACT

Water is used for used rooms, food services, landscaping and recreational purposes throughout the Company (own operations). Such consumption carries the potential to compete for scarce water resource.

RESOURCE USE AND CIRCULAR ECONOMY (E5)

GENERATION OF WASTE WHICH REQUIRES TREATMENT, RESULTING IN PRESSURE ON TREATMENT SYSTEMS– NEGATIVE IMPACT

The company generates waste from its operations, including non-hazardous and potentially hazardous waste. Through the supply chain, the selection of waste disposal companies, continuous improvement of separation processes, recycling and reuse, the Company manages the process of reducing the amount of waste (upstream) resulting from its operations. The consequence may be an increase in operating costs. This waste requires collection and treatment via potentially restrained or stressed local waste handling systems.

OWN WORKFORCE (S1)

LOSS OF WORKER HEALTH AND SAFETY DUE TO ANY RELATED INCIDENTS – NEGATIVE IMPACT

Any workplace injury or loss has a negative, actual impact. Manual working activities tend to have a higher risk profile, on average, than office work and administration (own operations). It can also have financial consequences.

MAINTENANCE OF WORKFORCE EQUALITY VIA ZERO TOLERANCE TO ALL FORMS OF DISCRIMINATION– POSITIVE IMPACT

The Company (in all own operations) is determined in its commitment to fostering respect, fairness, and equal opportunities, with zero-tolerance to any form of discrimination. The Company champions equal opportunities for team members, students, and guests, regardless of various factors such as age, disability, gender, race, religion, and more. The Company operates in accordance with the Law on Suppression of Discrimination of the Republic of Croatia and has endorsed the Croatian Charter of Diversity, promoting diversity, anti-discrimination, inclusiveness, and equal opportunities.

PROTECTION OF GENDER EQUALITY DUE TO REPRESENTATION OF WOMEN AT ALL COMMERCIAL LEVELS – POSITIVE IMPACT

This impact is considered positive. The impact is considered to contribute towards the UN-SDG 5: Gender Equality. The impact tends to be realised or concentrated throughout the business. The impact is a consequence of our core business model. The impact is considered or expected to persist over the long term.

INCREASE IN EMPLOYEE SKILL AND KNOWLEDGE – POSITIVE IMPACT

The Company is committed to investing in its employees and cultivating a dynamic workplace that fosters the development of the skills and knowledge of its team members. The Company offers diverse training programmes and university tuition payments, emphasising its core values to create a culture of engagement and value for its team members. Additionally, valued team members have successfully completed various learning and upskilling programs, including the lifelong learning programme in Camping Resort Management and the "Specialist in Food and Beverage Department" programme.

AGGREGATED REPUTATIONAL AND LIABILITY RISKS ASSOCIATED WITH A DATA BREACH OF OWN WORKFORCE INFORMATION- RISK

Employee data can be leaked by either a malicious actor or an insider through both intentional and accidental actions. Such breaches expose sensitive employee information, leading to regulatory, financial, and reputational consequences.

CONSUMERS AND END-USERS (S4)

AGGREGATED SUSTAINABILITY-PERFORMANCE REPUTATIONAL RISK

Customers expect a high standard of corporate conduct and Sustainability-related performance across all topics and matters. Significant failures of Sustainability-related conduct can pose a reputational risk which might result in changes in customer preference, particularly corporate and public body customers (own operations & downstream).

FINANCIAL PENALTIES ASSOCIATED WITH CUSTOMER DATA PRIVACY BREACH (CUSTOMER DATA)- RISK

The Group could experience a serious data privacy breach which could result in investigation, significant fines in accordance with GDPR and subsequent reputational damage.
Customer data can be leaked by either a malicious actor or an insider through both intentional and accidental actions. Such breaches expose sensitive customer information, leading to regulatory, financial, and reputational consequences (own activities & downstream).

LOSS OF REVENUES ASSOCIATED WITH SYSTEM DOWNTIME- RISK

System downtime can occur due to technical failures or cyber-attacks, disrupting critical operations in the hospitality sector. This disruption not only leads to immediate financial losses but also affects customer satisfaction and long-term reputation (own operation; downstream & upstream).

BUSINESS CONDUCT (G1)

INCREASED TRUST AMONG ECONOMY-PARTNERS DUE TO ETHICAL AND RESPONSIBLE BUSINESS PRACTICES- POSITIVE IMPACT

The Company adopted a Code of Conduct which establishes ethical guidelines that promote responsible business practices, fostering trust with stakeholders and supporting social responsibility. By setting standards for employee behaviour and business conduct, the Company mitigate risks related to unethical practices and strengthens compliance with sustainability commitments (own operations; downstream & upstream).

INCREASE IN WHISTLEBLOWER PROTECTION AND TRANSPARENCY- POSITIVE IMPACT

The Company adopted a Whistleblowing Policy that provides a secure channel for reporting unethical or non-compliant behaviour, supporting a culture of transparency and accountability. It mitigates risks by enabling detection of issues, strengthening trust with stakeholders and reinforcing ethical standards across the Group.

PROMOTION OF ETHICAL BUSINESS VIA ANTI-CORRUPTION AND INTEGRITY MEASURES- NEGATIVE IMPACT

Anti-Bribery and Anti-Corruption Policy establishes guidelines to prevent, detect and address bribery and corrupt practices, promoting a culture of integrity and compliance. It reduces the risk of legal and reputational damage and aligns the Group with international standards for responsible business conduct.

RISK OF FAILURE TO MEET BUSINESS CONDUCT EXPECTATIONS FROM INVESTORS AND NON-GUEST STAKEHOLDERS

Sourcing capital and the impact of regulatory action can be adversely impacted by Sustainability performance across all topics and matters. This is particularly evident with certain Sustainability-based institutional investors and regulators, whose remit relates to labour and environmental performance.

RISK OF LOSS OF FINANCIAL ASSETS DUE TO CORRUPTION

The Company is aware of the general risk of corruption and reports no such violations of the rules to date.

Effects of the material impacts, risks and opportunities

Subsequent to the Group's double materiality assessment and after careful consideration of all material and non-material topics in particular regard to material impacts, risks and opportunities we have made all endeavours to elaborate them in SMB-3 Description of material impacts, risks and opportunities section above.

It is clear that the resulting IRO's whether positive or negative have and will continue to have a considerable and wide-ranging influence over Groups business strategy, its operating model including its value chain over short, medium and long term. It is therefore our intention to align our approach in the current year and continue to evolve our business strategy to align with our sustainability plan and targets for year 2025 and onwards.
We aim to undertake further alignment in business processes over the coming years in particular decision making during our operating and capital investment planning accounting for reuse, recycle and GHG emissions, building supply chain relationships with sustainable partners, amending our product offering to be more sustainable, continuously evolve our employee wellbeing and retention and implement responsible business policies and procedures to ensure robust corporate governance.
We have elaborated the alignment already achieved in our 2024 sustainability report and will continue to update on its progress over the coming years.

Impacts affecting people and environment

CLIMATE CHANGE (E1)

INCREASE IN GHG IN THE ATMOSPHERE RESULTING FROM OUR DIRECT AND INDIRECT EMISSION

The impact is considered to delay the transition to the green economy; therefore, it is considered negative. The impact tends to be realised or concentrated throughout the business. The impact results from our core business model. The impact is considered or expected to persist over the long term.

WATER AND MARINE RESOURCES (E3)

WATER CONSUMPTION FOR INDUSTRIAL/ ECONOMIC PURPOSES

The Company's operations consume water resources, which affects the availability and quality of water for people and ecosystems. These impacts, considered as negative, can lead to scarcity of water resources. The impacts originate from the Company's services across both short-term and long-term periods, as water scarcity can have immediate and lasting effects on people and the environment. The undertaking is directly involved with this impact through its own activities.

CIRCULAR ECONOMY (E5)

GENERATION OF WASTE WHICH REQUIRES TREATMENT, RESULTING IN PRESSURE ON TREATMENT SYSTEMS

The Company generates waste, including non-hazardous and potentially hazardous waste, through its own activities and its business relationships with suppliers and other partners. The reasonably expected time horizon of this impact is ongoing. The Company implements a global waste management policy that follows the "reduce, reuse, and recycle" policy, aiming to achieve low material consumption and small disposal volumes. This impact is considered negative.

OWN WORKFORCE (S1)

LOSS OF WORKER HEALTH AND SAFETY DUE TO ANY RELATED INCIDENTS

Negative impacts related to health and safety primarily stem from workplace injuries, which are a risk inherent to manual working activities, particularly in operational roles. These injuries directly affect employees' physical well-being and mental health, potentially leading to long-term physical ailments or psychological stress.

To mitigate these risks, the Company implements occupational health and safety measures, which include risk and hazard management, preventive education, health monitoring and hierarchical accountability
These initiatives aim to foster a safer working environment, reducing the frequency and severity of negative impacts on employees while safeguarding operational sustainability.

MAINTENANCE OF WORKFORCE EQUALITY VIA ZERO TOLERANCE TO ALL FORMS OF DISCRIMINATION

A zero-tolerance approach to discrimination mitigates negative social impacts by promoting fairness, respect, and inclusivity within the organisation. This policy positively impacts employees' mental well-being by ensuring a respectful and supportive work culture. It prevents potential discriminatory practices that could harm individuals' careers, emotional health, or access to opportunities.

GENDER EQUALITY AND REPRESENTATION OF WOMEN

The Company's initiatives to increase the representation of women across all levels of operations positively impact societal norms by promoting gender inclusivity and reducing systemic inequality.
These efforts encourage equal opportunities by focusing on gender equality, helping to break down traditional barriers and ensures equitable representation. Additionally, it fosters positive social change and sets a precedent for fairness, inspiring broader societal shifts toward gender inclusivity.
The impact extends throughout the Company's value chain and contributes directly to the United Nations Sustainable Development Goal (UN-SDG) 5: Gender Equality, reinforcing the company's role as a socially responsible entity
.

INCREASE IN EMPLOYEE SKILL AND KNOWLEDGE

Investing in the skill and knowledge development of our employees yields substantial positive impacts, benefiting both employees and the organisation. The impact is multifaceted: employees gain enhanced skills and access to educational opportunities improve job satisfaction, career prospects, and personal growth, whilst the Company benefits from a skilled workforce with boosted productivity, innovation, and operational efficiency. This impact aligns with UN-SDG 4: Quality Education, as it emphasises lifelong learning opportunities and inclusive education. It also supports economic sustainability by preparing employees for evolving market demands, ensuring long-term resilience.
The impacts identified in ESRS S1 Own Workforce are enduring and integral to the Company's business model. Positive impacts like gender equality, skill development, and the zero-discrimination policy contribute to societal well-being and are persistent throughout the organisation's operations. Negative impacts, such as workplace injuries, are mitigated through ongoing measures, with continuous efforts to minimise their occurrence and severity.

BUSINESS CONDUCT (G1)

INCREASED TRUST AMONG ECONOMY-PARTNERS DUE TO ETHICAL AND RESPONSIBLE BUSINESS PRACTICES

The Group's Code of Conduct statement fosters trust and promotes responsible business practices by setting ethical standards for employees. It mitigates risks of misconduct, enhances compliance with sustainability commitments, and aligns with UN-SDG 16 by promoting fairness and social responsibility.

INCREASE IN WHISTLEBLOWER PROTECTION AND TRANSPARENCY

The Group's Whistleblowing Policy supports transparency and accountability by providing secure channels for reporting unethical behaviour. The 2024 updates, along with the Anti-Bribery and Anti-Corruption and the Gifts and Entertainment Policy, strengthen governance, enhance stakeholder trust, and ensure timely risk detection, contributing to UN-SDG 16.

PROMOTION OF ETHICAL BUSINESS VIA ANTI-CORRUPTION AND INTEGRITY MEASURES

The Group's Anti-Bribery and Anti-Corruption Policy prevents bribery and corruption, reducing legal and reputational risks. It fosters a culture of integrity, aligns with international standards, and supports UN-SDG 16 by promoting ethical governance.
These impacts, considered as positive, embed ethical governance into the business model, ensuring long-term trust, compliance, and resilience, while aligning with global standards for responsible business conduct.

Financial impacts of the material risks and opportunities

The material risks and opportunities identified during the double materiality assessment process have had a significant impact on the financial position, financial performance, and cash flows of the undertaking. Specifically: a) The risk of climate change and its potential impact on the undertaking's operations has resulted in increased costs to adapt and mitigate its effects. This may lead to a decrease in net income and cash flows. b) The opportunity to invest in renewable energy and energy efficiency measures has resulted in increased capital expenditure but is expected to generate significant cost savings and revenue opportunities in the future. This has led to a decrease in the undertaking's current financial performance and cash flows but is expected to have a positive impact in the long term.

Resilience of the strategy and business model

The Group's sustainability governance is a comprehensive approach, which involves periodic review and assessment of risk and associated impacts and opportunities. The business model is adaptive and with medium to long term planning in place the overall strategy is deemed resilient.

IRO-1

DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Methodologies and assumptions applied in the process

A primary methodology, as developed and supported by Code Gaia, is used to identify and assess impacts, risks and opportunities and assess which are material. Each of the key activities in this methodology is outlined below and covered in greater detail in the remainder of this disclosure. The entire methodology is iterative, in so far as that any one of the activities might result in the adjustment of the findings of another. For this purpose, the processes within the methodology are largely conducted simultaneously, involving many of the same internal teams and expertise.

ACTIVITY 1: IDENTIFYING STAKEHOLDERS AND DETERMINING POTENTIAL IMPACT ON "KEY" STAKEHOLDERS FOR THE PURPOSES OF ENGAGEMENT

Potential stakeholders are identified to (1) include all existing communications with known stakeholders on sustainability matters, (2) to prioritising critical business relationships and

(3) to identify any additional stakeholder which might be "key" stakeholder in so far as they emerge from the impact identification and assessment process as potentially negatively impacted.

The stakeholder identification activity occurred during April and May 2024 and was conducted by the Group's Chief Financial Officer, Sustainability Manager and her team, Technical Department Manager, Purchasing Manager, Human Resources Manager, Legal Department, Group Financial Analyst and Senior Managers from German Region and their teams.

ACTIVITY 2: IDENTIFICATION OF IMPACTS, RISKS AND OPPORTUNITIES

The methodology identifies IROs based on (1) a review of existing company documentation such as sustainability related standards, financial reports process descriptions and reports, (2) internal experience and expertise and (3) workshops with internally responsible persons and external experts. For impact identification specifically, the methodology assumes that previous sustainability related reporting and internal documentation (relating to HR processes, environmental management, assets and energy, supply chain dependencies) can act as an initial filter to scope the likely range of impacts that are then expressed in terms of ESRS-relevant characteristics.

The IRO identification assumes that an exhaustive list of every single impact cannot be known, and that judgement is required to scope the identified impacts which will then be assessed. Furthermore, it is also assumed that in future reporting years the increased availability of published impacts (from other Sustainability Statements) will assist the identification of impacts.

ACTIVITY 3: THE ASSESSMENT OF IMPACTS RISKS AND OPPORTUNITIES

All IROs, once identified, are either combined (where multiple impacts of the same nature have been identified and to avoid duplication or the oversight of cumulative impacts) or are assessed individually according to the materiality criteria set out in ESRS 1. No IRO is exempt from the assessment process, there is no intermediate filtering or prioritisation. The assessment criteria and assumptions which relate to specific criteria, "scoring" tests and thresholds that are applied for IRO assessment are described in further detail in the remainder of this disclosure. The IRO assessment activity occurred during April and May 2024 and was conducted by the Group's Chief Financial Officer, Sustainability Manager and her team, Technical Department Manager, Purchasing Manager, Human Resources Manager, Legal Department, Group Financial Analyst and Senior Managers from German Region and their teams.

Process to identify, assess, prioritise and monitor the potential and actual impacts

Description of process to identify, assess, prioritise and monitor potential and actual impacts on people and environment, informed by due diligence process:

As alluded to in the description of the methodology above, the process to identify and assess impacts is iterative.

The IRO identification activity occurred during April and May 2024 and was conducted by the Group's Chief Financial Officer, Group Director Corporate Finance, Sustainability Manager and her team, Technical Department Manager, Purchasing Manager, Human Resources Manager, Legal Department, Group Financial Analyst and Senior Managers from German Region and their teams. All participants possess good knowledge and understanding of the ESRS framework, actively engage in all processes related to Sustainability and follow updates as new directives and regulations emerge. Also, all participants were involved in the preparation of the 2023 Annual Sustainability Report.

2024 Our Assessment process:

To identity IROs we use a four-step process:

1. Stakeholders' identification and stakeholder impact identification – we have identified categories of Stakeholders based on the criteria of the upstream and downstream chain, regions of business, volume of mutual transactions, and influence in certain parts of business (criteria set out in the ESRS). Subsequently each identified stakeholder was actively engaged with through a specific survey to receive feedback on the nature of these impacts in accordance with the materiality tests specified in the ESRS.

2. Own Impact Identification – In this step, we determined internally identified Impacts based on the criteria set out in ESRS utilising experience of sustainability-related issues across our business as well as in our internal experiences of our processes in previous years. The identified impacts are linked to the survey completed by stakeholders. The following characteristics are identified for each impact: positive or negative; actual or potential; scale; scope; likelihood; irremediable character and human rights relevant.

3. Identification of financial risks and opportunities:

The process, for all impacts includes the explicit identification of the following attributes of each impact: this identification is based on the criteria set in the ESRS, combined with the results of the previous two steps as well as experience with sustainability-related issues and internal experience and expertise within the organization. The characteristics that we identified for each risk and opportunity were duration (the same Time Horizons which we used for impact irremediability - ESRS1 Section 6.4), Magnitude relative to a financial materiality threshold (ESRS 1 App. A AR14; we used the recommended McKee Single Rule of Thumb, choosing a variable of 0,5% of pre-tax income) and likelihood (we used binary approach ESRS 1 App. A AR15(b)).

4. Collation of IROs, materiality assessment and documentation: once all IROs had been collected and mapped to the relevant sustainability matters, the relevant natural scale, scope irremediable character, direction and likelihood of impacts were used to determine the materiality of any impact. The test for financial materiality was applied to ROs in coordination with the undertakings financial and accounting functions. Any IROs determined to meet the criteria for materiality were accepted as material and the subsequent topics and matters were included in the scope of the Sustainability Statement. During this phase, we applied the EFRAG guidance that defines No-netting of positive and negative impacts across own operations and the value chain.

A detailed description of the entire process is available in the document 'A Code Gaia Whitepaper' and all data and documents are available in the working application. The entire process took place through internal workshops during 2024 using the Code Gaia application.

With respect to the thresholds for determining materiality, where impact severity is required to be considered (where the impact is negative), the following formulation is used to determine how Scale, Scope and Irremediable character contribute, where the three categories for scale, scope and irremediability are expressed as numerical values for the sake of simplification (e.g. where "de minimis but cumulative" scope is 1. Severity is assessed prior to accounting for likelihood (including the precedence given to it with respect to human rights related impacts).

The Negative Impact Severity is not severe if:

1. Irremediability is 1:
   - The scale is 1 and the scope is 1, OR
   - The scale is 1 and the scope is 2, OR
   - The scale is 2 and the scope is 1.
2. Irremediability is 2:
   - The scale is 1 and the scope is 1.

Within the Code Gaia approach, the following thresholds are applied in order to determine the materiality of impacts:

FOR ACTUAL POSITIVE IMPACTS:

An Actual Potential Impact (API) is not material under any of the three conditions below:

→ The scale is 1 and the scope is 1, OR

→ The scale is 1 and the scope is 2, OR

→ The scale is 2 and the scope is 1.

FOR POTENTIAL POSITIVE IMPACTS:

A Positive Potential Impact (PPI) is material under either two conditions below:

→ If the likelihood is 50% or more:
- The scale of the impact is 3, OR
- The scope of the impact is 3, OR
- Both the scale and scope of the impact are 2.

→ If the likelihood is less than 50%:
- The scale is 3 and the scope is either 2 or 3, OR
- The scope is 3 and the scale is either 2 or 3.

FOR ACTUAL NEGATIVE IMPACTS:

A Negative Actual Impact (“NAI”) is Material when it is Severe (i.e. when severity = 1)

For potential negative impacts:

A potential negative impact is material:

→ When it is NOT a human rights impact AND it is SEVERE and More than likely, OR

→ When it is a human right impact, and it is SEVERE (Severity takes precedence over likelihood).

Risks and Opportunities are assessed based on the Magnitude and Likelihood.

The combination of both the Financial Amount relative to the financial limit and the persistence of the RO combines to provide an overall assessment of the Magnitude of the RO. This is expressed in three categories, Low Magnitude, Medium Magnitude and High Magnitude.

If the monetary amount is NOT greater than the financial limit (MA ≤ FL), then Magnitude is always Low.

If the monetary amount is greater than the financial limit (MA > FL):

→ Magnitude is Medium if Persistence is Short Term or Medium Term.

→ Magnitude is High if Persistence is Long Term.

An RO is considered material if and only if one of the following conditions is met:

→ Likelihood is less than 50%, then the RO is material only if the Magnitude is High.

→ Likelihood is 50% or more, then the RO is material if the Magnitude is either Medium or High.

Process used to identify, assess, prioritise and monitor risks and opportunities with financial effects

Identification of Financial Risks and Opportunities

The rule for measuring the magnitude

Company will consider **0.5% of the total revenue** based on Annual Report 2023 (pag.158/159 EUR 126.498.000) = EUR 632.490 because:

Revenue is directly proportional to the business activity levels, which is driven by the number of guests that we serve throughout our business operations. Our employee levels are aligned with the volume and scale of the Group’s operations. The majority of expenses and costs are the result of business activity, guests, number of employees and eventually the revenue generated.

Decision-making process and related internal control procedures

The decision-making process and related internal control procedures in our Sustainability implementation plan reflect a structured governance framework designed to ensure accountability, collaboration, and progress monitoring. Details of the sustainability governance decision-making is covered in in ESRS 2. The internal controls process and framework is described in the risk management section of the 2024 Annual Report.

The Group has a number of feedback and review mechanisms in place, including the periodic review by the Sustainability Committee, which allows for the assessment and improvement of strategies and initiatives, providing continuous improvement. In summary, the decision-making process ensures a top-down alignment with the Group’s strategic Sustainability goals, while internal control procedures maintain operational integrity, transparency, and accountability throughout the organisation.

Integration into the undertaking’s overall risk management process

These have been well integrated into the Groups overall strategy and in specific sustainability. Details of this can be found in the Management Board's Report, Risk Management section page 168.

Integration into the undertaking’s overall management process

These have been well integrated into the Groups overall strategy and in specific sustainability. Details of this can be found in theManagement Board’s Report, Risk Management section page 168.

IRO-2

DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT

Lists of Disclosure Requirements and datapoints

A list of the Disclosure Requirements complied with in preparation of the sustainability statement based on the results of the materiality assessment, including page numbers, is presented in the form of the table of contents.

A table of all data points that derive from other EU legislation as listed in Annex B of the ESRS 2 is provided in the appendix. This indicates where the relevant data points can be found in this sustainability statement. Data points assessed as "not material" are labelled accordingly.

Materiality of other topical ESRS

NON-MATERIAL TOPICS

During the double materiality process the Group has assessed all ESRS topics. Some of them were found to not be material, however the IROs were considered during the process. These are the main findings:

E2 POLLUTION

a) Reduction in local air quality due to emission of particulates (PM10) and non-GHG gases from fuel combusting for heat (I) – this impact is only for three hotels in Medulin (Croatia). Based on legal regulations, the Group submits annual data to the Ministry of Environmental Protection and Green Transition, to the Institute for Environmental and Nature Protection, which maintains the Register of Environmental Pollution, and based on the submitted data, calculates monetary compensation for pollution. In 2023, Group did not exceed the legal minimum and was therefore not charged for the payment of monetary compensation for pollution.

b) Reduction in air quality mobile local air pollution impact from diesel vehicles + machines (I) - This impact accounts for the mobile sources of air pollution that the Group operates both on and off-site. This impact refers to diesel road vehicles in our operational fleet, mostly transport vehicles in the horticulture department. There we no new purchases of the new transport vehicles in 2024.

c) Contributions to the migration of micro-plastics into the environment from plastics use (I) - The Group is in the process of reducing the amount of plastic in its operations so that single-use plastic products are not used in its F&B and accommodation divisions (replaced with paper, glass, metal and wood). As a positive example, in 2024 in the accommodation division, dispensers are used instead of single-use toiletries packaging (except in PPH & Radisson branded properties). The use of returnable packaging and packaging made of recycled plastic is agreed with suppliers whenever possible.

E4 BIODIVERSITY AND ECOSYSTEMS

a) Guest-induced loss of marine environmental quality environment (I) - The most significant indicators of sea pollution with faecal waste water are microbiological indicators, so their presence indicates a potential risk of infectious diseases - microbiological pollution. The tests were carried out in 14-day intervals, according to the framework plan of the Ministry of Environmental Protection, Spatial Planning and Construction - Department for Sea and Coastal Protection. In 2024, as in previous years, no incidents occurred.

b) Unintended provision/ increase of on-site Biodiversity (I) - The Company aims to maintain biodiversity in its managed properties. This is considered a positive impact as it contributes towards preserving natural habitats and promoting sustainable land use. The impact is realised in the specific locations where the Company operates and is a direct consequence of its operations.

c) Marine habitat disturbance resulting from various activities (I) - Due to seasonality, potential marine habitat disturbance would occur during summer months only, which allows nature to restore itself. There is no indication from any institution or authorised organisation that significant marine habitat disturbance occurs.

d) Lost revenue associated with declines in eco-system services (R) - The loss of winter-sport amenity values (snow and ice) in Austria, and/or the loss of marine ecological value in Croatia, would also represent risks of future revenue losses.

S2 WORKERS IN THE VALUE CHAIN:

a) Disparate working conditions for agency workers (versus own employees) (I) - Agency workers are often migrant workers, from less developed countries. Such workers might be exposed to working conditions which might be different from the Group's staff depending on the practices of the agencies and their agents. This is a potentially negative impact. The Group offers the same conditions and standards for all employees, including salary, benefits and accommodation.

b) Risk of reduced key supplier delivery resulting from workforce incapacitation (R) – The workforce of certain suppliers might be sensitive to working conditions. In the event of significant failures, these suppliers might temporarily be unable to deliver on their agreed output. Although in our long-term practice with existing partners, we have not had such experiences, this scenario is possible, but it is immeasurable and unpredictable. Through a supplier compliance questionnaire, general information may be obtained that is not sufficient for risk assessment. The prevention method is a continuous relationship with the supplier to gain an understanding of their ongoing ability to deliver in line with their obligations to the Group.

S3 AFFECTED COMMUNITIES

a) Overtourism (I) - Over-tourism is a cumulative series of nuisance-type impacts that can affect specific geographic areas. This type of impact is usually associated with unplanned (not subject to urban planning or traditional tourism regulation), ad hoc or sudden-and-large-influx tourism, the nature of which is not engaged in.

b) Increase in local cultural expression and community cohesion through investment in community initiatives (I) - The Group continues its investment in community initiatives to promote local culture and architectural heritage, contribute to local community infrastructure, and offer training and skills to develop the employability of local people.

c) Opportunity to demonstrate that established hospitality industry can facilitate the development of more sustainable tourism (O) - This is a market opportunity and is most relevant where local economies depend on existing established tourism, which is controlled, planned and is not ad hoc.

d) Revenue losses associated with adverse community reaction against the wider tourism sector (over tourism) - Budapest increases in tourism/ city taxes potentially reducing stays (R) - In certain geographies, local communities might react negatively to the activities of the hospitality sector and their guests/visitors. The deterrence or limiting of tourism activities could result from this negative reaction. This is predominantly a risk for the ad hoc tourism sector and not for established hospitality infrastructure and services like the Group. The potential impact on established hospitality might be in the form of city taxes.

e) Loss of Concessions: Use of land in campsites and tourist resorts (R) – The Group has concessions to commercially operate at certain communal assets such as beaches in certain jurisdictions. There is the potential for future granting of such concessions to be restricted based on Sustainability-related (impact) performance. There is no current suggestion that this will occur.

Methodology of determining the material information

The Company has used EFRAG's ID 177 - links between AR16 and Disclosure requirements, EFRAG's Implementation Guidance 3 - List of ESRS Data Points, Appendix C of the ESRS 1 - List of phase-in Disclosure Requirements, Appendix D: Disclosure/Application Requirements in topical ESRS that are applicable jointly with ESRS 2 General Disclosures, Appendix E: Disclosure of ESRS data points in accordance with EU laws and ESRS 1.

TAXONOMY DISCLOSURES

DISCLOSURES PURSUANT TO ARTICLE 8 OF REGULATION (EU) 2020/852 (TAXONOMY REGULATION)

In 2024 the Group is disclosing indicators consistent with Delegated Regulation (EU) 2021/2139 (the "EU Taxonomy"), for the second time extended to show the portion of taxonomy aligned activities within eligible activities. We are continuously enhancing our approach to identifying, measuring, and disclosing relevant aspects of the EU Taxonomy. To ensure we stay informed, we actively participate in industry updates, training sessions, and expert discussions. Leveraging this knowledge, we perform a yearly assessment of the economic activities outlined in the regulation, mapping them against our business operations and financial activities. This evaluation allows us to recognize established links as well as potentially relevant areas for future reporting following further analysis.

The Group assessed compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852 and the associated technical screening criteria included in the delegated acts and allocated a certain part of its capital expenditure ("CapEx") and operating expenses ("OpEx") to Taxonomy-aligned activities, where those activities were deemed to comply with the listed technical screening requirements after an analysis of underlying documentation.

The tables completed in line with reporting requirements as specified in Regulation (EU) 2021/2178 (the "Disclosure Regulation") can be found in Appendices. Allocation of figures to the numerator and denominator of each KPI was performed by direct allocation of supplier invoices and other items to relevant financial statement captions. Given that each item was attributed to only one activity, double counting did not occur. As required by the Disclosure Regulation, the content of KPIs to be disclosed by the Group as a non-financial undertaking is as follows:

TURNOVER

As Group's main activity is hospitality, a significant portion of its turnover relates to the EU Taxonomy activity 2.1 – Hotels, holiday, camping grounds, and similar accommodation activities, introduced in June 2023 under the objective of protection and restoration of biodiversity and ecosystems. Activities related to owned or leased hotels are taxonomy-eligible under this category.

Turnover represents the Groups' consolidated revenue, which can be referenced on page 188, within the Consolidated Income Statement and in Note 17 Revenues.

CAPITAL EXPENDITURE (CAPEX)

The majority of the Group's capital expenditure ("CapEx") is related to various investments into tangible assets in form of renovations, reconstructions, building conversion and acquisitions of hotels, apartment resorts and campsites. CapEx is the total capital expenditure for tangible and intangible assets in the Group which: is directly attributable to a particular asset at the time of the expenditure, has been attributed to a particular asset and transferred from assets under construction in the accounting period, includes additions arising from business combinations, and exclude additions classified as assets under construction in the financial period (these will be classified as CapEx in the year of activation of the particular asset and its attribution to a particular relevant asset type). This can be referenced to Financial Statements: Note 4 Property, Plant & Equipment, additions during the year classified as Land and buildings and Furniture, fittings and equipment, in the total amount of EUR 8,69 million, and Note 5 Intangible Assets, additions during the year in the amount of EUR 0.32 million. The Group conducted the following Taxonomy-eligible economic activities and within those certain not Taxonomy- aligned activities, with financial impact on CapEx:

4.16. Installation and operation of electric heat pumps The Group operates heat pumps in segments of its operations. The full extent of required technical screening criteria for demonstrating that substantial contributions criteria for Objectives 1 (Climate Change Mitigation) or 2 (Climate Change Adaptation) of the EU Taxonomy could not have been fully documented at this point.

7.2. Renovation of existing buildings Renovation of hotels and other buildings is considered an eligible activity in parts related to improvements of the building and its infrastructure. Although renovations resulted in enhancements of energy efficiency and utility consumption, the full extent of required technical screening criteria for demonstrating that substantial contributions criteria for Objectives 1 (Climate Change Mitigation) or 2 (Climate Change Adaptation) of the EU Taxonomy could not have been fully documented at this point.

7.3. Installation, maintenance and repair of energy efficiency equipment The Group uses energy efficient light sources (LED lighting) in segments of its operations. The full extent of required technical screening criteria for demonstrating that substantial contributions criteria for Objectives 1 (Climate Change Mitigation) or 2 (Climate Change Adaptation) of the EU Taxonomy could not have been fully documented at this point.

OPERATING EXPENDITURE (OPEX)

Certain operating expenses of the Group are considered to arise from EU Taxonomy eligible activities. Eligible operating expenses (OpEx) are defined as direct non-capitalised costs and other direct expenditures (research and development, building renovation measures, short-term lease, maintenance and repair) relating to the day-to-day servicing of assets of property, plant and equipment by the Group or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. Consequently, the Group assesses that eligible OpEx comprises Maintenance expenses within Note 18 Operating expenses in the total amount of EUR 4.4 million. The Group conducted the following Taxonomy-eligible economic activities and within those certain Taxonomy-aligned activities, with financial impact on OpEx:

4.15 District heating/cooling distribution. The full extent of required technical screening criteria for demonstrating that substantial contributions criteria for Objectives 1 (Climate Change Mitigation) or 2 (Climate Change Adaptation) of the EU Taxonomy could not have been fully documented at this point.

6.5. Transport by motorbikes, passenger cars and light commercial vehicles In the segments of its business, the group operates with its own passenger cars and light commercial vehicles. The full extent of required technical screening criteria for demonstrating that substantial contributions criteria for Objectives 1 (Climate Change Mitigation) or 2 (Climate Change Adaptation) of the EU Taxonomy could not have been fully documented at this point.

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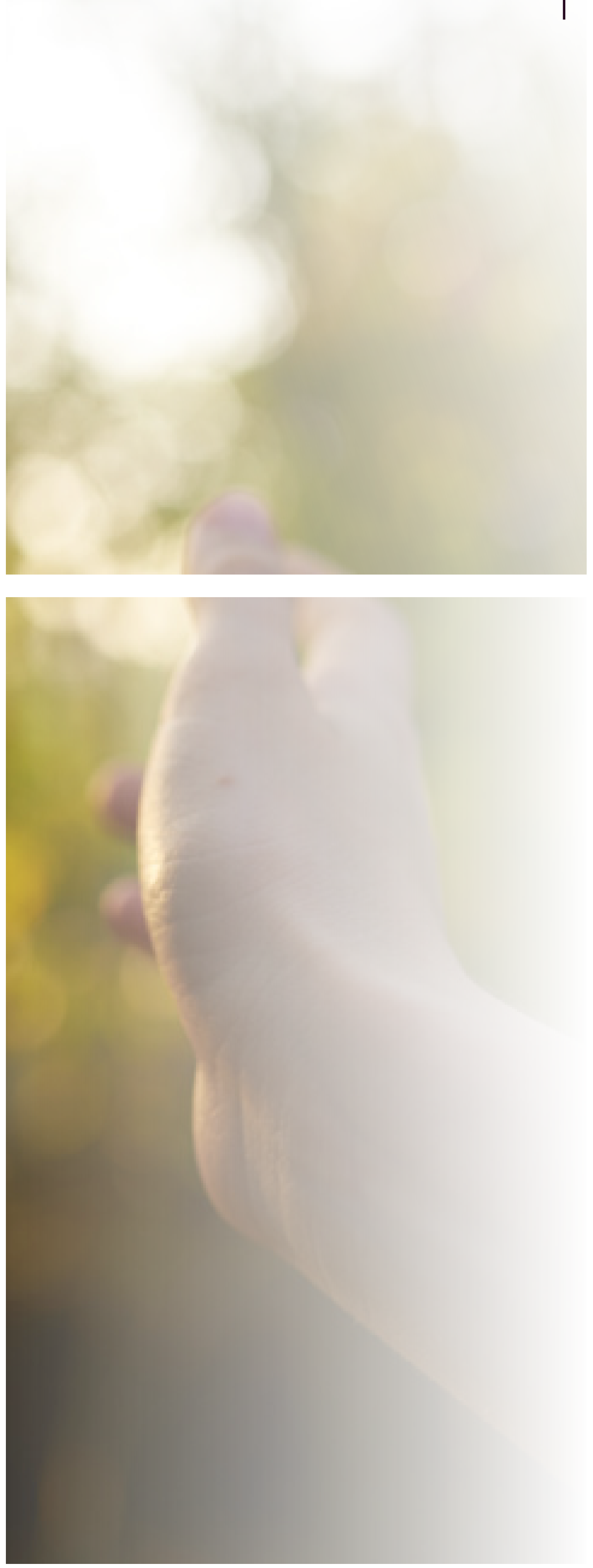
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings). The full extent of required technical screening criteria for demonstrating that substantial contributions criteria for Objectives 1 (Climate Change Mitigation) or 2 (Climate Change Adaptation) of the EU Taxonomy could not have been fully documented at this point.

7.5 Energy performance of buildings, installation (maintenance and repair of instruments and devices for measuring regulation and controlling energy performance of buildings). The full extent of required technical screening criteria for demonstrating that substantial contributions criteria for Objectives 1 (Climate Change Mitigation) or 2 (Climate Change Adaptation) of the EU Taxonomy could not have been fully documented at this point.

7.7. Acquisition and ownership of buildings. The Group owns properties and cleaning material expenses have been identified as taxonomy eligible. The full extent of required technical screening criteria for demonstrating that substantial contributions criteria for Objectives 1 (Climate Change Mitigation) or 2 (Climate Change Adaptation) of the EU Taxonomy could not have been fully documented at this point.

As part of our commitment to responsible business conduct, we have minimum safeguards integrated into our business practices, built on four fundamental pillars: human rights, taxation, anti-corruption, and fair competition. These principles reflect the EU's dedication to fostering ethical and sustainable economic practices. Our responsibility to uphold human rights and prevent corruption extends across our entire value chain, as outlined in our sustainability due diligence process.



Environmental information

E1 CLIMATE CHANGE

E1-ESRS 2 GOV-3

INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

In 2024, the Supervisory Board of the Company adopted, and the General Assembly of the Company approved, the Management Board Remuneration Policy ("Policy") that further elaborates the previously introduced framework for the remuneration of the Management Board. The Policy ensures that the Company applies performance-based remuneration that will reward its Management Board members for their commitment to the Company's strategy in an understandable, transparent, and clear manner. The remuneration of the Supervisory Board members has been determined by the decision of the General Assembly, adopted on 30 August 2017.

Pursuant to the Policy, the remuneration of members of the Management Board consists of fixed remuneration, variable remuneration, and other benefits. Variable remuneration depends on the assessment of the performance of the members of the Management Board in combination with the overall financial and operational result of the Company on an annual basis. Various factors shall be considered as key performance indicators of success to determine the exact amount of the variable remuneration. Applicable sustainability-related performance targets, aligned with the Company's sustainability strategy, are from considered as key performance indicators of success, which in turn determine the exact amount of variable remuneration of the members of the Management Board.

The Group has considered and continues to review and assess the inclusion of specific sustainability-related targets to be incorporated as part of the Management Board's and the Group's senior leadership's incentive plans.

Both the Management Board Remuneration Policy and the decision of the General Assembly on the remuneration of the Supervisory Board members are published on the Group's corporate website (https://www.arenahospitalitygroup.com/).

E1-1

TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

CLIMATE TRANSITION PLAN ADOPTION ESTIMATE

In 2021, the Group adopted a document called the Sustainability Roadmap for the transition period, in alignment with the UN SDG goals, which include achieving net zero by 2040 (alligned with PPHE goals). The document identifies material topics based on the Sustainability pillars and their alignment with the SDGs. Goals were established with corresponding timelines for final achievement together with the identification of internal departments responsible for their implementation, and key milestones. As part of evaluation efforts, metrics and annual progress tracking measures are established. The document is continuously updated and adapted to reflect business changes and requirements. It will serve as the foundation for creating the Transition Plan for climate change mitigation, the announcement for which was published by EFRAG on November 4, 2024. According to the published draft, the Tranision plan will be prepared in 2025.

E1-ESRS 2 SBM-3

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Climate-related risks

MATERIAL CLIMATE-RELATED RISK	PHYSICAL / TRANSITION RISK	EXPLANATION
Asset damage (physical risks) associated with severe climate change related events	Physical risk	This risk has a direct impact on own operations and on Group's revenue.
Revenue losses associated with adverse weather conditions during the high season, an emerging risk	Transition risk	This risk has direct impact on guest comfort and attractiveness of the destination and direct impact on the costs and revenue.

Climate-related risks

Resilience of strategy and business model in relation to climate change

Starting in 2023 and continued in 2024, the Group has engaged with a third party to conduct its climate risk assessment, which is carried out by calculating CLIMATIG Score (CS) individually for every climate hazard. The CLIMATIG Score is a composite risk index for a specific hazard, with values between 0 and 100, where values between 0-20 indicate low risk, 21-40 moderate, 41-60 high, 61-80 very high, and 81-100 extreme. A CLIMATIG Score accounts for the hazard as well as the vulnerability and exposure of the asset to that hazard.

The analysis concludes that properties in Croatia are at low to medium climate risk. The primary climate risks identified are drought, wind, fire, and heat waves, with heightened risks occurring during the seasonal operation period (April-September). Mitigation measures include compliance with regulations, regular technical supervision of green areas and facilities, fire prevention through maintenance and staff training, and close cooperation with local and national authorities for emergency planning and firefighting exercises.

Hotels in Germany, Hungary, and Serbia, as well as the Group's resort in Austria, fall into low-risk climate zones and implement regular maintenance, control measures, and educational initiatives to address potential risks.

E1-ESRS 2 IRO-1

DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

PROCESS FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED IMPACTS, RISKS, AND OPPORTUNITIES

The Company employs a structured approach to identify and assess climate-related impacts, risks, and opportunities, integrating the guidelines of the GHG Protocol, the Global Reporting Initiative, and other established methodologies. As part of the process of preparing the transition plan in 2025, the process of identifying and assessing climate-related IROs will also be included. The process is outlined below:

(a) Impacts on Climate Change, Particularly GHG Emissions

METHODOLOGICAL FRAMEWORK:

→ The Group measures and manages GHG emissions in accordance with the GHG Protocol Corporate Standard, encompassing Scopes 1, 2, and 3.

→ The seven greenhouse gases covered under the Kyoto Protocol are included in the reporting, expressed as CO2-equivalents (CO2e).

DATA COLLECTION AND CALCULATION:

- Emissions data is collected from internal systems, financial records, supplier invoices, and other relevant sources.
- For Scope 1 (direct emissions), Scope 2 (indirect emissions from energy), and Scope 3 (value chain emissions), calculations are based on actual consumption where possible, and estimations are made using financial tracking data when necessary.
- Emissions factors are derived from reputable sources such as the UK Department for Environment, Food & Rural Affairs and the German Environment Agency.

EXTERNAL VALIDATION:

- Sustainability indicators and disclosures are verified with the assistance of external partner Code Gaia GmbH.

INTEGRATION AND CONTINUOUS IMPROVEMENT

The Group ensures continuous monitoring, updating, and adaptation of its processes to reflect business changes and regulatory developments. The Sustainability Roadmap serves as a foundation for tracking and reporting on these assessments, with ongoing input from industry standards and external validation partners. This structured process ensures a comprehensive understanding of climate-related impacts, risks, and opportunities, aligning the company's operations with sustainability objectives and long-term resilience.

E1-2

POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The Group does not yet have dedicated policies addressing climate change mitigation, adaptation, and energy efficiency. However, the Group plans to develop a transition plan in 2025, which will serve as the foundation for future climate-related policies.

The Group has adopted the Sustainability Roadmap, in which areas, goals and time frames for the realisation of Sustainability goals are determined. Within the environmental impact, areas with goals to be achieved by 2030 and 2050 are defined.

Net zero carbon by 2040

CLIMATE ACTION:	
Reduce Scope 1 Direct Emissions of carbon intensity 50%	2030
Reduce Scope 2 indirect Emissions of carbon intensity 50%	2030
ENERGY CONSERVATION	
Reduce Electricity Consumption by 30%	2030
Renewable Electricity Sourcing 100%	2025
Produce Renewable -Solar Implementation 20% mix	2030
WASTE MANAGEMENT	
Reduce Waste Intensity by 30%	2030
Eliminate Single use plastic 100%	2025
WATER MANAGEMENT:	
Reduce Water Consumption-withdrawal by 30%	2030

The Group has been monitoring its GHG emissions since 2018 and shows its progress in its Annual Reports (see Annual Report 2023, Performance tracking, page 117) to enable its users to report as transparently as possible. To achieve the highest possible quality of management during the performance of its activities with the aim of achieving defined targets, the Group has adopted a series of procedures (SOP) for the management, monitoring and control of energy consumption within its operations, and has defined OPEX and CAPEX on an annual level with implementation dynamics. This is accompanied by a sustainable procurement policy. Individuals responsible for the proper application and implementation of processes are also described and defined in the mentioned processes. Continuous cooperation of individual departments within the Group was established to achieve the goals outlined through continuous communication. Training is continuously conducted, including training in the field of occupational safety and health protection, which are also a legal obligation of the employer. During these previous periods, the Group undertook actions to reduce electricity consumption (energy-saving light bulbs, transition to alternative energy sources) And undertook initiatives aimed at increasing energy efficiencies when refurbishing properties. In Croatia, solar panels have been installed at the Grand Hotel Brioni and the Park Plaza Arena, which have just passed the test phase of operation and will be operational in 2025. For the other two properties, Park Plaza Verudela and Central Laundry, the process of obtaining the necessary permits is ongoing.

The Group continues to undertake life cycle assessments across all its properties regarding water consumption to drive a reduction in consumption while maintaining the quality of service (replacing existing fixtures with water-saving alternatives, reducing the flow of water). It also used two desalinisation plants (Pula and Medulin) in 2024 to reduce drinking water consumption for watering green areas.

The production of waste is continuously monitored in accordance with the procedures in each facility by category. There are prescribed procedures for waste reduction in individual departments, and employee training is carried out in relation to waste classification and reduction. It is carried out in cooperation with the procurement department analysis and selection of food, packaging and suppliers with the aim of reducing waste. To reduce waste, the Group introduced two food recycling machines in 2023 (Park Plaza Histria Pula) and intends to continue searching for new technologies and solutions that can be successfully implemented in other business divisions.

Since the Group is obliged to create a new transition plan document in 2025 in accordance with ESRS guidelines, it will contain annual actions and goals, based on which policies related to climate change mitigation and adaptation will be created, and will replace existing procedures. The mentioned policies will be revised and updated every year, or every five years, in accordance with individual goals.

E1-3

ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

In Croatia, renewable electricity generation is advancing with photovoltaic panels being installed at four sites. Two locations, Park Plaza Arena Pula and Grand Hotel Brioni Pula, are already equipped with panels and are in trial operation in collaboration with the national distributor. The remaining two sites are scheduled for installation in 2025. All locations will be live in 2025.

Financial resources in relation to climate change policies (related to actions described, Capex/Opex monetary values)

	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
Allocated Capex in current period	115.043,16	57.985,94
Allocated Opex in current period		
Future allocated Capex		
Future allocated Opex		

Financial resources in relation to climate change policies

E1-4

TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

As already described under E1-1, the company currently does not have a Transition Plan, the creation of which will be realized in 2025. By creating that plan, the targets that the company set for itself in 2019 (see under E1-2) will be revised in such a way that the results published in this report for Scope 1, 2 and 3 emissions will be taken as initial parameters, i.e. 2024 will be the base year.

The mentioned plan will have defined new targets, implementation policies, measurements and achievements. With this, the company will continue its previous policy, which was strongly focused on reducing emissions in Scope 1, 2 and 3, which it has shown through a special section within its Sustainability report called Performance tracking (see Annual Report 2023, page 117).

In the past period, it made the transition to renewable energy sources, introduced energy-saving light bulbs, taps, showers, implemented the introduction of solar panels at four locations, which will partially show their results already in 2025.

E1-5

ENERGY CONSUMPTION AND MIX

Total energy consumption

ENERGY CONSUMPTION AND MIX	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
Total fossil energy consumption (MWh)	8437,20	8983,87
Share of fossil sources in total energy consumption (%)	19,64	19,36
Consumption from nuclear sources (MWh)	--	--
Share of consumption from nuclear sources in total energy consumption (%)	--	--
Fuel consumption for renewable sources (MWh)	--	--
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	34520,92	37421,26
Consumption of self-generated non-fuel renewable energy (MWh)	--	--
Total renewable energy consumption (MWh)	15801,68	36725,01
Share of renewable sources in total energy consumption (%)	36,78	79,14
Total energy consumption (MWh)	42958,12	46405,14

Total energy consumption

Energy consumption from fossil sources

ENERGY CONSUMPTION AND MIX	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
Fuel consumption from coal and coal products (MWh)	--	--
Fuel consumption from crude oil and petroleum products (MWh)	1306,44	1626,31
Fuel consumption from natural gas (MWh)	6905,45	7162,77
Fuel consumption from other fossil sources (MWh)	225,29	194,78
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	8.437,20	8.983,87

Energy consumption from fossil sources

Energy intensity

ENERGY CONSUMPTION AND MIX	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)	% N / (N-1)
Year	2023	2024	
Energy intensity per net revenue (MWh / Monetary unit)	1,4116	1,2366	-12,00%

Energy intensity

HIGH CLIMATE IMPACT SECTORS

High climate impact sectors are those listed in NACE Sections A to H and Section L (as defined in Commission Delegated Regulation (EU) 2022/1288).

The high-climate impact sectors are determined at the NACE code activity level linked to the Groups own operations and not by the Groups ESRS sectors. For 2024 these are:

F – Construction

L - Real estate activities

These two sectors are detailed in the KPI Opex & Capex tables, where, in addition to compliance with the EU taxonomy, financial indicators of maintenance costs, i.e. investments, and % share in the total cost/investment are shown.

RECONCILIATION OF THE NET REVENUE AMOUNT

To calculate energy intensity, total energy consumption (MWh) from the above table is divided by the net revenue from activities in high-climate-impact sectors. Net revenue from HCI is calculated as: Total Revenue (refer to Note 17: Revenues, page 228) - Direct Operating Costs (refer to Note 18: Operating Expenses, page 229)." The intensity hase decreased by 12% compared to year 2023.

E1-6

GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

	BASE YEAR 2024	COMPARATIVE YEAR (N-1 2023)	CURRENT REPORTING YEAR (N) 2024	% N / N-1	2025	2030	2050	ANNUAL % TARGET / BASE YEAR
Gross Scope 1 GHG emissions (tCO2eq)	2.419,42	1.880,80	2.419,42	29%				
% of Scope 1 GHG emissions from regulated emission trading schemes	--	--	--					
Gross location-based Scope 2 GHG emissions (tCO2eq)	8.458,03	7.696,99	8.458,03	10%				
Gross market-based Scope 2 GHG emissions (tCO2eq)	1.295,96	3.300,29	1.295,96	-61%				
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	18.052,98	16.730,14	18.052,98	7%				
1 Purchased goods and services	14.060,84	11.162,23	14.060,84	25%				
Optional: Cloud computing and data centre services		--	--					
2 Capital goods	793,48	3.166,58	793,48	-75%				
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	2.427,67	1.592,58	2.427,67	52%				
4 Upstream transportation and distribution	13,36	12,13	13,36	10%				
5 Waste generated in operations	142,06	98,71	142,06	44%				
6 Business traveling	348,69	424,82	348,69	-18%				
7 Employee commuting	272,13	273,09	272,13	--				
8 Upstream leased assets								
9 Downstream transportation								
10 Processing of sold products								
11 Use of sold products								
12 End-of-life treatment of sold products								
13 Downstream leased assets								
14 Franchises								
15 Investments								
Total GHG emissions (location-based) (tCO2eq)	28.930,43	26.307,93	28.930,43	10%				
Total GHG emissions (market-based) (tCO2eq)	21.768,36	21.911,23	21.768,36	-1%				

Gross scopes 1,2,3 and total GHG emissions

Significant changes in the scope of the undertaking and the value chain

We do not anticipate any significant changes in the Group's reporting of GHG emissions pertaining to its value chain both upstream and downstream, and the report is comparable in terms of GHG emission reporting.

Contextual information on Gross Scopes 1, 2, 3 and Total GHG emissions

In our efforts to improve data quality and the total scope of our emissions, we expanded our scope 3 reporting to include a new category -Empoyee commuting, and in the Purchased Goods and Services category, we switched from spend-based data to volume based procurement data. We restated the 2023 figure, compared to this two categories. No downstream data included as not relevant for business model.

Scope 1 emissions increased by 29% compared to the previous year. This rise was primarily driven by our investment in upgrading campsites, which now operate year-round and support higher levels of business activity. As well as due to increased business activity and realignment of more granular data which resulted in moving from Scope 3 to Scope 1 emissions.

Scope 2 (market-based) emissions decreased as Croatia fully transitioned to renewable energy sources, resulting in a reduction in our carbon footprint from electricity consumption.

Scope 3 emissions increased by 7%, mainly due to the introduction of a new category, employee commuting. Additionally, we implemented a more detailed reporting approach and switched to a new calculation method for purchased goods and services, moving from a spend-based to a volume-based methodology. We also saw an increase in waste generation in our operations, attributed to a higher number of guests. A notable reduction was seen in Capital Goods emissions, as the major investment cycle was completed.

GHG emissions intensity

	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)	% N / (N-1)
Total GHG emissions (location-based) per net revenue (tCO2eq/ Monetary unit)	0,00021	0,00020	-0,05
Total GHG emissions (market-based) per net revenue (tCO2eq/ Monetary unit)	0,00017	0,00015	-0,12

Reconciliation of the net revenue amounts

The net revenue amounts are referenced on page 188, within the Consolidated Income Statement and in Note 17 Revenues.

E1-8

INTERNAL CARBON PRICING

The Group does not apply internal carbon pricing.

E2 POLLUTION

E2 ESRS 2-IRO-1

The tools, including methodology used for assessment of all IROs, irrespective of topic, were the same tools used to ensure that this topic's matters were not overlooked. In some specific cases the assessment of the scale and scope of impact has been informed by geospatial tools which provide information about the value (protection level) and extent of pollution-sensitive geographic features that might be near to (and therefore potentially impacted by) our operating assets.

No specific engagement or consultations regarding pollution IROs was carried out. It was considered that all necessary information

required to assess the severity of impacts and to understand risks and opportunities that were identified in relation to this topic was available without the need for such engagement.
As a result, this topic was considered immaterial in the double materiality process.

E3 WATER AND MARINE RESOURCES

E3 ESRS 2 -IRO-1

The materiality assessment methodology did not make use of specific or special variations for matters that explicitly relate to the water and marine resources topic. The consideration of assets and activities which informed the identification and assessment of all IROs took account of sustainability matters which relate to water and marine resources as and when such matters were considered relevant. Although some of the Group's properties are located in the coastal area of the city of Pula and the municipality of Medulin, no material IROs (upstream and downstream value chain) have been identified that would specifically impact marine resources.
The tools which were used for the assessment of all IROs for all other topics were the same tools used to ensure that this topic's specific matters were not overlooked. In some specific cases the assessment of the scale and scope of impact has been informed by geospatial tools which provide information about the value (protection level) and extent of pollution-sensitive geographic features which might be near to (and therefore potentially impacted by) our operating assets, particularly those in Pula, Croatia.
No specific engagement or consultations regarding IROs was carried out. It was considered that all necessary information required to assess the severity of impact and to understand risks and opportunities which were identified in relation to the water and marine resources topic was available without the need for such engagement.

Impact, risk and opportunity management

E3-1

POLICIES RELATED TO WATER AND MARINE RESOURCES

According to the Water risk atlas **bit.ly/4aRAki6** we have determined that the regions of Croatia, Austria, Serbia and Hungary where we have accommodation facilities are not in the high stress water area. In Germany, the Berlin and Nuremberg regions are located in high stress water area. Elsewhere in Germany, Cologne does not belong to the high stress water area.

The Ministry of Economy of the Republic of Croatia published in the Official Gazette No. 84/2023 on 22/07/2023 the document The Water Area Management Plan until 2027.
The content of this complex and comprehensive document starts from the framework for water management (territorial, administrative, legal, planning, socio-economic) where, through the natural characteristics of all types of water, the current conditions, climate change and climate change adaptation strategies for the period up to 2040 with a view to 2070 are presented through the ecological framework. Various tables and maps show the management of the state of water; water load due to human activities, load according to drivers/sources of load by industry (Tourism and recreation see p.181); management objectives; economic analysis; program of measures; additional and supplementary measures; a special chapter refers to flood risk management.
The plan is available at:
https://bit.ly/3QdfgsM
Our business operates in the territory of the City of Pula and the Municipality of Medulin, which in the above plan are in the Adriatic Water Area (JVP) zone. Our facilities are located within the Natura 2000 protected area. The listed areas are not characterised as stress areas. We do not operate in areas that are high water stress – research.

Areas of high-water stress
Berlin and Nuremberg are in the high stress water area zones, according to the Water risk atlas.
To minimise the impact of any water stress risks, the Company aligns its operations with relevant local regulation in water supply management (Wasserhaushaltsgesetzt, Verordnung zum Schutz des Grundwassers, Verordnung über die Anforderungen an das Einleiten von Abwasser, Verordnung über die Qualität von Wasser für den menschlichen Gebrauch).
In addition, within its regular property investment and maintenance lifecycle process, water consuming equipment is implemented and based on shower heads, washbasin mixers, toilets and rain shower pipes with a minimum consumption level: 6 litres per minute for shower heads and washbasin mixers, 4 litres per flush in toilets and 9 litres per minute in case of rain shower pipes.
Continuous monitoring of water consumption on property level is set up, via a dedicated software. Any unusual volatility in water consumption on hotel level is immediately identified and addressed by maintenance teams to ensure minimum waste of water, which might occur due to short term maintenance issues.

E3-2

ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES

The Group has implemented another water desalinisation plant which contributes to the reduction of fresh potable water usage for environment and green area maintenance.

Financial resources related to water and marine resources

	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
Allocated Capex in current period	767.200,00	--
Allocated Opex in current period		
Future allocated Capex		
Future allocated Opex		

Financial resources related to water and marine resources

Metrics and targets

E3-3

TARGETS RELATED TO WATER AND MARINE RESOURCES

The Group has water consumption targets linked to metric, which is driven by the customer usage i.e. guests. The Group measures water withdrawal in metric tonnes per guests served in the organisation.

The Group has undertaken numerous steps to reduce water consumption where practically possible by introducing better technology and products which dispense fresh water at a reduced rate. In accordance with the goal of reducing water consumption, the company invests in energy-saving equipment, installs controls (increasing OPEX/CAPEX), aligns its processes with Sustainability standards. Consumption of water and water resources is part of the procurement and sales process of providing quality service to the end user. (upstream & downstream).

E3-4

WATER CONSUMPTION

	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
Water consumption (m^3)	511344	528447
Water consumption in areas at water risk (m^3)	34469	34624
Recycled and reused water (m^3)	--	--
Stored water (m^3)	--	--
Change in storage (m^3)	--	--

Water consumption

Contextual information on water consumption

Water consumption in the hospitality industry is directly related to the number of guests.
As part of our Responsible Business Programme, dedicated teams work to reduce our carbon footprint, conserve water, and manage waste more effectively. All our properties are connected to local municipal water systems, ensuring adequate flow and pressure. We have implemented a centralized water monitoring system that provides hourly data on water consumption and pressure, alerting us to any irregularities. This allows us to promptly detect and repair leaks, preventing unnecessary water waste and guest inconvenience. For landscape irrigation, we utilize reverse osmosis systems to convert seawater into irrigation water.
Recognizing the global challenges of water scarcity, pollution, and climate change, we prioritize responsible water use both within our operations and throughout our supply chain. By doing so, we help protect aquatic ecosystems and promote biodiversity.
The Group ensures that all wastewater collected on-site is directed to municipal wastewater infrastructure, including sewage and stormwater drainage. We do not discharge used water directly into the environment, nor do we produce significant air pollutants or engage in the manufacturing or transformation of chemical substances as part of our business operations.

Water intensity

	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
Water intensity (m^3 / million EUR)	0,0040	0,0037

Water intensity

E4 BIODIVERSITY AND ECOSYSTEMS

ESRS E4-IRO-1

Through its operations, the Group has no direct significant impact on biodiversity and the ecosystem. Since part of its hotels in the area of Pula and Medulin (Croatia) as part of the west Istrian Coast are located in the Natura 2000 area, the Company prepared two environmental impact studies in 2024 regarding the implementation of the desalination plant, which confirmed the immateriality of this impact. The results of the study were subject to detailed analysis within the double materiality process.

E5 RESOURCE USE AND CIRCULAR ECONOMY

ESRS E5-IRO-1

The tools which were used for the assessment of all IROs, irrespective of topic were the same tools used to ensure that this topic's matters were not overlooked. For more information about the Group's materiality assessment methodology, see ESRS 2 IRO 1. Stakeholders were engaged regarding resource use and circular economy IROs, more precisely generation of waste.

E5-1

POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

The Company's waste management policy focuses on addressing the generation of waste that requires treatment, which in turn creates pressure on treatment systems. The policy applies across all Company activities and locations, including upstream and downstream value chains, with employees and suppliers as key stakeholders. A dedicated manager is responsible for implementing the policy, which includes waste categorisation, contracting suppliers for recycling, repurposing, and hazardous waste disposal, as well as analysing opportunities for new technologies. Employee training and supervision ensure adherence to the policy, which is aligned with relevant national institutions.

E5-2

ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

The Group's waste management strategy focuses on reducing waste, recycling, and diverting materials from landfill in line with circular economy principles. In Germany, waste is sent to energy recovery through incineration, while in Croatia, waste from our 20 properties is centrally managed, registered, segregated, and largely recycled via certified providers.
We have introduced food recycling machines (Park Plaza Histria Pula) to convert food waste into compost, complementing kitchen standards aimed at daily food waste reduction.
For years, we have implemented waste sorting policies to minimise landfill disposal, partnering with local companies like "Herculanea" d.o.o. and "Med Eko Servis" d.o.o. Mixed waste is sent to ŽCGO Kaštijun, where mechanical-biological processing maximises material and energy recovery, with only 9% of waste ending in landfill. ŽCGO Kaštijun, founded in 2007, holds ISO 9001 and ISO 14001 certifications (details at www.kastijun.hr.
To reduce resource use, the Group is minimising use of plastics and replacing them with recyclable alternatives where possible, reinforcing its commitment to environmental sustainability.

E5-5
WASTE

Waste amounts

	TOTAL - COMPARATIVE YEAR (N-1)	TOTAL - CURRENT REPORTING YEAR (N)	HAZARDOUS WASTE - COMPARATIVE YEAR (N-1)	HAZARDOUS WASTE - CURRENT REPORTING YEAR (N)	NON-HAZARDOUS WASTE - COMPARATIVE YEAR (N-1)	NON-HAZARDOUS WASTE - CURRENT REPORTING YEAR (N)
Year	2023	2024	2023	2024	2023	2024
1.Total amount of waste generated (t)	2306,91	2544,2	6,01	4,06	2300,9	2510,34
2.Total amount of waste diverted from disposal (t)	528,33	613	3,26	3,18	525,07	609,82
a) Amount of waste - preparation for reuse (t)						
b) Amount of waste - recycling (t)	525,07	609,82			525,07	609,82
c) Amount of waste - other recovery operations (t)	3,26	3,18	3,26	3,18	0	0
3.Total amount of waste directed to disposal (t)	1778,58	1931,2	2,75	0,88	1775,83	1930,32
d) Amount of waste - incineration (t)	5,39	11,44	1,32	0,88	4,07	10,56
e) Amount of waste - landfill (t)	269,74	307,77	1,43		268,31	307,77
f) Amount of waste - other disposal operations (t)	1503,45	1611,99			1503,45	1611,99
4.Percentage of non-recycled waste (%)	22,76%	23,97%			22,82%	24,29%

Waste amounts in t

Composition of the waste

In alignment with national waste regulations and our commitment to sustainable waste management, our hospitality operations generate and manage various waste streams.

The primary waste categories include packaging materials such as paper and cardboard, plastic, metal, mixed, and glass packaging, along with specialized waste like packaging of dangerous substances.

Additionally, we handle chemical waste, including discarded inorganic chemicals, non-listed chemicals, and detergents. Hazardous waste streams include alkaline batteries, fluorescent bulbs with mercury, and refrigerating equipment.

Our operational processes also generate organic waste, including biowaste from kitchens, edible oils, and washing sludge from laundry services.

Other significant waste streams include municipal waste, bulky waste, textiles, wood, plastic, glass, and electric/electronic equipment.

To ensure regulatory compliance and environmental responsibility, we implement waste separation, responsible disposal, and recycling measures in accordance with national guidelines.

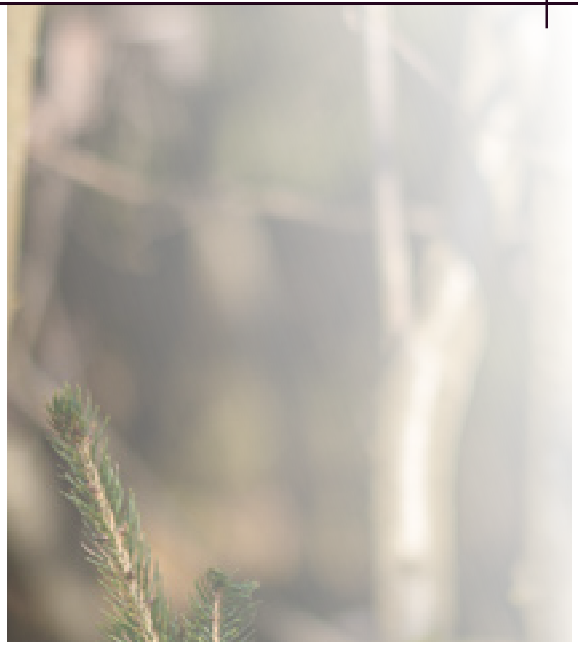
Serbia, as a region outside the EU, does not apply EU standards for waste management and recycling. In line with the Group's policies, an education initiative and an effort to separate and manage specific waste categories were launched in 2024. Significant progress is expected to be achieved in 2025.

Hazardous and radioactive waste

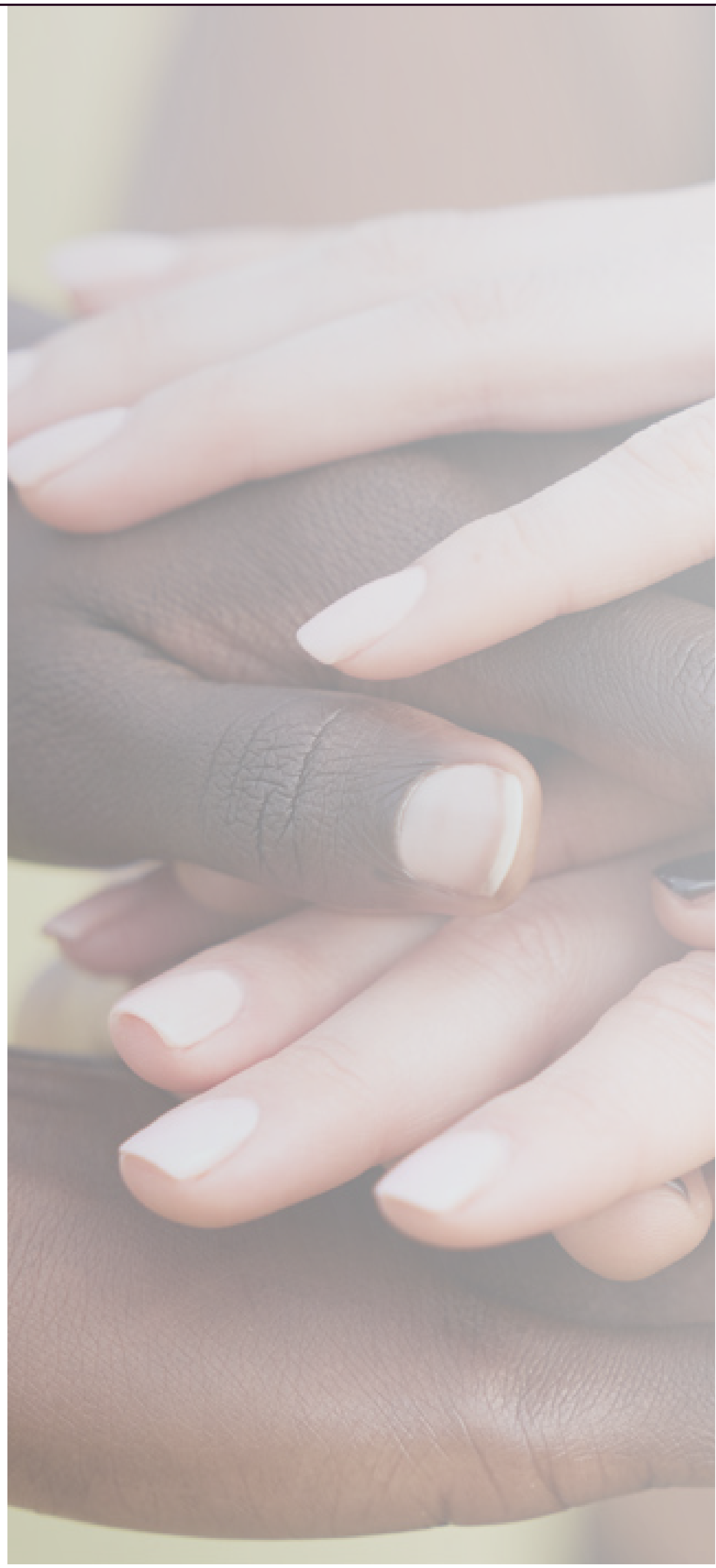
	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
Total amount of hazardous waste (t)	6,01	4,06
Total amount of radioactive waste (t)	--	--

Hazardous and radioactive waste

At the national level, specific waste categories are designated as hazardous and the amounts stated in the table above derive from these categories. These materials require careful handling, storage, and disposal in compliance with regulatory requirements. We regularly report our hazardous waste data to the relevant Ministry, which monitors our environmental impact through its regulatory instruments. Our approach prioritizes safe waste management practices to minimize environmental risks and ensure full regulatory compliance.



Social information



S1 OWN WORKFORCE

S1-ESRS 2 SBM-2

INTERESTS AND VIEWS OF STAKEHOLDERS-OWN WORKFORCE

The Company considers its workforce a key stakeholder group. All employees' rights are guaranteed by national Labour law, which contains the main determinants of international conventions on the protection of human rights and dignity of workers. Also, all rights are guaranteed by the Collective Bargaining Agreement, which is the subject of continuous dialogue between the Company and its employees. A new contract with additional benefits was concluded in 2024.

The Company conducts an annual employee engagement survey across all employment types (permanent, temporary, full time, part time, non-employees - temporary agency workers). The survey covers various areas from working environment, leadership, wellbeing, etc. with the opportunity for each employee to share their suggestions and visions. After analysing the survey results, proposals for action plans are collected, based on which the Group's management makes decisions and updates its strategies. In 2024 the survey methodology was amended to focus on groups of employees such as permanent, seasonal and foreign workers to be able to secure more meaningful feedback and evolve our employee wellbeing strategy.

The annual engagement survey gathered employee perspectives on impacts identified during the double materiality analysis and highlighted potential new impacts. Key focus areas were development and growth, wellbeing, and recognition and support:

1. Development and growth: Action plans are in place to communicate training opportunities via multiple platforms, fostering awareness of learning options. Regular development conversations are integral, enabling employees to discuss growth needs and career aspirations for continuous personal and professional advancement.

2. Wellbeing: Accessible wellbeing support services are consistently communicated. During busy periods, additional support measures, such as extra breaks and mindfulness workshops, help maintain a healthy work-life balance.

3. Recognition and support: Managers hold frequent check-ins to foster open dialogue and gather feedback. Regular recognition of great performance promotes a culture of appreciation and continuous improvement.

Impact, risk and opportunity management

S1-1

POLICIES RELATED TO OWN WORKFORCE

The Company has implemented policies to ensure fair treatment, wellbeing and development of all Group employees.

In addition to the Code of Conduct outlining, amongst others, the Company's inclusion and diversity principles, the provision of health, safety and wellbeing as well as adequate training, Group has a health and Safety Policy, as well as a human rights and labour standards policy in place. Freedom of employment, freedom of association and the right to collective bargaining, fair wages, prohibition of discrimination, safe working conditions and no excessive working hours are amongst main standards the Group upholds.

The Group adheres to high employee wellbeing standards and makes additional efforts in terms of providing employees with access to employee wellbeing workshops.

REFERENCE
These policies are publicly available on Arena's webpage at www.arenahospitalitygroup.com

S1-2

PROCESSES FOR ENGAGING WITH OWN WORKERS AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

The Group is committed to fostering transparent and constructive communication with its workforce. In line with local legal requirements, a Workers' Council has been established, which plays a key role in representing the interests of our employees. The Workers' Council is an essential part of our employee engagement process, providing a formal platform for employees to raise concerns, share feedback, and collaborate on matters that affect the workforce.

In addition to the Workers' Council, we also have an active union that works closely with the organisation to ensure that the rights and interests of employees are protected. The union is involved in discussions and negotiations on key matters such as working conditions, wages, and benefits, ensuring that employee perspectives are considered in decision-making processes.

To further engage with our workforce, we conduct annual employee engagement surveys. These surveys allow us to gather valuable insights into employee satisfaction, concerns, and suggestions for improvement. The feedback received through these surveys is carefully reviewed and informs our ongoing efforts to improve workplace conditions and address potential impacts on our employees.

Together, the Workers' Council, union, and regular engagement surveys enable us to maintain an open and responsive dialogue with our workforce, ensuring that their perspectives are incorporated into the decisions of the Management Board and activities that affect them.

S1-3

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

The Group, along with good working practice, strives to professionally and responsibly establish, monitor and manage all aspects of occupational health and safety in a timely manner to identify risks and hazards in the workplace.

Furthermore, by carrying out timely and continuous education of all our employees, carried out internally and in cooperation with authorised companies, we act preventively at all levels of business, while medical examinations for almost all groups and categories of employees ensure tracking of employees' health and preventive action on the health of employees.

The Group's management is responsible for establishing and promoting the health and safety policy to lower-level management, so there are individuals responsible for health and safety across the Group in addition to the professional team in the central office in compliance with legal requirements.

Arena Hospitality Group also maintains an occupational health and safety management system (OHSMS) and acts in compliance with legal requirements regarding the health and safety at work. This implemented system covers all workers who are our employees as well as those who are not employees but whose work and/or workplace is controlled by the organisation.

S1-4

TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

Actions in relation to the material impacts related to the own workforce

(a) Actions to Prevent or Mitigate Material Negative Impacts

Loss of worker Health and Safety due to any related incidents: Implementation of enhanced safety protocols, regular safety training programs, and mandatory reporting of incidents to reduce health and safety risks. All measures are implemented in accordance with national legislation and protocols of the profession through continuous education of the heads of individual departments. The company has an appointed Health & Safety Manager.

Maintenance of workforce equality via zero tolerance to all forms of discrimination. In accordance with UN global guidelines and national legislation, company has incorporated obligations to respect all human rights including avoiding all types of discrimination, which the company confirmed as its business principle and in the signing of the new collective agreement as well as the implementation in several of its policies that are publicly available on company's corporate website (Human Rights Policy, Children protection Policy , Code of Conduct, Whistleblowing Policy).

(b) Actions to Provide or Enable Remedy for Actual Material Impacts

Health and Safety Incidents: Deployment of immediate response teams to address incidents (internal procedure), alongside medical support and compensation schemes for affected employees. Follow-up investigations are conducted to prevent recurrence.

Discrimination Cases: The company has appointed two persons authorised to receive and resolve complaints related to the protection of the dignity of workers who act in accordance with internal procedures and national legislation.

(c) Additional Actions for Positive Impacts on Workforce

Gender Equality: In 2024, the Company signed a new collective agreement in Croatia, which continues to apply national laws that provide for respect for equality - direct and indirect discrimination based on race or ethnicity or skin colour, gender, language, religion, political and other beliefs, national or social origin, property status, membership in a trade union, education, social position, marital or family status, age, health condition, disability, genetic heritage, gender identity, expression or sexual orientation is prohibited. The Group applies this practice in all regions where it operates.

Investment in Employee Skills and Knowledge: Comprehensive learning and development programs (internal and external), including upskilling initiatives, and career progression pathways tailored to individual employee growth.

(d) Tracking and Assessing Effectiveness of Actions

Health and Safety: Continuous monitoring of incident rates and safety compliance and periodic third-party audits.

Diversity and Inclusion: Regular annual assessments through employee surveys conducted by the third party.

Skill Investment: Metrics on employee participation in training, certifications achieved, and internal promotion rates are tracked to evaluate program impact.

Mitigating Material Risks

System Downtime: Train employees on handling disruptions and provide IT support. Track productivity impact and resolution times.

Data Leaks: Enforce strict access controls and provide regular security training. Track incidents and training effectiveness.

Pursuing Material Opportunities: Engage employees in improving systems and data security. Offer professional development in IT and cybersecurity. Track engagement through surveys and implementation of employee-driven ideas.

Overall Effectiveness: Annual reviews by cross-functional teams to consolidate findings and recommend improvements (action plans).

PROCESSES TO IDENTIFY THE NEEDED AND APPROPRIATE ACTIONS

In accordance with the national legislation related to safety measures at work, an assessment of work hazards is carried out in certain places (by a third party), certain parts of the process are determined in which additional protection of the workplace or training of workers is required. For individual occupations, annual checks of employees' ability to work and professional development, or exams, are carried out (Occupational Safety and Health Act 71/14 and Regulations on Risk Assessment).

Actions in relation to material risks and opportunities

Negative impacts from the own practices

To ensure that our practices do not cause or contribute to material negative impacts on the workforce, we have implemented the following measures:

1. Health and Safety:
- Comprehensive risk assessments are conducted across all operational areas to identify potential hazards proactively.
- Strict adherence to safety standards is ensured through regular audits, employee training, and enforcement of corrective actions when deviations are identified.
- Requirement for contractors and procurement partners to comply with the same health and safety standards as internal teams.

2. Non-Discrimination and Inclusion:
- Policies are in place to uphold zero tolerance for all forms of discrimination. This includes monitoring recruitment, promotion, and daily workplace practices to ensure equitable treatment.
- Mechanisms for anonymous reporting of discriminatory practices are accessible to all employees, ensuring timely resolution.

3. Gender Equality:
- Recruitment and promotion strategies prioritise gender diversity, particularly in leadership roles. These efforts are monitored and adjusted regularly to align with organisational goals and societal expectations.
- Employee data collection is governed by strict ethical standards, ensuring privacy and unbiased analysis.

4. Employee skill development:

- Investments in training and development are distributed equitably, ensuring that business objectives do not override opportunities for employee growth.
- Procurement practices ensure that external training providers align with the organisation's ethical and inclusivity standards.

MANAGING TENSIONS BETWEEN IMPACT PREVENTION AND BUSINESS PRESSURES

When tensions arise between mitigating negative impacts and meeting business objectives, we prioritise the long-term well-being of the workforce. Decision-making frameworks incorporate ethical considerations and impact assessments, ensuring business pressures do not compromise employee safety or equity. These practices reflect our commitment to maintaining a responsible and sustainable approach to workforce management.

Resources for the management of material impacts

The organisation employs a multi-faceted approach to manage the material impacts of working conditions. Internal functions, such as health and safety, HR, and legal teams, are integral to implementing actions that align with organisational goals and regulatory requirements. The focus on targeted training, policy enforcement, and resource investment ensures continuous improvement in addressing these impacts.

METRICS AND TARGETS

S1-5

TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

Loss of worker health and safety due to any related incidents- the long-term goal is to achieve the lowest number of health and safety related incidents. We try to achieve this through health and safety-dedicated team, training programs, safety audits using incident reporting systems, investigating incidents, and implementing preventive measures.

Maintenance of workforce equality via zero tolerance to all forms of discrimination- The long-term goal of the Group is to achieve the lowest number of incidents by implementing key measures. These include providing employees access to grievance mechanisms and legal support, ensuring compliance with anti-discrimination laws through the legal team, and establishing clear reporting channels and remediation processes. Additionally, systemic inequities are monitored and addressed through regular policy reviews to foster a fair and inclusive workplace. Increased cooperation between HR and senior leadership to maintain a culture of inclusivity. A new function was created within the HR department to support overseas seasonal workers who come to Croatia by helping them with language and administrative barriers.

Protection of gender equality due to representation of women at all commercial levels - The Company in previous periods had an employee gender distribution slightly in favour of the female gender (51,92% in 2023 and 50,31% in 2024). The goal is to maintain an optimal balance of represented genders in future periods. The HR teams oversee the recruitment and retention strategies with a view to improving gender balance, including creating and enforcing family-friendly workplace policies, such as flexible work arrangements and parental leave.

Increase in employee skill and knowledge – The Group provides access to digital platforms for continuous learning and professional development as well as allocation of time for employees to attend training and upskilling programs. The Company's HR team designs and implements skill-enhancement initiatives in consultation with department managers and leads on identify individual training needs. Offering tuition reimbursement or sponsorship for advanced education programs.

New annual targets will be defined within the scope of the new transition plan to be developed in 2025. In addition to the legal obligation to create a transition plan, there is a need to adapt to the new requirements of the labour market related to the import of labour, changes in the structure of professional training, the need for the inclusion of foreign workers in the local community while harmonising with the needs of the local community and the local workforce was identified.

Target setting process

The Group conducts an annual employee engagement survey to assess satisfaction, needs, and suggestions related to the work environment, processes, leadership, career advancement, and training. Based on the responses, teams and departments create action plans, which are submitted to HR for analysis and used to guide future decisions.

S1-6

CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

Total number of employees by gender

GENDER	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Male	567	568
Female	614	576
Other	1	1
Not reported		
Total employees	1182	1145

Total number of employees by gender

Total number of employees by country
This data can be found in SBM-1 page 68.

Total numbers of employees by contract type and gender

	FEMALE - COMPARATIVE YEAR 2023	FEMALE - CURRENT REPORTING YEAR 2024	MALE - COMPARATIVE YEAR 2023	MALE - CURRENT REPORTING YEAR 2024	OTHER - COMPARATIVE YEAR 2023	OTHER - CURRENT REPORTING YEAR 2024
No. of employees	614	576	567	568	1	1
No. of permanent employees	450	453	419	427	1	1
No. of temporary employees	164	123	148	141	0	0
No. of non-guaranteed hours employees	14	10	10	9	1	1
No. of full-time employees	447	412	429	424	0	0
No. of part-time employees	5	6	3	2	0	0

Total numbers of employees by contract type and gender

Employee turnover

	TURNOVER RATE	
	2023	2024
Croatia	56%	45,23%
Germany	57,10%	43,20%
Hungary	73,20%	69,90%
Group Average	62,10%	52,78%

Total number of employees by gender

Contextual information on employee characteristics

All employee data is collected from internal HR systems, and the provisions of the GDPR are respected during data processing. The data is regularly updated to ensure accuracy and timeliness. We decided to use the number of employees to accurately represent the demographic categories of employee data, such as gender, country and type of contract. Full Time Equivalent ("FTE") can be confusing because it includes working hours, which are not relevant to demographic data. Therefore, for the demographic data the number of employees is the head count of employees regardless of full time or part time employee.

The data is collected at the end of the reporting period, and the reported data refers to employees as at December 31, 2024, due to significant fluctuations during the season.

In the financial reports, the number of employees is expressed as FTE. The difference between headcount and FTE results from the fact that some employees work part-time which can be lower than 40 hours per week. One FTE is defined as 40 hours per week.

Total numbers of employees by contract type and region

	FEMALE - COMPARATIVE YEAR 2023					FEMALE - CURRENT REPORTING YEAR 2024					MALE - COMPARATIVE YEAR 2023					MALE - CURRENT REPORTING YEAR 2024					OTHER - COMPARATIVE YEAR 2023					OTHER - CURRENT REPORTING YEAR 2024				
Country	G	H	C	A	S	G	H	C	A	S	G	H	C	A	S	G	H	C	A	S	G	H	C	A	S	G	H	C	A	S
No. of employees	141	21	413	24	15	131	27	365	30	23	109	26	408	15	9	125	17	373	34	19	1	0	0	0	0	1	0	0	0	0
No. of permanent employees	93	21	298	23	15	80	27	293	30	23	88	26	281	15	9	71	17	286	34	19	1	0	0	0	0	1	0	0	0	0
No. of temporary employees	48	0	115	1	0	51	0	72	0	0	21	0	127	0	0	54	0	87	0	0	0	0	0	0	0	0	0	0	0	0
No. of non-guaranteed hours employees	4	10	0	0	0	10	0	0	0	0	10	0	0	0	0	9	0	0	0	0	1	0	0	0	0	1	0	0	0	0
No. of full-time employees	0	0	408	24	15	0	0	359	30	23	0	0	405	15	9	0	0	371	34	19	0	0	0	0	0	0	0	0	0	0
No. of part-time employees	0	0	5	0	0	0	0	6	0	0	0	0	3	0	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0

LEGEND: G-Germany, H-Hungary, C-Croatia, A-Austria, S-Serbia

S1-8

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

COVERAGE RATE	COLLECTIVE BARGAINING COVERAGE - EMPLOYEES EEA	COLLECTIVE BARGAINING COVERAGE - EMPLOYEES NON-EEA	SOCIAL DIALOGUE - WORKPLACE REPRESENTATION (EEA ONLY)
0–19 %			
20–39 %			
40–59 %			
60–79 %	X		
80–100 %			X

Table for collective bargaining coverage and social dialogue

In Croatia, collective bargaining plays a key role in ensuring fair working conditions across the regions, approximately 80% of employees are covered by a collective bargaining agreement.

Employees not covered by this agreement are ensured fair treatment through alignment with industry standards. We also value social dialogue and maintain open communication channels, with employees represented by Worker's Council for regular consultations on employment matters.
In Austria, 100% of our employees in the hospitality sector are covered by a collective bargaining agreement.
In Germany, two hotels in the region (art'otel Cologne and Park Plaza Nuremberg) have a collective agreement, which at the level of the Group results in 69% of employees being covered by a collective agreement.
In Serbia, while we do not currently have a collective bargaining agreement, we comply with national labour laws. We place great importance on social dialogue and maintain open channels for addressing employee concerns, ensuring our employment practices remain competitive and fair by benchmarking against industry standards.

S1-9

DIVERSITY METRICS

Gender distribution at top management level

GENDER	NUMBER - COMPARATIVE YEAR (N-1)	NUMBER - CURRENT REPORTING YEAR (N)	PERCENTAGE - COMPARATIVE YEAR (N-1)	PERCENTAGE - CURRENT REPORTING YEAR (N-1)
Year	2023	2024	2023	2024
Male	102	112	55%	51%
Female	82	108	45%	49%
Diverse				

Gender distribution at top management level

Within the group, the Top management category by definition includes Executive members (Management Board & Supervisory Board) and Leadership (General Managers, Assistant GMs or Hotel Managers, Function heads).

Distribution of employees by age group

AGE GROUP	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
< 30 years old	261	234
30–50 years old	611	606
> 50 years old	310	305

Distribution of employees by age group

S1-10

ADEQUATE WAGES

In Croatia when speaking about employees within the entity Arena Hospitality Group d.d. we are committed to ensuring that all employees are compensated fairly and adequately according to their job position and level within the in-house collective agreement.
From January 2024, all minimum wage positions were promptly aligned with the national minimum wage changes, ensuring that our employees receive competitive compensation in line with the latest legal standards. We believe this is an important step toward supporting our workforce and maintaining a fair, equitable working environment.
For employees in other positions, wage increases were implemented following the successful conclusion of negotiations with their union in the second quarter of 2024. These adjustments reflect our ongoing commitment to maintaining competitive salaries, promoting employee satisfaction, and ensuring that compensation is always aligned with both market conditions and our collective bargaining agreements. Positions outside the collective agreement are all paid adequately.
The entity Ulika d.o.o., which operates art'otel Zagreb, is subject to the National Hospitality Agreement. All positions are paid in accordance.
In Austria, we adhere to the local collective agreement and labour laws, ensuring that all positions are paid adequately. Our compensation structure is designed to reflect the specific requirements of each job role, considering the relevant agreements and legal guidelines to ensure fairness and equity across all levels within the organisation.
Similarly, in Serbia, we ensure that all positions are paid in accordance with local labour laws, as well as industry benchmarks. This approach ensures that our employees are compensated competitively and in line with national standards, helping us attract and retain top talent while maintaining a fair and supportive work environment.
By adhering to these local regulations and industry standards, we foster a culture of fairness, respect, and equality, providing our employees with the confidence that they are valued and appropriately compensated for their contributions.

S1-13

TRAINING AND SKILLS DEVELOPMENT

The Group continuously invests in employee development through internal and external training programs tailored to their professional growth. In the reporting year, training sessions focused on workplace safety and health, Good Hygiene and Manufacturing Practices, HACCP, and the Food & Beverage department were conducted. Employees also participated in workshops and conferences on occupational safety, food and beverage, as well as ESG training at the Croatian Chamber of Commerce. Additionally, the second generation of ARENA Management Program graduates successfully completed their studies, conducted in collaboration with BHMS School in Switzerland, further strengthening leadership skills within the Group. Results from the annual employee engagement survey confirm that continuous learning is one of the most important aspects of their professional development. Therefore, the Group remains committed to proactively enhancing training initiatives.

S1-14

HEALTH AND SAFETY METRICS

	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
A: Percentage of own workforce covered by H&S Management system (%)	100%	100%
B: Percentage of own workforce covered by audited H&S Management system (%)	100%	100%
C: Number of fatalities (own workforce)	0	0
D: Number of fatalities (other workers working on the undertaking's sites)	0	0
E: Number of recordable work-related accidents	29	27
F: Rate of recordable work-related accidents	14,26%	14,39%
G: Number of cases of recordable work-related ill health, subject to legal restrictions on the collection of data (own employees);	0	0
H: Number of cases of recordable work-related ill health, subject to legal restrictions on the collection of data (non-employees)	NO (first year)	NO (first year)
I: Number of days lost (own employees)	NO (first year)	NO (first year)
J: Number of days lost (non-employees)	NO (first year)	NO (first year)

Total number of employees by gender

S1-16

COMPENSATION METRICS (PAY GAP AND TOTAL COMPENSATION)

Gender pay gap

	COMPARATIVE YEAR (N-2)	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year			2024
All employees			9,5%

Gender pay gap

Annual total remuneration ratio

	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
Annual total compensation ratio	1:36	1:35

Annual total remuneration ratio

Contextual information on the remuneration metrics

The reported ratio includes all employees, including members of the Management Board and seasonal employees. Given the size of the group, the total number of employees is large and the majority is present in the hospitality operations themselves, which results in a large disproportion in relation to the number of employed members of the Management Board (who traditionally have the highest salaries). This contributes to the fact that such large ratios occur with this method of mathematical calculation.

S1-17

INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

Incidents of discrimination

	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year		
Total number of incidents of discrimination	0	3
Number of complaints filed	0	3
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	0	0
Total amount of fines, penalties, and compensation for damages	0	0

Incidents of discrimination

Reconciliation of monetary amounts

No reconciliation of monetary amounts occurred in 2024.

Contextual information on incidents of discrimination

The Group received a total of three complaints filed in relation to alleged discrimination. The Company acted in accordance with the appropriate procedures and conducted inquiries. Following the completion of these procedures, all cases were closed, and no further proceedings were instigated that could lead to fines, penalties or compensation of damages.

Severe human rights incidents

	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
Number of severe human rights incidents	0	0
Number of severe human rights issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises	0	0
Total amount of fines, penalties and compensation	0	0
Number of severe human rights incidents - undertaking played a role securing remedy	0	0

Severe human rights incidents

S2 WORKERS IN THE VALUE CHAIN

S2-1

POLICIES RELATED TO VALUE CHAIN WORKERS

Value-chain workers represent a group of affected stakeholders who are not part of the Group's direct workforce. Through the DM process and surveys, it was determined that they do not pose a material impact or risk to the Group's operations. Before establishing a business relationship, each supplier and agency is required to review and acknowledge acceptance of the Group's business policies, including the Supply Policy and Policies of Social Responsibility, by completing the Supplier Application Form available on the corporate website. These resources are provided in both Croatian and English. All workers performing tasks within the Group who are not direct employees are entitled to the same rights and working conditions as the Group's employees.

S2-2

PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

During the DM process, no impacts, risks, or opportunities related to workers in the value chain were identified. Consequently, implementing a process for engaging with value chain workers and their representatives in 2024 was not considered essential. Additionally, these workers, like Arena Hospitality Group employees, are covered by national legislation and collective agreements, which ensure protections in areas such as occupational safety, working conditions, and equality. Through future stakeholder relations and analysis, the need for further assessment processes and evaluating the impact of value chain workers on the Company's operations will be explored.

S4 CONSUMERS AND END-USERS

S4-ESRS 2 SBM-2

INTERESTS AND VIEWS OF STAKEHOLDERS – END USERS

The Company has recognised guests as one of its key stakeholder groups. In this sense, guests are primary customers of the Company's hospitality services, including accommodation, food and beverage and leisure activities. Guests are increasingly making consumption decisions based on sustainability information. Therefore, data on achievements in the field of sustainability, including Green Key certificates, are available to guests on the Company's commercial websites, OTA's pages and within the accommodation facilities themselves. Policies and annual sustainability reports are available on corporate websites.

In this reporting year, we did not directly examine the opinions and viewpoints of guests, but instead we used their reviews on online reputation channels. In the next reporting year, it is planned to create direct contact with guests during their stay to obtain information.

S4-1

POLICIES RELATED TO CONSUMERS AND END-USERS

As disclosed under SMB-3, the Group has adopted different policies to manage material impacts. These policies are applicable to the entire Group and are not limited to any particular jurisdiction. They apply to all employees and relevant stakeholders and are available to all stakeholders through the Group's website under https://www.arenahospitalitygroup.com/en/esg/governance.

The Code of Conduct sets out the ethical principles and expectations that guides the Group's business conduct and outlines the expectation from everyone who works within the Group, including our directors and leadership to conduct themselves ethically, with integrity and transparency.

The Human Rights Policy defines the basic standards of human rights that the Group respects at all times and it expects its business partners to respect at all times.

The Group's Child Protection Policy relates to the common values, principles and beliefs in the area of child protection that the Group adheres to within the scope of its business activities, which are the same principles underlying the international child protection conventions. This Policy includes a set of practical rules of conduct and actions to be followed by all employees with regard to child protection matters.

The Group's Sustainability Policy promotes the Group's commitment to preserving natural resources by reusing and recycling, ensuring responsible use of energy and water throughout the properties as well as taking steps to improve environmental performance continually.

The Group's Health and Safety Policy outlines the Group's strict adherence safety regulations in all properties, ensuring compliance with international standards.

As disclosed under GOV-5, the Group has an extensive and comprehensive enterprise risk management (ERM) strategy and a risk governance framework.

The Anti-Bribery and Anti-Corruption Policy is adopted to define and establish mechanisms for recognising, preventing and combating corruption as socially unacceptable behaviour and to harmonise business processes accordingly.

In the supply chain due diligence, the Group ensures that suppliers adhere to ethical practices, including fair labour standards and environmentally friendly production methods.

S4-2

PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS

It should be noted that no material impacts were identified for this Topic, but only material Risks. Information regarding impact reduction or avoidance measures should be read in the context of the consumer and end-user risks that were identified. Namely:

1. Aggregated Sustainability-performance-related Reputational Risk,
2. Financial penalties associated with customer data privacy breach (customer data), and
3. The potential loss of revenues associated with System Downtime

As an international hospitality group, we are committed to ensuring our operations respect the rights and well-being of our guests and the communities we operate in. To achieve this, we have implemented industry standard processes for engaging with consumers and end users.

Our Code of Conduct and Human Rights Policies, amongst others, outline our commitment to addressing and mitigating potential adverse impacts on our guests and end users. Relevant policies are publicly available on our website, ensuring transparency and accessibility for all stakeholders.

Engagement with our guests and end users typically occurs directly through various stages of their interaction with us, i.e., pre-stay during the booking process, during stay through in property engagement and initiatives as well as post stay when surveys are conducted to collect feedback from guests on their experiences at our properties.

We maintain official communication channels, including customer service hotlines and dedicated email addresses, to receive and address guest concerns regarding their experiences and any potential negative impacts they may encounter.

The Marketing and Sales Director and Management Board member has operational responsibility for ensuring that consumer engagement processes are implemented effectively. This includes overseeing guest feedback systems, collaborating with operational teams to ensure timely responses and driving initiatives that encourage meaningful interaction with guests.

Feedback gathered through these processes is reviewed regularly to inform decision-making and drive improvements in our services and policies. By implementing these processes, we aim to foster trust and transparency while continuously improving our services to minimise negative impacts and promote positive outcomes for all stakeholders.

S4-3

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

Further to the ESRS S4-2 Disclosure on Processes for engaging with consumers and end- users about impacts, the Group has the following processes in place to provide for or cooperate in the remediation of negative impacts on end-users.

To address concerns, we provide confidential reporting mechanisms and treat grievances confidentially by upholding the rights to privacy and data protection, ensuring that end users feel safe in sharing feedback about potential adverse impacts.

A trained team of customer service and operations specialists ensures that complaints are handled promptly and professionally. They collaborate with relevant departments to investigate and resolve issues effectively.

When we identify that our operations have caused or contributed to a negative impact on consumers or end users, we take immediate and proportionate action to provide or contribute to remedy.

This typically involves (i) investigating the root cause of the impact through a dedicated resolution team, (ii) engaging directly with the affected individuals to understand their concerns and determine appropriate remediation measures, such as service recovery or compensation, and (iii) assessing the effectiveness of the remedy through follow-up assessments to ensure the resolution has adequately addressed the concern and prevented recurrence.

We have established several specific channels for consumers and end users to raise concerns, including:

(i) Internal Channels: direct in-property guest relations desks and dedicated customer service email addresses; and

(ii) Third-Party Mechanisms: we also participate in industry-recognised third-party review platforms where guests can share feedback, which we monitor and respond to actively.

These channels are promoted during pre-stay communications, in-property signage, and follow-up correspondence to ensure guest awareness.

We require our business partners, including third-party operators, to establish or participate in adequate consumer feedback mechanisms, as applicable. This is achieved through contractual obligations that ensure they adequate processes are implemented and aligned with our standards.

We assess guest awareness and trust in these structures through various review platforms and direct feedback during stays. When appropriate, we engage independent auditors or consultants to review our processes and ensure alignment with best practices.

Guest complaints and resolutions are tracked and analysed to identify trends and recurring issues, as well as to implement adequate policy reviews and operational adjustments where necessary to minimise future negative impacts.

Our Whistleblowing Policy and the Code of Conduct are in place to prevent retaliation against individuals using such processes.

S4-4

TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS

The risks identified during the DM process are ongoing in nature and are therefore subject to continuous monitoring, resulting in no incidents in previous periods.

To address these material risks, the Group must continue strengthening its IT infrastructure by implementing failover systems, real-time monitoring, and stress testing to minimise downtime. Since 2019, the Group has been systematically improving its IT systems. To ensure constant availability and system resilience, we invest in quality uninterrupted power supply and protection in case of power failure and quality backup. In 2025, the Group plans to formalise its policies related to business continuity.

In 2024, to further strengthen risk control processes and reduce potential vulnerabilities, the Company introduced a new business function, the Group Information Security Manager, thereby enhancing expertise within the Group.

Actions in relation to material risks and opportunities

REFERENCE S4-4 – SYSTEM RELATED RISKS

Details on material risks and opportunities can be found under the Risk management section of the Management Report in the 2024 Annual report pages 140-144.

Governance information

G1 BUSINESS CONDUCT

G1-ESRS 2 GOV-1

THE ROLE OF THE ADMINISTRATIVE, SUPERVISORY AND MANAGEMENT BODIES

REFERENCING G1
Information on the Groups governance structure and composition, including the Supervisory Board as the highest governance body, can be found on pages 153 - 157.

The Supervisory Board oversees the process of managing material impacts, risks and opportunities through its Sustainability and Audit Committee, whose members, particularly Chairs, have the necessary sustainability-related skills and expertise. The roles, skills and expertise of Sustainability Committee and Audit Committee members in relation to sustainability-related impacts, risks and opportunities have been outlined in section 64-65.
The Management Board consists of four members with experience in the international hospitality industry and is comprised of one female Management Board member out of four makes, or 25% representation. The Chief Financial Officer and Member of the Management Board have extensive knowledge and skills in sustainability, demonstrated through the successful integration of environmental, social and governance factors into financial decision making as well as ably overseeing sustainability reporting and risk management processes.
In relation to the governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities, the Group's Sustainability Manager reports to the Management Board and provides regular reports to relevant Supervisory Board committees, as elaborated in section GOV-2 pag.66.

G1-IRO-1

DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The Group has in place a structured process to identify and assess material impacts, risks, and opportunities concerning business conduct.
In line with the disclosures under ESRS 2 IRO-1, to ensure comprehensive analysis with respect to business conduct, the Group additionally considers the following criteria, considering any sector specific parameters.
As it operates in diverse geographic locations, the assessment typically focuses on regulatory environments (including anti-corruption laws, labour laws, and human rights policies), as well as vulnerabilities to specific risks (such as bribery, human trafficking, or discrimination in jurisdictions where governance is weak).
Considering the Group's primary activities, risks and opportunities are typically assessed based on

→ The nature of interactions with guests, suppliers, and local communities,
→ Potential adverse impacts from non-compliance with consumer protection standards, health and safety regulations, anti-corruption principles and similar, and
→ Opportunities to promote ethical tourism and sustainable development.

The Group is considering that the industry is subject to the following sector specific parameters:

→ Increased scrutiny for practices like labour conditions, fair wages, and recruitment policies,
→ Risks of guest privacy breaches, human rights violation, or unsustainable resource use,
→ Opportunities to lead in ethical conduct by implementing green certifications, inclusive employment policies, and fair supply chain practices.

The general process as well as methodology to identify and assess material impacts, risks and opportunities are elaborated under ESRS 2 IRO-1.

G1-1

BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

As a prime listed company on the Zagreb Stock Exchange, the Company acknowledges its obligations to ensure comprehensive social, ethical, and environmental practices within its operations and within its supply chain in every market in which it operates. As part of this acknowledgement the Company has implemented various policies publicly available on its website (www.arenahospitalitygroup.com).
The Company is committed to upholding the highest standards of ethical behaviour and integrity in all aspects of its operations. To ensure compliance with these values, the Company has established the following key policies that govern business conduct. The Code of Conduct adopted in 2022 serves as a cornerstone of the Company's ethical framework, outlining the principles and standards that all employees, contractors, and stakeholders are expected to adhere to ensure compliance with applicable laws and regulations. It covers areas such as accountability, respect for human rights and diversity, fair competition practices, prevention of conflicts of interest as well as zero tolerance against corruption.
Mechanisms for identifying, reporting and investigating concerns about unlawful behaviour or behaviour in contradiction with applicable internal regulations are outlined in the Whistleblowing Policy adopted in 2022 and last updated in 2024. To ensure transparency and accountability, the Group implemented a Whistleblowing Policy that encourages employees and other stakeholders to report unethical or unlawful conduct. Key features of the policy include confidential and secure reporting channels, protection against retaliation for whistleblowers as well as clear processes for investigating and resolving reported concerns.
In 2024, the Company adopted an Anti-Bribery and Anti-Corruption Policy to prevent and address corrupt practices across all operations. This policy, amongst others, prohibits offering, giving, receiving, or soliciting bribes or other improper payments and engaging in facilitation payments or any activity that could be perceived as corrupt behaviour. Employees and stakeholders are provided with clear guidance on identifying and reporting potential corruption risks, and the policy outlines clear employee training requirements and timetables.
Finally, the Company adopted a Human Rights Policy in 2022 that defines the basic standards of human rights which the Group will always respect and which the Group expects business partners to comply. These human rights standards also form the basis of our Responsible and Ethical Sourcing Policy. In addition to its basis in relevant local and national legislation, this policy is drawn from (i) the United Nations (UN) Universal Declaration of Human Rights, which defines the rights every human being is entitled to, covering areas such as employment, education and dignity, and (ii) the International Labour Organisation (ILO), a UN agency whose mission is to promote rights at work; encourage decent employment opportunities; enhance social protection, and strengthen dialogue in handling work-related issues. Its conventions create the

framework for ethical labour standards. The Human Rights Policy sets out the following operational requirements: (i) All employment is freely chosen (no forced, bonded or prison labour) (ii) Freedom of association and the right to collective bargaining are respected (iii) Working conditions are safe and hygienic (iv) Child labour shall not be used (v) Living wages are paid (vi) Working hours are not excessive (vii) No unlawful discrimination is practised (viii) No harsh or inhumane treatment is allowed.

Regular audits and reviews are conducted to assess compliance and address any gaps, and updates to these policies are communicated promptly to reflect evolving legal and regulatory requirements.

The policy commitments apply to all the Group's activities and business relationships equally. The Group ensures appropriate training for employees and communicates the policy commitments to through internal channels, meetings, dedicated websites, as well as contractual agreements.

G1-2

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

The management of supplier relationships is undertaken with a view to mitigating supply chain risks, integrating sustainability, and fostering long-term partnerships. This involves diversifying suppliers, conducting regular assessments of social and environmental performance, and prioritising those with certifications or local bases. Procurement teams are trained in ethical engagement. Vulnerable suppliers (small local producers) are supported through fair practices. Social and environmental criteria guide supplier selection, with emphasis on compliance with labour laws, sustainable practices, and regional inclusion. Ongoing dialogue with suppliers and surveys ensures accountability and continuous improvement, aligning practices with risk management and sustainability goals.

G1-3

PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

In 2024, the Company adopted an Anti-Bribery and Anti-Corruption Policy to prevent and address corrupt practices across all operations. This policy, amongst others, prohibits offering, giving, receiving, or soliciting bribes or other improper payments and engaging in facilitation payments or any activity that could be perceived as corrupt behaviour. Employees and stakeholders are provided with clear guidance on identifying and reporting potential corruption risks.

Mechanisms for identifying, addressing and reporting any corruption or bribery related incidents to the compliance and legal department, respectively, are included in the policy which is publicly available on the Company's webpage www.arenahospitalitygroup.com

Outcomes of any corruption related incident are to be reported to the Sustainability and Audit Committee in accordance with applicable regulations. The Anti-Bribery and Anti-Corruption Policy envisages that employees should receive training within 30 days of the start date of employment and periodically thereafter, at least once per year. The training is given to all employees, including the Management Board.

G1-4

CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY

Violation of anti-corruption and anti-bribery laws

	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
Number of convictions	0	0
Amount of fines	0	0

Violation of anti-corruption and anti-bribery laws

Actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery

In 2024, the Company implemented various policies to prevent and address beaches in procedures and standards of anti-corruption and anti-bribery. The Anti-Bribery and Anti-Corruption Policy, as well as the Gifts and Entertainment Policy, define and establish mechanisms for recognising, preventing and combating corruption as socially unacceptable behaviour and to harmonise business processes accordingly. The Group previously adopted both a Code of Conduct as well as a Whistleblowing Policy to set high operational standards in terms of anti-corruption and anti-bribery. All policies are available on the Company's website www.arenahospitalitygroup.com.

Confirmed incidents of corruption or bribery

	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
A: total number of confirmed incidents of corruption or bribery	0	0
B: number of confirmed incidents (own workers)	0	0
C: number of confirmed incidents (business partners)	0	0

Confirmed incidents of corruption or bribery

G1-6

PAYMENT PRACTICES

Metrics on payment practices

	COMPARATIVE YEAR (N-1)	CURRENT REPORTING YEAR (N)
Year	2023	2024
A: average time for invoice payment (in days)	24	23
B: percentage of the payments aligned with standard terms	94%	94%
C: number of legal proceedings currently outstanding	0	0

Metrics on payment practices

In some regions where the Group operates, standard payment terms are governed by legal provisions, such as the EU Late Payment Directive (2011/7/EU), which typically allows terms up to 60 days. Hungary is an exception, with usual payment terms of 8–15 days and no specific legal regulation. A table was prepared based on two approaches: realistic contracted terms (A) and a standard 60-day term for percentage alignment calculations (B). The Group has no recorded legal disputes for 2023 or 2024.

ESRS 2 IRO 2

LISTS OF DISCLOSURE REQUIREMENTS AND DATAPOINTS

The Table below outlines the data points derived from other EU legislation as listed in ESRS 2 Appendix B. It shows the page where that data point is located in our report, the indication of which data points are "Not material" as well as the indication "Not relevant", since certain data points are not relevant to our business activities.

DISCLOSURE REQUIREMENT	DATA POINT		PAGE / PARAGRAPH
ESRS 2 GOV-1	21(d)	Board's gender diversity	no.pag. 64
ESRS 2 GOV-1	21(e)	Percentage of board members who are independent	no.pag. 64
ESRS 2 GOV-4	30	Statement on due diligence	no.pag. 67
ESRS 2 SBM-1	40(d) i	Involvement in activities related to fossil fuel activities	No relevant
ESRS 2 SBM-1	40(d) ii	Involvement in activities related to chemical production	No relevant
ESRS 2 SBM-1	40(d) iii	Involvement in activities related to controversial weapons	No relevant
ESRS 2 SBM-1	40(d) iv	Involvement in activities related to cultivation and production of tobacco	No relevant
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050	no.pag. 94
ESRS E1-1	16(g)	Undertakings excluded from Paris-aligned Benchmarks	No relevant
ESRS E1-4	34	GHG emission reduction targets	no.pag. 94
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	No relevant
ESRS E1-5	37	Energy consumption and mix	no.pag. 98
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	No relevant
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	no.pag. 100
ESRS E1-6	53-56	Gross GHG emissions intensity	no.pag. 101
ESRS E1-7	56	GHG removals and carbon credits	No relevant
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks	No relevant
ESRS E1-9	66(a)	Disaggregation of monetary amounts by acute and chronic physical risk	No relevant
ESRS E1-9	66(c)	Location of significant assets at material physical risk	No relevant
ESRS E1-9	67(c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes	No relevant
ESRS E1-9	69	Degree of exposure of the portfolio to climate- related opportunities	No relevant
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E- PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	No material
ESRS E3-1	9	Water and marine resources	no.pag. 102
ESRS E3-1	13	Dedicated policy	no.pag. 102
ESRS E3-1	14	Sustainable oceans and seas	No relevant
ESRS E3-4	28(c)	Total water recycled and reused	no.pag. 104
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	no.pag. 104
ESRS2-IRO1- E4	16(a) i	Biodiversity sensitive areas	No material
ESRS2-IRO1- E4	16(b)	Land impact	No material
ESRS 2-IRO 1 - E4	16(c)	Threatened species	No material
ESRS E4-2	24(b)	Sustainable land / agriculture practices or policies	No material
ESRS E4-2	24(c)	Sustainable oceans / seas practices or policies	No material
ESRS E4-2	24(d)	Policies to address deforestation	No material
ESRS E5-5	37(d)	Non-recycled waste	no.pag. 106
ESRS E5-5	39	Hazardous waste and radioactive waste	no.pag. 107
ESRS 2-SBM3 - S1	14(f)	Risk of incidents of forced labour	No relevant
ESRS 2-SBM3 - S1	14(g)	Risk of incidents of child labour	No relevant
ESRS S1-1	20	Human rights policy commitments	no.pag. 110
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	no.pag. 110
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	No relevant
ESRS S1-1	23	Workplace accident prevention policy or management system	no.pag. 112-113
ESRS S1-3	32(c)	Grievance/complaints handling mechanisms	no.pag. 111-112
ESRS S1-14	88(b), (c)	Number of fatalities and number and rate of work-related accidents	no.pag. 120
ESRS S1-14	88(e)	Number of days lost to injuries, accidents, fatalities or illness	no.pag. 120
ESRS S1-16	97(a)	Unadjusted gender pay gap	no.pag. 120
ESRS S1-16	97(b)	Excessive CEO pay ratio	no.pag. 120
ESRS S1-17	103(a)	Incidents of discrimination	no.pag. 121
ESRS S1-17	104(a)	Non- respect of UNGPs on Business and Human Rights and OECD	no.pag. 121
ESRS 2-SBM3 - S2	11(b)	Significant risk of child labour or forced labour in the value chain	No material

Sustainability report 2024

ESRS S2–1	17	Human rights policy commitments	No material
ESRS S2–1	18	Policies related to value chain workers	No material
ESRS S2–1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	No material
ESRS S2–1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	No material
ESRS S2–4	36	Human rights issues and incidents connected to its upstream and downstream value chain	No material
ESRS S3–1	16	Human rights policy commitments	No material
ESRS S3–1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	No material
ESRS S3–4	36	Human rights issues and incidents	No material
ESRS S4–1	16	Policies related to consumers and end-users	no.pag. 122–123
ESRS S4–1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	no.pag. 121–122
ESRS S4–4	35	Human rights issues and incidents	No relevant
ESRS G1–1	10(b)	United Nations Convention against Corruption	no.pag. 129–130
ESRS G1–1	10(d)	Protection of whistle- blowers	no.pag. 129–130
ESRS G1–4	24(a)	Fines for violation of anti-corruption and anti-bribery laws	no.pag. 131
ESRS G1–4	24(b)	Standards of anti- corruption and anti- bribery	no.pag. 131

INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of Arena Hospitality Group d.d.

INDEPENDENT LIMITED ASSURANCE REPORT
To the Shareholders of Arena Hospitality Group d.d.

We have conducted a limited assurance engagement on the Sustainability Statement included in section Sustainability report 2024 of the Management Report of Arena Hospitality Group d.d. (the "Company") and its subsidiaries (hereafter the "Group") as at 31 December 2024 and for the period from 1 January 2024 to 31 December 2024 (the "Sustainability Statement").

Identification of Applicable Criteria
The Sustainability Statement was prepared by the Management Board of the Company in order to satisfy the requirements of article 32 and 36 of Accounting Act implementing 29(a) of the EU Directive 2013/34/EU, including:

- Compliance with the European Sustainability Reporting Standards introduced by Commission Delegated Regulation (EU) of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council ("ESRS"), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note [ESRS 2 IRO-1]; and
- Compliance of the disclosures in Taxonomy disclosures within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Inherent Limitations in Preparing the Sustainability Statement
The criteria, nature of the Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

This version of the independent limited assurance report is translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

The company was registered at Zagreb Commercial Court: MBS 030022053; paid-in initial capital: EUR 5,930.00; Company Directors: Katarina Kadunc, Goran Končar and Helena Schmidt, Bank: Privredna banka Zagreb d.d., Radnička cesta 80, 10 000 Zagreb, bank account no. 2340009-1110098294; SWIFT Code: PBZGHR2X IBAN: HR3823400091110098294.

In reporting forward looking information in accordance with ESRS, Management of the Company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, Management of the Company interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Responsibility of the Management Board of the Company
Management of the Company is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in note ESRS 2 IRO-1 of the Sustainability Statement. This responsibility includes:

- Understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the entity's financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium, or long-term;
- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Making assumptions that are reasonable in the circumstances.

Management of the Company is further responsible for the preparation of the Sustainability Statement, in accordance with article 32 and 36 of Accounting Act implementing 29(a) of the EU Directive 2013/34/EU, including:

- Compliance with the ESRS;
- Preparing the disclosures in Taxonomy disclosures within the environmental section of the Sustain bility Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- Designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Group's sustainability reporting process.

Practitioner's Responsibility
We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information.
The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error,

and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in note ESRS 2 IRO-1.

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the entity's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our Independence and Quality Management

We complied with the applicable independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "Code"). The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  » performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  » reviewing the Group's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in note ESRS 2 IRO-1.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by:
  » performing inquiries to understand the Group's control environment, processes and information systems relevant to the preparation of the sustainability statements;
- Evaluated whether material information identified by the Process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performed substantive assurance procedures on a sample basis on selected disclosures in the Sustainability Statement;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied; and
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

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

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with article 32 and 36 of Accounting Act implementing 29(a) of the EU Directive 2013/34/EU, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement is in accordance with the description set out in note [ESRS 2 IRO-1]; and
- Compliance of the disclosures in Taxonomy disclosures within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Other Matter

Our assurance engagement does not extend to information in respect of earlier periods.

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

Goran Končar
Director and Certified auditor

Deloitte d.o.o.

26 February 2025
Radnička cesta 80,
10 000 Zagreb,
Croatia

Our changing risk management environment

We recognise the importance of understanding the impacts of new and emerging threats, which could have the greatest impact on our business and represent barriers to the Group's development in the year ahead, to ensure we maintain long-term organisational and strategic resilience. These include adverse effects of climate change, geopolitical uncertainties, economic volatility and the potential impact of artificial intelligence (AI) on society and within our organisation.

Our business model and operations could be influenced by many external factors, including changes to the Group's regulatory environment, potential changes in tax legislation, long-term shifts in consumer behaviour, labour market pressures, growing pressure on the cost of living and an increased threat to social cohesion across our regions and markets.

The below section outlines the updated principal risks and uncertainties the Group may face. This includes those the Supervisory Board believes could have a severely negative impact on our business along with a description of the actions to undertake as a response to these risks, and the way these were, are, or can be mitigated. To be considered a principal risk the potential downside or residual impact must be assessed as 'Major' or above, equating to a negative financial impact or falling asset values greater than 5% of annual EBITDA (under normal operating conditions).

	Principal Risks	Inherent Risk Assessment	Residual Risk Assessment	Trends from Previous Year	Reference – Page no
1	Adverse economic climate	High	High	Down	146
2	Seasonality and Adverse weather conditions	Very High	Medium	Up	147
3	Market dynamics – a significant decline in demand	High	High	Same	146
4	Difficulty in attracting and retaining suitably skilled workforce	Very High	Medium	Same	151
5	Technology disruption – Internal & Third Party prolonged failure of core technology	High	High	Same	150
6	Cyber threat related disruption	High	High	Up	149
7	Funding and liquidity	High	Medium	Same	148
8	Data privacy breach	High	Medium	Up	149
9	Serious health and safety and security threat to team member, guest or third-party	High	Vey Low	Same	150
10	Negative stakeholder perception of the Group with regards to Sustainability-related matters	High	Very Low	Same	151

OUR RISK STRATEGY

Arena Hospitality Group's Enterprise Risk Management (ERM) strategy is a comprehensive and structured approach for identifying, establishing accountability, assessing, managing, and monitoring operational risks across our markets of Croatia, Hungary, Germany, Serbia and Austria. It aims to enhance decision-making, safeguard assets, and achieve strategic objectives by addressing various types of risks (financial, operational, reputational, strategic, Sustainability and compliance).

Our well-designed ERM strategy integrates risk management into the Group's culture and business processes, ensuring that risks are handled systematically across all levels. Our approach includes executing our Risk-Reward Strategy, which articulates our risk appetite across various business activities.

Risk and Reward Strategy

The Group Risk-Reward Strategy is annually reviewed and approved by the Supervisory Board. It articulates the Group's general appetite to risk-taking and where possible outlines the parameters for tolerable levels of risk. Risk appetite is defined and implemented through the application of Group policies and procedures.

Our ERM framework supports the pursuit of our objectives through enabling informed and calculated risk-taking, while protecting our financial strength and reputation.

The Risk-Reward strategy is aligned to our strategic objectives.

Risk Appetite Levels	Definition	Business Activities	Key sources of value and strategic enablers
Active	We will actively seek to take calculated risks in this area in pursuit of our strategic objectives, as long as the associated benefits significantly outweigh the risk impact and the risk remains within our tolerances. We will apply appropriate safeguards when pursuing these opportunities.	• Organic investment and diversification of property portfolio through development and acquisition	• Continued development and diversification of prime property portfolio of campsites, apartment resorts, ski resort and city hotels, with focus in CEE region
Neutral	We will take on a limited increased exposure to risk in pursuit of our strategic objectives if the associated benefits outweigh the risk impact and the risk remains within our tolerances. We will apply appropriate safeguards when pursuing these opportunities.	• Development projects • Working with third parties • Funding and financing • Technological development • Commercial and promotional activity	• Financial strength • Focus on liquidity • Multi-brand approach
Averse	We will act to protect the business from increased risk exposure in these areas.	• Sustainability impact • Operational continuity • Human Rights • Data privacy • Legal and Compliance • Financial and tax reporting • Financial control	• Meaningful Sustainability dual materiality impact and opportunity for the benefit of all stakeholders • Our people and culture • Guest Satisfaction • Brand Promise

Our changing risk management environment

RISK GOVERNANCE

The Board

The Management Board is ultimately responsible for risk management within the Group, the Group Risk Policy & Framework, the Risk-Reward Strategy, and the statement on risk management in the Annual Report. The Management Board is directly responsible for the management of macroeconomic, strategic, investor relation and corporate governance risks.

The Supervisory Board, through the Audit Committee, oversees the establishment and implementation of our Business Resilience Program under the ERM Framework and reviews the effectiveness of the program biannually to ensure that mitigating controls to the identified principal risks are embedded in Group's management processes across all the business units and functions.

Audit Committee

- Reviews the effectiveness of the Group's procedures to manage and reduce the potential impact of risks, uncertainties and disruptive events on the business.
- Regularly reviews and where necessary, develops, the Risk Appetite to establish, with the support of the Management Board, the level of risk that the business should take in achieving its objectives.
- Reviews the Group's risk and resilience culture to ensure it is embedded in company management processes across all business units and functions.
- Monitors and reviews the effectiveness of the Group's overall internal control and risk management systems, and makes recommendations to the Supervisory and Management Boards as necessary.
- Reviews the Company's emerging and principal risks and opportunities to ensure that an appropriate range of risks and opportunities are being assessed and that mitigation plans are effective in managing those risks and opportunities.
- Agrees an annual internal audit work plan with the internal auditor in relation to risk management, receives internal auditor's reports and monitors the implementation of their recommendations.
- Reviews the level of compliance with the Croatian Corporate Governance Code.

Sustainability Committee

- Keeps under review Sustainability and climate-related risk assessment, which is aligned with the Groups's dual materiality risks and opportunity assessment.
- Provides recommendations regarding drafting and implementation of the Group's policies and procedures in relation to the impacts of the Group's activities on the environment, human rights and the community, and the prevention of pollution and management of associated risks.

Enterprise Risk Forum

This forum acts as the Principal Risk Owner alongside the Management Board. The Risk Forum comprises Group Internal Controls Officer, Group General Counsel, Chief Information Security Officer, Data Protection Officer, Regional General Manager, and Group and Regional Fuctions Heads. They primarily support the Management Board by consolidating risk information for upward reporting. The forum also maintain the ERM policies.

Enterprise Risk Management Strategy Objectives

- Accountability - The Management Board has overall accountability for ensuring that risk is effectively managed across the Group. The Management Board, upon prior approval of the Supervisory Board, sets a policy specifying the nature and extent of the risks the company needs and is willing to take to achieve its long-term strategic objectives (the "risk appetite"). The Management Board will discuss and agree on the acceptable risks and exposures to which lower-level management must work (risk appetite and tolerance).
- Ownership - All Regional Managers, Business Unit Managers and Heads of Departments are responsible for ensuring that this policy is adopted, and that appropriate time and resource is available to support ongoing risk management activity within their respective areas. Risk accountabilities are defined within the risk framework.
- Review - Risks across the Group shall be formally reviewed at least half-yearly, in line with the ERM annual schedule provided within the risk framework.
- Consistency - All risks must be measured using the defined Group risk assessment criteria provided within the risk framework to facilitate consolidation of risk information at a Group level.
- Monitoring - The Management Board and Risk Forum will monitor the status and progress against each of the key Group risks quarterly.
- Escalation – Identification of risk incidents, emerging risks and opportunities must be reported to the appropriate individuals and/or Risk Forum in line with the escalation requirements provided within this policy.
- Effectiveness - The Audit Committee is responsible for reviewing the effectiveness of the Group's approach to risk management.

Ownership and review

- The policy will be owned by the Management Board and maintained by the Enterprise Risk Manager.
- The policy will be reviewed annually.

Our changing risk management environment

PROCESS

ENTERPRISE RISK ASSESSMENT

The enterprise assessment underpins the Group's principal risk disclosure. It is the consolidation of underlying functional and subsidiary risks into a single view of risk reported to the Supervisory Board.

Principal Risk Categories

All risks identified will be categorised to assist with reporting the principal risks:

→ Strategic

Relating to the external business environment and our strategic agenda. This risk category is likely to include potential upsides/opportunities which means the Group may have a higher risk appetite for them.

— Strategic direction
— Property development
— Brand perception
— Third-party
— Corporate governance

→ Market & macro environment

— Geopolitical & macroeconomic environment
— Market dynamics
— Global supply chain disruptions

→ Financial

— Macro-economics
— Funding
— Treasury management
— Financial reporting
— Profitability
— Asset protection

→ Technology and Information Security

— Cyber security & data privacy
— Technology

→ Safety & Continuity

— Business resilience & continuity
— Security, Health & Safety
— Infrastructure & maintenance

→ People

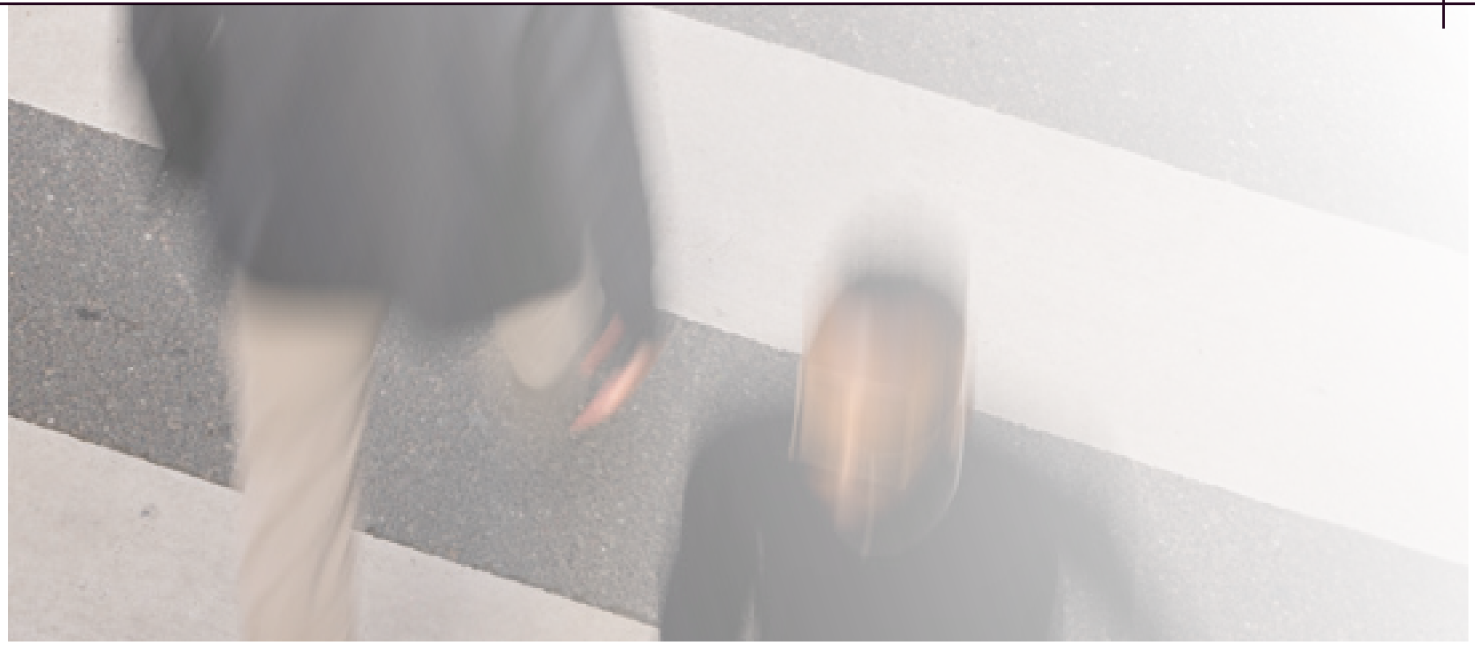
— Our people

→ Legal and Compliance

— Adherence to laws and regulations

→ Environmental, Social and Governance (Sustainability)

— Corporate governance
— Investor relations
— Ethics
— Integrity and environmental, social impact



Principal risks

The tables below detail our principal risks for the year ahead. The reported risks are those we consider could have the greatest impact on our business and represent the most significant threats to the achievement of our objectives. This is not an exhaustive list of all risks identified and monitored through our risk management process, which includes the consolidation of underlying functional and subsidiary risk registers into a single view of risk reported to the Board.

Our risk level is decided through an assessment of the likelihood of the risk and its impact should it materialise. Our assessments are weighted towards impact to encourage prioritisation of high-impact risks.

Principal Risk Description	Residual Risk	Outlook and Risk Response
Market Dynamics - Significant and prolonged decline in global travel and market demand There is likely to be continued uncertainty in demand with late bookings and late cancellations, increasing the challenge to forecast accurately and manage costs effectively. A failure to adapt to changing market trends and guest expectations may adversely impact financial performance.	High	We have demonstrated our ability to adapt quickly to changing market conditions by optimising revenue generation and focussing on delivering the highest standards to our guests. We continue to monitor and anticipate changes in the market dynamics to respond quickly and maintain an agile approach to revenue management and market tactics. Extended focus is given to new leisure and domestic promotional initiatives, with timely distribution and marketing activities in city centre and resort hotels, bolstered by development and investment in revenue management software and processes. Continue fostering close collaboration with PPHE and Radisson Hotel Group and leveraging their reach for promotional campaigns. Our successful drive to promote contactless guest service experience through mobile app technology is enabling us to maintain and increase utilisation of our online check-in and digital key distribution for access to guest rooms.
Adverse macroeconomic environment Increased volatility is expected to remain a feature of the macroeconomic environment in 2025, including the reemergence of global supply chain issues, labour shortages, energy price volatility, other inflationary pressures. A prolonged period of stress for the global economy and geopolitical environment not conducive to free trade could contribute towards increased costs, impacting our ability to protect our profitability.	High	Our financial stability and strong cash position, coupled with a lean operating model and diverse leisure product offering are mitigating factors for risks arising from the clear macroeconomic uncertainties we are facing. The Group performs financial stress testing. It has profit protection plans in place (with operational impact assessed) and deploys a strict financial discipline to ensure all business requirements are assessed in short, medium and long-term considering their financial implications. A strategic long term business stress test was conducted and evaluated by the Audit Committee to further enhance due diligence

Principal Risk Description	Residual Risk	Outlook and Risk Response
Evolution of the travel industry The prominence and ease of online bookings evolving with new technologies continue to influence customer booking behaviours and travel expectations. The travel industry is expected to continue to be impacted by the rise of online travel agents and other dominant forces such as search engines and social media networks. The Group is exposed to risks such as the dominance of one such third party over another, the loss of control over its inventory and/or pricing and challenges to keep up with developments in the market.	Low	The Group invests in areas such as connectivity to third parties, distribution and marketing of its products, e-commerce and technology. The Group further increased its direct distribution activities through online channel optimisation and continues to increase its share of direct business versus third party online channels. The Group mitigates this risk by working closely with PPHE Hotel Group, ensuring that global trends are identified and acted upon in a concerted manner, whilst benefiting from the scale, negotiating power, knowledge and skills that such a partnership brings, including the global partnership with Radisson Hotel Group. We also continue to invest in the Group's own revenue management capabilities.
Hotel industry risks The Group's operations and results are subject to a number of factors that could adversely affect the Group's business, many of which are common to the hotel industry and beyond the Group's control, such as global economic uncertainties, political instabilities and the increase in acts of terrorism. The impact of any of these factors (or a combination of them) may adversely affect sustained levels of occupancy, room rates and/or hotel values.	Low	Although management continually seeks to identify risks at the earliest opportunity, many of these risks are beyond the control of the Group. The Group has contingency and recovery plans in place to enable it to respond to major incidents or crises and take steps to minimise these exposures to the greatest extent possible.
Seasonality and adverse weather conditions during the high season The Group's business in Croatia is highly seasonal; the majority of guest visits occur from June to September. A high degree of seasonality in revenues in the Croatian market increases the impact of certain weather events on the Group's operating results. The ability to attract visitors to the Group's Croatian properties, particularly the campsites and self- catering holiday apartment complexes, is influenced by weather conditions and the number of warm and dry weather days during the summer season.	Medium	The Group benefits from its recently developed city centre hotels within the CEE region, which do not experience the seasonality that the Croatian market does, will operate all year round. Moreover, the Group is consistently focussed on extending its activities in the shoulder season. The Group's acquisition of its first winter leisure resort further complements its existing summer leisure business.
Climate change Rising sea levels may impact summer sea resort beaches, which could shrink or be flooded, impacting social and tourist attractions and causing associated damage. Low precipitation or rainfall will impact freshwater reserves and will adversely impact agriculture, which would impact local produce, increasing the price of importing food for the operators. Furthermore, this may dry up waterfalls which are great tourist attractions in this part of Croatia. Rising temperatures could lead to rising water and sea temperatures causing marine life to move further away, therefore impacting sources of food. Forest fires are a threat to Croatia and in particular the Group's locations that are situated within forests and nature reserves. Indirect impacts are the rising cost of energy due to the switch to renewable sources, increasing cost of compliance with sustainability related regulation and associated reputational damage for not complying	High	The Group has conducted a site-specific climate-related risk assessment identifying its level of impact on business in the short, medium and long term, its likelihood, and planned mitigating controls where practically possible. The Group is investing in energy-efficient building technology, water desalinisation plants which provide sufficient fresh water for irrigation of its landscape and nature in Croatia. art'otel Cologne is in the vicinity of a river thus at risk of flooding, however a special metal flood barrier is in place protecting the hotel building's most vulnerable section. Overall, the Group is working proactively to reduce its energy and water consumption through its Responsible Business Programme.

Principal risks

Principal Risk Description	Residual Risk	Outlook and Risk Response
Use of land in campsites and tourist resorts The Group is exposed to risks arising from potential changes in applicable laws and regulations in relation to the use of land in campsites and tourist resorts, an area which has not been regulated to date. Given the main business activity of the Company, these areas are particularly important for the Company's business, especially its campsites. In May 2020, Non-Appraised Construction Land Act (the "NCLA") was adopted to deal with, inter alia, the so-called tourist land and proprietary relationships between the owner of such land and the owner of the facilities built thereon, in the context of transition from social to private ownership. In February 2024, the Croatian Government adopted secondary level regulations that regulate the rent payable by lessees following completion of procedures envisaged under NCLA (the "Regulations"). These Regulations set the method of calculating the rent and other fees for next 50 years (beginning with the entry into force od NCLA), enabling the Company to calculate the rent liability for the foreseeable future and budget accordingly. Some uncertainty remains with regards to the tourist land around hotels and in tourist resorts since the Regulation proscribes only range of rent fee per sqm, leaving it to the local municipalities to determine the exact amount. However, both Regulations set out the rent CAP in the amount of 4% of revenue of the relevant campsite, tourist resort and/or hotel.	Medium	The Company duly filed required requests under NCLA. The completion of procedures and actual registration of ownership under the provisions of NCLA in respect of Company's properties was largely put on hold by the competent authorities due to unresolved maritime domain issues. As for the rent liability, during 2024, the Company was invoiced for 50% of rent for the campsites for the years 2020 to 2024, while the Company accrued the remaining 50% that will be invoiced once the procedures envisaged by NCLA are complete. Rental fee liability for 2024 was recognized in the Balance sheet under short term liabilities. In the period from 2010 until 2020 (when NCLA entered into force), i.e., while the TLA was still applicable, the Company paid 50% of concession fees in respect of eight campsites and accrued the remaining 50%. Considering the remaining uncertainties, the Company continues its accrual and provisioning in the most prudent manner based on the most up to date available information. The provisions and accrued fees for the tourist land concession are visible in the Group's balance sheet. The Company is proactively engaged and well-resourced for implementing any necessary actions that may be required.
Funding and liquidity risk This includes breach of debt covenants, inability to service existing debt and cash restrictions. This will remain a significant risk in the year ahead due to the ongoing disruption caused by global macroeconomic uncertainty fuelled by the war in Ukraine. The impact of failing to proactively manage this threat would be severe, including an increased risk of cash traps being applied to hotel specific loans. The cost of debt is likely to be under increasing pressure in the year ahead with economic conditions leading to interest rate rises.	Medium	The Group's cash position remains strong due to the complete recovery in Croatian summer leisure business, and German operations also experiencing a strong recovery compared to 2023. The Group benefits from its existing debt portfolio, which has predominantly fixed interest rates for a long-term duration with the major loans maturing in three years or more. The Group does regular forward covenant testing with sensitivity and stress modelling and does routine treasury monitoring and reporting to the Board. We have renegotiated covenant terms with our main lenders, which to a large extent alleviated pressure on debt covenants. The Group is in line with all necessary debt covenants.

Principal Risk Description	Residual Risk	Outlook and Risk Response
Acquisitions and New Developments Inaccurate assessment of a development opportunity could lead to poor investment decisions and affect the Group's ability to drive growth and long-term value. The Group could also experience disruption and delays to development projects and unforeseen cost increases due to global supply chain concerns and inflation in commodities and raw materials prices. Moreover, challenges in the labour market are also impacting the construction industry. Ongoing volatility in oil prices and its impact on energy costs continues to adversely impact project costs. Climate risk considerations are having an increasing impact on any acquisition consideration, contributing to an increased level of uncertainty in project returns and elevating the complexity of any development project.	High	The Group maintains a diligent approach in pursuit of new acquisitions and developments. It follows a disciplined, yield focused capital deployment strategy to achieve growth and long-term value. It is selective in its approach taking into account projects strategic fit, location, brand, return on investment and funding. Where possible fixed price agreements are endorsed. Our senior leadership team oversee the progress of all development projects, supported by our in-house Technical Services & Project Management team. We continue to closely monitor the timelines and costs of our construction projects, holding regular meetings with our key contractors to identify and tackle any approaching issues which could impact the overall cost, targeted delivery schedule or the expected quality standards.
Foreign exchange rate fluctuations Exchange rates between the functional currency of the Group's subsidiaries may fluctuate, affecting the Group's financial results. In addition, the Group may incur a currency transaction risk in the event that one of the Group companies enters into a transaction using a different currency from its functional currency.	Very Low	In Croatia, Germany and Austria the Group operates in Euro currency, the widespread use of which significantly reduces the associated risk. In Hungary and Serbia, the Group eliminates currency transaction risk by matching commitments, cash flows and debt in the same currency. The Group decided not to hedge this currency risk through any hedging instruments.
Cyber security The Group could be subject to a serious cyber-attack resulting in significant disruption to operations and financial loss from falling revenues, cost of recovery and significant fines in the event of a related data breach. The remit of this risk is increasing as the Group expands its operations geographically, while remote working of employees and more reliance on digital processes becomes more commonplace.	High	Croatia has increasingly become a target for cyber attacks, including DDoS (Distributed Denial of Service attacks) and ransomware incidents, impacting numerous businesses and institutions. The Group remains proactive and continues to invest in core cyber threat management technologies. The Group has appointed a dedicated Chief Information Security Officer to reassess and renew Groups technology framework. The group has carried out a thorough gap analysis in its technology landscape and is systematically reducing its material risks. The Group has reconducted and upscaled significant penetration, testing both internal and external with a view to identifying any vulnerabilities and ensuring they are either eliminated or mitigated to a greater extent. We continue to invest in the protection, detection and remediation measures alongside security awareness and training for the employees to provide continuous and undisrupted digital service to our clients.
Data privacy breach The Group could experience a serious data privacy breach which could result in investigation, significant fines in accordance with GDPR and subsequent reputational damage.	Medium	The Group has undertaken a comprehensive GDPR Compliance Assessment using an external expert to validate and review the existing internal data protection framework. This resulted in further strengthening of our GDPR processes throughout the organisation. The Group's mitigating controls reduce the likelihood of a large-scale data privacy breach and its processes ensure any incidents are dealt with in compliance with GDPR. The Group's controls include Information Security and Data Privacy policies, internal awareness communications and training, breach protocols, reporting hotlines for team members and incident response plans in place.

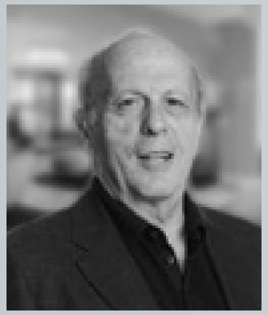
Principal risks

Principal Risk Description	Residual Risk	Outlook and Risk Response
Technology disruption – Internal & Third-Party Risk A prolonged failure in our core technology infrastructure could present a significant threat to the continuation of business operations, particularly where failures impact hotel management and reservation systems. With greater interconnection to external partners, vendors, and the introduction of Artificial Intelligence in the organisation, the risk of business disruption has increased due to co-dependency.	High	The Group continues to centralise and upgrade its core technologies and network infrastructure. It also utilises a comprehensive data back-up and disaster recovery plan for its core infrastructure. We conduct third party due diligence when selecting partners, ensuring they meet our high standards for security, service quality, and ethical practices. We invest in constant monitoring of third-party access to our systems and services, assigning rights on a need-to-know /least-privilege basis to limit exposure. Periodic account and activity reviews, along with activity logging and baselining, help us identify suspicious behaviour. In addition, we audit and monitor AI systems to prevent misuse, stay informed of emerging AI threats, and collaborate with industry leaders to strengthen our security measures.
Operational disruption The Group could experience disruption to its operations from localised incidents at its hotels or in the immediate vicinity, for example earthquakes, floods, extreme weather, social unrest, terrorism. It could also be exposed to significant operational disruption from global events such as conflict, environmental disasters or future pandemics. The Group experienced operational disruption, hotel closures and regional lockdowns during the pandemic in previous years. This risk persists due to the dynamic nature of the pandemic, albeit with less probability of occurrence, with emergence of new variants.	Low	The Group has adapted its business operations in response to the challenges presented by the pandemic, as a relatively recent example of a manifestation of operational disruption risk and effectively managed to operate the majority of its properties whilst complying with regional civil protection and control measures. The Group continues to manage this threat through business crisis plans and crisis communications, as well as Business Continuity Plans. We also continue to focus on the following measures: (i) cost optimisation to mitigate impact of closures and reduced capacity (ii) adapt services to continue operations where possible (iii) remote working capabilities for corporate, regional teams and all central support teams (iv) and close monitoring of key supplier stability and regular communications regarding anticipated demand levels.
Serious Health, Safety and Security Incidents The Group could experience significant health and safety, food safety or physical security incidents. A failure to take reasonable steps to prevent such incidents, or a failure to respond appropriately, could impact our reputation, disrupt our operations and result in significant loss of guest, team member and stakeholder confidence.	Very Low	The Group does not accept any actions that would increase the health, safety and security risk. It actively mitigates this risk through a rigorous safety regime including (i) risk assessments, (ii) security and fire safety procedures, (iii) health & safety audit programmes, (iv) in-house and supplier food safety audit programmes, (v) team member training programmes, (vi) incident reporting and (vii) property crisis plans. The Group continues to focus on delivering a safe working environment for its team members and safety programmes to provide safe stays for guests and visitors. This includes: (i) continued WTTC Safe Travel protocols in all properties, (ii) regular health & safety audits and SGS accreditation for cleanliness and disinfection for our Park Plaza and art'otel branded properties, (iii) technology implementation for a contactless customer experience where practically possible, and (iv) incident protocols and centralised tracking of identified cases.

Principal Risk Description	Residual Risk	Outlook and Risk Response
Labour related risks The Group is subject to the risk of industrial or labour disputes and adverse employee relations, which could disrupt the Group's business operations and materially adversely affect its service delivery, business operations and financial condition. Shortage of suitably skilled workforce will inevitably increase labour costs. The opening of new hotels may put further pressure on labour demand and our ability to attract and retain a sufficient number of qualified team members.	Medium	The Group acknowledges the importance of team members to the success of the business and makes significant efforts to provide a number of extensive training programmes which are aimed at nurturing and retaining talent, enabling intra-group transfers, and inspiring the workforce, which ultimately serve to improve employee and guest satisfaction scores, which have been growing across the Group's properties year-on-year. The success of the Group's employee initiatives and their overall satisfaction is evident through the Group's high rate of colleague retention. The Group continues to explore and has been successful in attracting a skilled workforce from its neighbouring countries and the international labour market. To this end the Group caters to a transient workforce during the peak season through an employee accommodation and subsistence programme.
Environmental, Social and Governance Stakeholder Perception A perception that the Group does not apply best practice corporate governance principles, does not suitably mitigate both the physical and transition risks of climate change, or does not act responsibly to protect the environment and the communities we operate in, could impact our performance by damaging our appeal to customers, investors and other business partners. It could also affect our ability to retain and attract talent. Corporate governance and matters of environmental and social responsibility are of significant importance to our stakeholders including investors and customers. We are expected to prepare detailed information requests and provide disclose on activities which support our sustainability, various Sustainability metrics, targets and performance.	Very Low	The Group recognises the importance of sustainability and other Sustainability matters, as it continues to strengthen its approach in this regard. The Sustainability working group and the Group's leadership - the Supervisory Board and Management Board - actively develop, monitor and re-evaluate Sustainability policies and initiatives. The Group has reinvigorated its responsible business programme, which is aligned with EU sustainability reporting and continually evolving with the EU CSRD requirements and in compliance with European ESRS standards and Taxonomy regulations. The Sustainability Report segment of this report highlights our progress and sustainability policies.

03

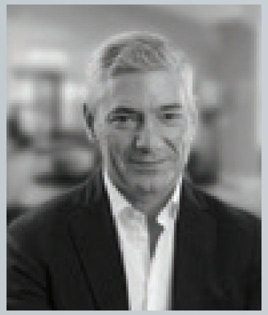
Governance



Boris Ivesha

CHAIRMAN OF THE BOARD

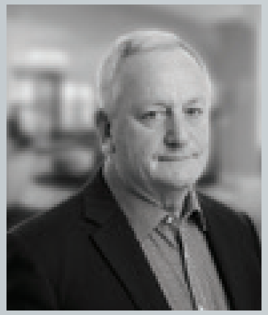
Boris Ivesha has been President and Chief Executive Officer of PPHE Hotel Group since 1991. Mr. Ivesha was responsible for bringing the Park Plaza Hotels & Resorts® brand to the PPHE Hotel Group in 1994 in collaboration with the Red Sea Group and has been a major influencer in the expansion of the PPHE Hotel Group's portfolio. Mr Ivesha has over 50 years of experience in the hotel industry. Mr Ivesha attended all of the Supervisory Board meetings in 2024.



Yoav Papouchado

DEPUTY CHAIRMAN OF THE BOARD

Yoav Papouchado, Chairman of Red Sea Hotels Limited ("Red Sea"), PPHE Hotel Group's controlling shareholder, has over 30 years of experience of real estate developments and data centres worldwide, developed through his long tenure at Red Sea. Mr Papouchado attended all of the Supervisory Board meetings in 2024.



Kevin Michael McAuliffe

BOARD MEMBER

Kevin Michael McAuliffe acted as the Non-Executive Deputy Chairman of the PPHE Hotel Group Limited until his retirement in May 2023. He was a member of the Society of Trust and Estate Practitioners for 20 years and has held directorships in various regulated investment companies, remaining a director of two regulating entities until his retirement in 2023. Retired Chairman of Carey Group (after joining as Chief Executive in 1999), he was also Head of Advisory Services for Paribas International Private Banking and Managing Director of Paribas Suisse in Guernsey (1992–1999). He served as Finance Director of Ansbacher offshore banking group and was appointed as Chief Executive of Ansbacher's Guernsey bank and trust company business in 1994. Mr McAuliffe chairs the Nomination Committee. He attended all of the Supervisory Board and respective Committee meetings in 2024.

Amra Pende

BOARD MEMBER

Mrs Pende was a long-standing legal counsel at Uljanik d.d., one of the biggest Croatian shipyards, where she worked for over 30 years. Mrs Pende acted as the Chairwoman of the Supervisory Board of Alpha Adriatic d.d. Mrs Pende holds a law degree from the University of Zagreb. Mrs Pende chairs the Remuneration Committee. Mrs Pende attended all of the Supervisory Board and respective Committee meetings in 2024.

Lorena Škuflić

BOARD MEMBER

Lorena Škuflić is a full-time professor with a permanent title at the Faculty of Economics of the University of Zagreb at the Department of Economic Theory, where she has been employed since 2002. Prior to this post, she worked at the Croatian Chamber of Economy – County Chamber Pula and also with the Faculty of Economics, Zagreb, and held the position of Head of the Polytechnic in Rijeka. During her work at the faculty, she was the Head of the department for several terms, and in the period from 2018 to 2020, Vice-Dean for finance and business. In her work, she participated or currently participates in numerous committees at the Faculty, University, and the Ministry of Science and Education, as well as the Agency for Higher Education. She is a member of the International Association for Sustainable Economy and an advisor for international sustainable Business Affairs. Mrs Škuflić chairs the Sustainability Committee. She attended all of the Supervisory Board and respective Committee meetings in 2024.

Ivana Matovina

BOARD MEMBER

Mrs Matovina is an expert in the field of audit and accounting and has extensive knowledge in audit and application of International Financial Reporting Standards (IFRS). She is a Croatian certified auditor and Certified auditor of Great Britain. Mrs Matovina was a perennial member of the Board of the Croatian Financial Services Supervisory Agency and of the Croatian Financial Reporting Standards Board. She is a founder and a director of several smaller local companies, among others Antares savjetovanje d.o.o. and Antares revizija d.o.o. Mrs Matovina chairs the Audit Committee. She attended all of the Supervisory Board and respective Committee meetings in 2024.

Goran Nikolić

BOARD MEMBER – APPOINTED BY WORKERS' COUNCIL

Goran Nikolić was born in 1977 in Pula, Croatia. He completed his primary and secondary education in Pula in 1995. In 2010, he completed the course for "System and Network Administrator" at the University College Algebra. After employment at Pula Airport and Uljanik, since 1998 he has been employed by Arenaturist (today Arena Hospitality Group) where he has been working for over 26 years. He currently works in the Company as head of customer support in the Company's IT department. Mr Nikolić has been re-appointed as the Supervisory Board member as of 1 April 2024. Mr Nikolić attended all of the Supervisory Board and respective Committee meetings in 2024.

Reuel (Reli) Slonim

PRESIDENT OF THE MANAGEMENT BOARD

Reuel Slonim joined Arena Hospitality Group as Executive Director in 2008. His previous role was as Vice President of Operations & Development and board member of Isrotel Hotels and Resorts, one of Israel's leading hospitality companies. Prior to that, Mr Slonim was Vice President Marketing & Sales after having served for ten years as General Manager of 5-Star resort hotel. Since joining Arena Hospitality Group in 2008, he has led a programme of major transformations which include the renovation, upgrading and rebranding of nine properties, acquired and successfully integrated the German and Hungarian operations, thus creating the first Croatian international hospitality Group, and led the Group's 2017 IPO which raised EUR 100 million in equity proceeds. The proceeds are designated for further development and growth. Moreover, the Group continues to expand in the CEE region through the addition of new properties in Zagreb, Nassfeld and Belgrade. Under his tenure, Arena grew from a local company to a truly international player with an EBITDA growth. During these years the Group introduced highly professional management procedures, updated IT systems and refined a training and development culture, which has solidified recognition of Arena Hospitality Group as a leading hospitality company in Croatia. In addition, Mr Slonim is a member of the Croatian Tourism Association (HUT) and is active in the communities of Pula and Medulin, member of the local Tourist Boards, and a committed supporter of local culture and sports.

Manuela Kraljević

MEMBER OF THE MANAGEMENT BOARD AND MARKETING AND SALES DIRECTOR

Manuela Kraljević joined the Arena Hospitality Group as Sales and Marketing Director in 2009, after six years as Sales and Marketing Director for Croatia for the renowned Sol Meliá hotel chain. Many years of business experience in the hotel industry with international companies (previously Sol Meliá, now PPHE) leads her to develop creative solutions for challenges in tourism. Since joining the Arena Hospitality Group, Mrs Kraljević has positioned the company at the very top of the Croatian tourism market through the repositioning of renovated facilities, the modernization and development of the Sales and Marketing Department, and the introduction of revenue management business functions. Her contribution in the segment of internet business modernization was of vital importance for the development of the company. She adopts and supports innovative technological solutions, which facilitates the transition of the Group into a modern and agile company. She leads the team that develops special business segments, from the leisure to the business segment. Under her leadership, development and implementation of marketing and sales strategies, the company gains market share in Croatia, Germany, Austria, Hungary, and Serbia. Mrs Kraljević also manages the Group's responsible business segment (Sustainability). She is a member of Pula and Medulin Tourist and the Economic Council of the Croatian Chamber of Commerce for the County of Istria. The company's marketing achievements have been awarded the Golden Goat award several times. Mrs Kraljević received a prestigious award for successful work in 2022 and the title of Manager of the Year from the Croatian Association of Business Women Krug.

Devansh Bakshi, FCMA, MBA

MEMBER OF THE MANAGEMENT BOARD AND CHIEF FINANCIAL OFFICER

Devansh Bakshi joined Arena Hospitality Group in 2019 as Board member and Chief Financial Officer. Prior to that he worked as Group Finance Director for Arora Group, which is a diverse real estate business managing hotels, construction, and commercial property portfolio in the UK. In 2011 he joined PPHE Hotel Group and worked for over five years as a Regional Financial Controller for the UK region. He has over 25 years of hospitality experience covering various disciplines of finance, real estate & construction. He is instrumental in ongoing group's financial activities for redevelopment and new acquisitions. Consolidating of support functions and technology upgrade for group wide optimisation of resources and organisational efficiency. Leads group compliance (including Sustainability), governance and enterprise risk management. He has a particular focus on investor relations and capital market activities. Mr Bakshi holds a Hotel Management degree, an MBA in International Business and is a qualified Fellow Chartered Management Accountant from United Kingdom.

Edmond (Edi) Pinto

MEMBER OF THE MANAGEMENT BOARD AND CHIEF OPERATING OFFICER

Edmond Pinto started his hospitality career as F&B Manager by primarily launching the all-inclusive concept in Israel, after which he served as General Manager in hotel operations working for ''Isrotel'' hotel chain for more than 20 years. During that time he was successfully operating various 5-stars resorts, luxury and city hotels. Mr Pinto holds a Bachelor's degree in Hospitality Management and has rich experience in the hotel industry with extensive knowledge in establishing cooperation with large businesses and corporate bodies and fostering community ties at the municipal level. His previous role as Resort Consultant & Owner Representative included managing all required opening procedures for a new 5-stars holiday resort in Vietnam, providing support to the owner regarding financial issues, establishing budgets, developing, regulations, standards, terms, documentation, processes, handling requirements and inventories. Mr Pinto joined Arena Hospitality Group in March 2020 as Member of the Management Board and Chief Operating Officer.

Corporate governance report

CORPORATE GOVERNANCE CODE

In 2024, as the provisions of the new Corporate Governance Code apply from 1 January 2025, the Company has applied the Corporate Governance Code of the Zagreb Stock Exchange 2020 (the Code) as adopted by the Croatian Financial Services Supervisory Agency and The Zagreb Stock Exchange (the ZSE) in October 2019 based on the "comply or explain" principle. The Company abides by this principle and, where relevant, provides reasons for non-compliance.

The Company will publish its annual Corporate Governance Questionnaires (Compliance Questionnaire) for 2024 in which it will provide the details on its application of the Code within the deadlines specified in the relevant regulations. The Company also applies the Rules of the ZSE (the ZSE Rules) in its day-to-day business.

CORPORATE BODIES

Corporate bodies of the Company are the Management Board, the Supervisory Board, and the General Assembly. The members of the Company's corporate bodies are required to perform their rights and obligations in the manner as shall be in the best interest of the Company. The members of the Supervisory Board and the Management Board are elected and appointed in accordance with the Companies Act and the Company's Articles of Association, which contain no limitations on diversity in respect age, gender, education, or profession.

GENERAL ASSEMBLY

The meetings of the Company's General Assembly are convened and held in accordance with the Companies Act and the Company's Articles of Association, and the General Assembly is competent for matters as set out in the Companies Act and the Company's Articles of Association.

The notices and the decisions proposed for discussion and adopted at General Assembly meetings are publicly announced in accordance with the Companies Act, the Company's Articles of Association, the Capital Market Act and the ZSE Rules, including announcements on the website of the Company, the website of the ZSE and the Court register websites.

Under the current Articles of Association of the Company, there is no requirement for the shareholders to register their attendance at the General Assembly meetings in advance and any shareholder registered in the Company's share register kept by the Central Depository & Clearing Company Inc. on the 21st calendar day before the day of the General Assembly meeting (excluding the day of its meeting) is entitled to participate and to vote at the General Assembly.

There are no Company shares with special control rights and there are no limitations to voting rights arising from the Company shares. Each Company share gives the right to one vote in the General Assembly of the Company.

There are no shareholder agreements referred to under Article 293a of the Companies Act.

The General Assembly is, inter alia, competent for amending the Company's Articles of Association by decision adopted with the majority of 3/4 of share capital represented at the General Assembly (except in relation to the authorised share capital increase, which decision is adopted with a qualified majority of 9/10 of the share capital represented at the General Assembly).

Pursuant to the decision of the General Assembly dated 31 May 2022, the Company may acquire treasury shares.

During 2024, one regular meeting of the General Assembly of the Company was held on 25 April 2024. On that General Assembly:

- the Company's Annual Report for 2023 (consolidated and separate), the Report of the Supervisory Board on the supervision of the Company's management and the results of examination of the Company's Annual Report for 2023, as well as the Report of the Management Board on acquisition of treasury shares were considered;
- the decision on adoption of the Report on remuneration of the Management Board and Supervisory Board members in 2023 was adopted;
- the decision on distribution of profits realised in 2023 was adopted;
- the decisions on granting discharge to the members of the Supervisory Board and the Management Board for their work in 2023 were adopted;
- the decision on election of the Supervisory Board members was adopted;
- the decision of the dividend payout in the amount of 0.75 EUR per share was adopted;
- the decision on approval of the Management Board Remuneration Policy was adopted;
- Deloitte d.o.o. Zagreb was appointed as the Company's auditor for 2024.

SUPERVISORY BOARD

The Supervisory Board of the Company consists of seven members, whereof six members are elected by the General Assembly of the Company and one member may be appointed by the Company's Worker's Council.

Under the Company's Articles of Association, the mandate of Supervisory Board members is up to four years. The current members of the Supervisory Board have been elected and appointed for the mandate from 25 April 2024 until closing of the General Assembly meeting to decide upon granting discharge to members of the Supervisory Board for their work in 2025.

A Supervisory Board member may be recalled before expiry of his mandate by decision of the General Assembly adopted with the majority of 3/4 of votes cast or by decision of the Company's Workers' Council respectively.

The authorities and the operation of the Supervisory Board are regulated by the Company's Articles of Association and the Rules of Procedure of the Supervisory Board, in line with the provisions of the Companies Act.

The members of the Supervisory Board as of 31 December 2024 were: Boris Ernest Ivesha (Chairman), Yoav Arie Papouchado (Deputy-Chairman), Kevin Michael McAuliffe, Ivana Matovina, Amra Pende, Lorena Škuflić and Goran Nikolić.

Independent members of the Supervisory Board are Mrs Ivana Matovina, Mrs Amra Pende and Mrs Lorena Škuflić. Mrs Ivana Matovina is a member of the Supervisory Board with the necessary expertise in the field of accounting and auditing of financial statements.

In accordance with Article 255 (6) of the Companies Act and Article 138 of the ZSE Rules, the Company confirms the independent status of its Supervisory Board at the time of issuing of this Report.

The Supervisory Board of the Company held the following meetings in 2024:

on 28 February 2024 whereat, inter alia, the Annual Report and the annual financial statements of the Company for the year 2023 (audited, consolidated and separate) were approved and the proposal on the dividend payout in the amount of 0.75 EUR (in words: zero Euros and seventy-five cents) per share was adopted;

on 20 March 2024, whereat, inter alia, the Supervisory Board adopted the Report on the remuneration of Management Board and the Supervisory Board members for 2023, the proposal on the election of the Supervisory Board members for another two-year mandate, the Management Board Remuneration Policy as well as other decisions related to the Annual General Assembly of the Company;

on 24 April 2024, whereat, inter alia, unaudited consolidated and separate quarterly report of the Company for the first quarter of 2024 was discussed;

on 25 April 2024, whereat, following the decision on the appointment of the of Supervisory Board members by the General Assembly, the new Supervisory Board of the Company was constituted, the Chairman and Deputy Chairman of the Supervisory Board were elected, and the members of the Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee were appointed;

on 29 July 2024, whereat, inter alia, unaudited consolidated and separate quarterly report of the Company for the second quarter of 2024 and the unaudited consolidated and separate half-year report of the Company for the first six months of 2024 were discussed;

on 13 September 2024, whereat the Company's Treasury Shares Buy-Back Programme was approved;

on 30 October 2024, whereat, inter alia, unaudited consolidated and separate quarterly report of the Company for the third quarter of 2024 and the unaudited consolidated and separate report of the Company for the first nine months of 2024 were discussed;

on 10 December 2024, whereat, inter alia, the projections of Company's Budget for 2025 were presented and discussed, as well as the Decision on matters reserved to the Supervisory Board, the Anti-Bribery and Anti-Corruption Policy, Enterprise Risk Management Policy and Framework and the new Audit Committee Rules of Procedure were adopted.

Pursuant to the Company's Articles of Association and the decision of the General Assembly, members of the Supervisory Board are entitled to a fixed monthly remuneration for their work in the Supervisory Board. In 2024, the total amount of EUR 143 thousand was paid as remuneration of Supervisory Board members.

REPORT ON THE SUPERVISORY BOARD'S APPRAISAL

The Code requires the Supervisory Board to conduct an annual evaluation of its effectiveness and composition as well as that of its Committees and the performance of its individual members. At the request of the President of the Supervisory Board one of the Supervisory Board members conducted this review internally by means of one-on-one interviews for 2024. No external assessors have been engaged in this process. All members of the Supervisory Board were given the opportunity to take part in this review. Soundings were also taken on some issues from most of the members of the Management Board.

The evaluation tracked significant progress against recommendations made in the review for the year 2023 and identified issues that the members of the Supervisory Board, its Committees and the Management Board of the Company should focus on in the next period as well as recommended actions to be undertaken for tackling those issues. These are e.g. ensuring that Sustainability strategy and measurement criteria are further developed, and robust reporting procedures are maintained, the remuneration policy is continuously reviewed, further work on succession plans for the Supervisory and Management Board members etc. The Supervisory Board will ensure the recommendations get implemented in 2025 as much as possible, by working closely with the Management Board and other relevant stakeholders within the Company.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has established an Audit Committee, a Nomination Committee, a Remuneration Committee, and a Sustainability Committee.

Audit Committee

The Company's Audit Committee consists of four members appointed by the Supervisory Board amongst its members: Ivana Matovina (Chair), Lorena Škuflić (Deputy-Chair), Amra Pende and Kevin Michael McAuliffe. In accordance with Art. 139 of the ZSE Rules, the Company confirms the independent status of its Audit Committee on the day of issuance of this Report.

The operation of the Audit Committee is regulated by decisions of the Supervisory Board, in line with the provisions of the Companies Act, the Audit Act, the Company's Articles of Association and the Rules of Procedure of the Audit Committee. During 2024, the Company's Audit Committee held six meetings. All Audit Committee members attended all meetings of this Committee.

Nomination Committee

The Nomination Committee consists of three members appointed by the Supervisory Board amongst its members: Kevin Michael McAuliffe (Chair), Amra Pende and Lorena Škuflić. The work of the Nomination Committee is regulated by decisions of the Supervisory Board, in line with the provisions of the Companies Act, the Company's Articles of Association, Rules of Procedure of the Supervisory Board and the Terms of Reference of the Nomination Committee. The Nomination Committee held one meeting in 2024. All Nomination Committee members attended the meeting of this Committee.

Remuneration Committee

The Remuneration Committee consists of three members appointed by the Supervisory Board amongst its members: Amra Pende (Chair), Lorena Škuflić and Kevin Michael McAuliffe. The work of the Remuneration Committee is regulated by decisions of the Supervisory Board, in line with the provisions of the Companies Act, the Company's Articles of Association, the Rules of Procedure of the Supervisory Board and the Terms of Reference of the Remuneration Committee. The Remuneration Committee held two meetings in 2024. All Remuneration Committee members attended all meetings of this Committee.

Sustainability Committee

The Sustainability Committee consists of three members appointed by the Supervisory Board amongst its members: Lorena Škuflić (Chair), Kevin Michael McAuliffe and Goran Nikolić. The work of the Sustainability Committee is regulated by decisions of the Supervisory Board, in line with the provisions of the Companies Act, the Company's Articles of Association, Rules of Procedure of the Supervisory Board and the Terms of Reference of the Sustainability Committee. The Sustainability Committee held three meetings in 2024. All Sustainability Committee members attended all meetings of this Committee.

GENDER BALANCE ON THE SUPERVISORY BOARD AND MANAGEMENT BOARD

The Supervisory Board set the target of the proportion of women in the Supervisory Board and the Management Board of the Company to be kept at the minimum 25% out of the total number of members of the respective Board. The target is set to be maintained by the end of 2026. It is to be noted that this goal was already fully achieved in Supervisory Board and Management Board.

At the same time, a balanced representation of women and men in the corporate bodies has been achieved in the Company, in accordance with the requirements of Article 272s of the Companies Act.

Three members out of a total of seven members of the Supervisory Board are women, representing 42.9% of all Supervisory Board members, and one female member out of a total of four members of the Management Board makes a 25% female representation in the Management Board. Out of a total of 11 members of the Management Board and the Supervisory Board, four members are women making a 36.4% female representation across the corporate bodies of the Company.

The Company highly supports the diversity within the Company and women make almost 50% of its workforce.

The Company continuously strives to improve the position and increase the involvement of women on all level of employment, including management, while taking into consideration the business needs of the Company and its stakeholders.

MANAGEMENT BOARD

The Management Board of the Company consists of minimum of two and maximum of five members appointed by the Supervisory Board for the mandate of up to five years. As of 31 December 2024, and at the day of issuance of this Report, the members of the Management Board are: Reuel Israel Gavriel Slonim (President), Devansh Bakshi, Manuela Kraljević and Edmond Pinto (members). The previous mandate of appointed members of the Management Board expired on 6 September 2023. On 26 July 2023 the Supervisory Board of the Company decided to reappoint the members of the Management Board of the Company for another two-year mandate, starting with 6 September 2023. The current mandate of appointed members of the Management Board expires on 6 September 2025. The members of the Management Board may be recalled before mandate expiry by decision of the Supervisory Board adopted in accordance with provisions of the Companies Act and the Company's Articles of Association.

The authorities and the operation of the Management Board are regulated by the Company's Articles of Association and the Rules of Procedure of the Management Board, in line with the provisions of the Companies Act. In particular, the Management Board has overall responsibility for the internal control and risk management processes, including that adequate accounting records are maintained, and transactions are recorded accurately and fairly. The Management Board provides information on the nature of the risks and the actions to mitigate risk exposure. Some of the potential risks relevant for the Group are listed on pages 146 - 151.

The Management Board has regular monthly (or, if required, more frequent) meetings to review operational activities in the Company. There is also seamless interaction between the Management and Supervisory Board on a regular, formal, and informal basis. The most important Management Board meetings held during 2024 were:

- on 28 February 2024, whereat, inter alia, the interim report of the Company for the fourth quarter of 2023 (consolidated and separate) and the Annual Report of the Company for 2023 (consolidated and separate) as well as the proposal on the dividend payout to the Company's shareholders were adopted;
- on 24 April 2024, whereat, inter alia, the unaudited consolidated and separate quarterly report of the Company for the first quarter of 2024 was adopted;
- on 29 July 2024, whereat, inter alia, the unaudited consolidated and separate quarterly report of the Company for the second quarter of 2024 and the unaudited consolidated and separate half-year report of the Company for the first six months of 2024 was adopted;
- on 13 September 2024, whereat, the Treasury Shares Buy-Back Programme was adopted;
- on 30 October 2024 whereat, inter alia, the unaudited consolidated and separate quarterly report of the Company for the third quarter of 2024 and the unaudited consolidated and separate report of the Company for the first nine months of 2024 were adopted.

Investor Information

Major shareholders and affiliated companies

The share capital of the Company amounts to EUR 13.613.965.00 and is divided into 5.128.721 ordinary shares under the ticker ARNT-R-A each without nominal value. As at 31 December 2024, 129,564 shares were held as treasury shares. Shareholders with holdings of 3% or more of the Company's registered capital as at 31 December 2024 are listed below:

	Percentage holding of Share Capital including treasury shares	Percentage holding of Share Capital excluding treasury shares
ZAGREBAČKA BANKA D.D./ DVADESET OSAM D.O.O.(a member of the PPHE Hotel Group)	53.75%	55.14%
OTP BANKA d.d. / AZ OMF kategorije B	11.93%	12.24%
ERSTE & STEIERMARKISCHE BANK D.D. / PBZ CO OMF-kategorije B	8.60%	8.82%
OTP BANKA d.d. / ERSTE PLAVI OMF kategorije B	7.17%	7.35%

PPHE Hotel Group is the Company's indirect controlling shareholder through its 100% owned subsidiaries: PPHE Holding Ltd, Park Plaza Hotels (UK) Ltd., PPHE Coop B.V., Euro Sea Hotels N.V., Bora B.V. and Dvadeset Osam d.o.o. Subsidiaries included in the Group are listed in Appendix. The Companies relations and transactions with affiliated companies, including its subsidiaries and other affiliates, are described in Note 25.

Valuation

IN EUR	2024 HIGH	LOW	LAST
Share price	34.20	30.00	31.60
Market capitalisation[1]	170,971,169	149,974,710	157,973,361
Net debt[2]	163,183,929	163,183,929	163,183,929
EV[3]	334,155,098	313,158,639	321,157,290
EV/EBITDA	9,54×	8,94×	9,17×

Note: High and Low related to the price in the period for the twelve months ending 31 December 2024. Last refers to the share price as at 31 December 2024.
1 Market capitalisation calculated as share price multiplied by the number of outstanding shares (4.999.157).
2 Net debt calculated as current and non-current bank borrowings, other current and non-current loans and finance lease obligations, minus cash and cash equivalents, short-term deposits and restricted deposits and cash.
3 EV represents the enterprise value, calculated as the sum of market capitalisation and net debt.

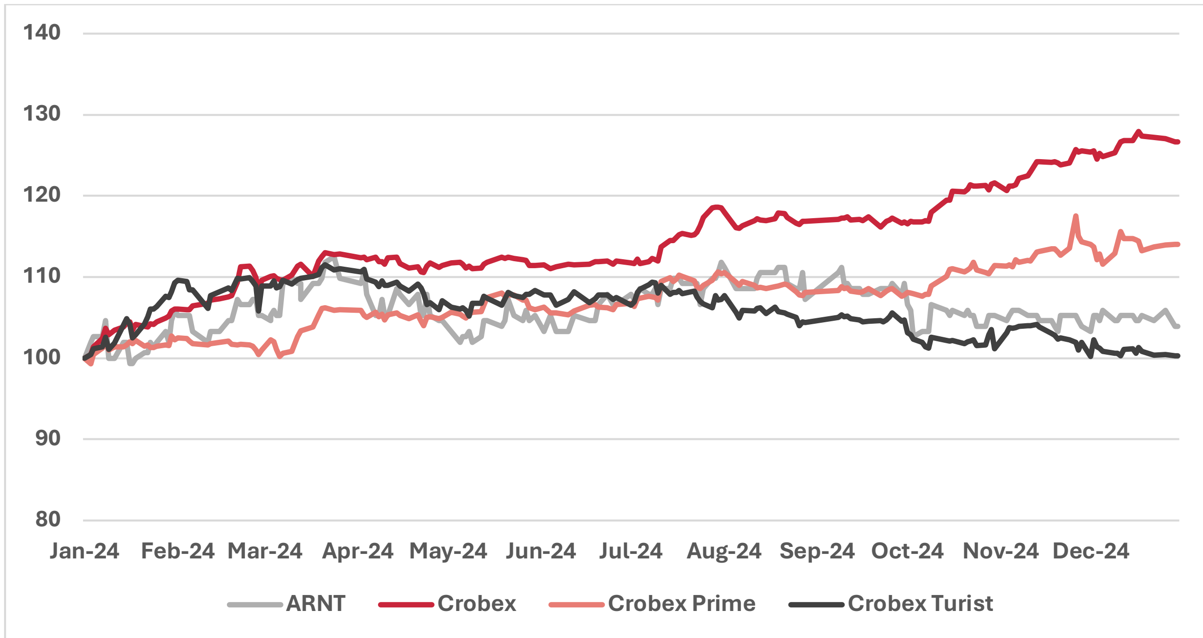
Share price performance

The Group's share price performance during the year was steady. The price volatility was driven by various factors, given the general economic climate. At the start of the financial year the price was EUR 30.40 per share, and it closed the year at EUR 31.60 per share, representing a marginal increase of 3.9%. The price remained sluggish throughout first quarter and gradually picked up during the summer season in Croatia where they peaked to EUR 34.00 during August. The price experienced a gradual after the summer season and experienced a fair amount of volatility. The peak of EUR 34.20 per share whilst the lowest trading price was EUR 30.20 per share. During the year, the total volume of shares amounted to EUR 6.23 million, of which EUR 3.92 million was regular trade and EUR 2.31 million was through a block trade. The total share number volume traded was 2.4% lower than the 2023 levels. We have continued with our share buy back program with a view to support the share liquidity.

The Group has two active market makers, Interkapital vrijednosni papiri d.o.o. and Zagrebačka banka d.d. and three research institutions that regularly publish notes and analysis: Erste bank d.d., Interkapital vrijednosni papiri d.o.o. and Zagrebačka banka d.d. Regular meetings are held with existing and prospective investors. During the year Management participated in some of the most relevant investor events, amongst other, Zagreb and Ljubljana Stock Exchange Investor conferences and Erste Investor conference.

The Group, listed on the Prime listing of The Zagreb Stock Exchange, is committed to the highest standards of corporate governance and transparency, and promotes an open and proactive dialogue with the investor community.

Share price performance relative to the Crobex and Crobex Prime indices



04

Financial statements

Management Board's Report

The Management Board presents to the Supervisory Board of the Company its Report and the audited financial statements of the Company (consolidated and separate) for the year ended 31 December 2024, with the Corporate governance report and Management Report, including the Sustainability Report which forms an integral part thereof.

PRINCIPAL ACTIVITIES

The Company is registered in the Commercial Court in Pazin, Croatia and, through its owned and leased assets in Croatia and controlled subsidiaries in Germany, Austria, Hungary and Serbia (which include owned, leased, operated and jointly-controlled assets), operates and develops full- service upscale, upper upscale and lifestyle hotels, self-catering holiday apartment complexes and campsites.

The majority of the Group's hotels and one of its self-catering holiday apartment complexes operate under the following brands: Park Plaza®, art'otel®, Arena Hotels & Apartments and Arena Campsites. Grand Hotel Brioni Pula operates as a Radisson Collection Hotel.

The Company has the exclusive right from PPHE Hotel Group to operate and develop hotels and self-catering holiday apartment complexes under the Park Plaza® brand in 18 countries in the CEE region.

BUSINESS REVIEW

A review of the business during the year is contained in the following documents: Chairman of the Supervisory Board's Statement, President of the Management Board's Statement, Investment and development, Key Performance Indicators, Member of the Management Board and Chief Financial Officer's statement and Operating Review.

2024 RESULTS

The results for the year ended 31 December 2024 are set out in the attached audited financial statements of the Company (consolidated and separate).

PRINCIPAL RISKS AND UNCERTAINTIES

Internal controls and an effective risk management regime are integral to the Group's continued operation. Overall responsibility for the risk management processes lies with the Management Board. The Management Board provides information on the nature of the risks and the actions to mitigate risk exposure. Not all potential risks are listed on pages 146 - 151. Some risks are excluded because the Management Board considers them not to be material to the Group as a whole. Additionally, there may be risks and uncertainties not presently known to the Management Board, or which the Management Board currently considers immaterial, that may also have an adverse effect on the Group.

AUDITOR

Deloitte d.o.o., Radnička cesta 80, 10000 Zagreb, Croatia is the Company's independent auditor appointed by decision of the General Assembly dated 25 April 2024 for the audit of the consolidated and separate annual financial statements of the Company for 2024, including the assessment of Management Report and Corporate governance statement and limited assurance in relation to the Sustainability Report. In relation to 2024, the Company's total fees to be paid to its independent auditor amount to EUR 147,300. Financial statements refer to both separate and consolidated financial statements.

GOING CONCERN

The Management Board believes it is taking all appropriate steps to support the sustainability and growth of the Group's activities. Detailed budget and cash flow projections have been prepared for 2025 which show that the Group's operations will be cash generative during the period. This, taken together with its conclusions on the matters referred to below has led the Management Board to conclude that it is appropriate to prepare the 2024 financial statements of the Company (consolidated and separate) on a going concern basis.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Pages 239 - 247 and Note 26 of the separate and consolidated financial statements of the Company set out the Company's objectives, policies, and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

MANAGEMENT BOARD'S RESPONSIBILITIES

Pursuant to the Croatian Accounting Act (Official Gazette 85/2024, 145/2024), the Management Board is required to ensure that the financial statements are prepared in accordance with International Financing Reporting Standards (IFRS) as adopted by the European Union in order to give a true and fair view of the Group's and Company's financial performance and their results for the reporting period.

The Management Board is required to ensure that the Sustainability Report is prepared by applying the European sustainability reporting standards, as regulated by the implementing acts of the European Commission.

In preparing the separate and consolidated financial statements, the Management Board is responsible for:

- selecting and consistently applying appropriate accounting policies;
- making reasonable and prudent judgments and estimates;
- complying with applicable accounting standards, while reporting and explaining all material departures in the financial statements;
- preparing the financial statements under the going concern principle, unless it is inappropriate due to the Company's actual position; and
- establishing appropriate and statutory accounting records so that the records disclose, with reasonable accuracy, the financial position of the Company and its income and expenses.

The Management Board confirms that it has complied with the above requirements in preparing the financial statements of the Company (consolidated and separate).

The Management Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements of the Company (consolidated and separate) have been properly prepared in accordance with the Croatian Accounting Act. The Management Board is responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
In the preparation of its Report and the Report on application of the Corporate Governance Code, the Management Board is responsible for their content in accordance with the provisions of the Accounting Act.

MANAGEMENT BOARD'S DECLARATION
So far as each member of the Management Board, who is a member at the time the Management Board's Report is approved, is aware, there is no relevant audit information of which the Company's auditor is unaware and each member has taken all steps he or she ought to have taken as a member of the Management Board to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

MANAGEMENT BOARD'S RESPONSIBILITY STATEMENT
Persons responsible for preparing the Annual Report: Reuel Israel Gavriel Slonim, President of the Management Board, Devansh Bakshi, member of the Management Board and Chief Financial Officer, Manuela Kraljević, member of the Management Board and Marketing and Sales Director and Edmond Pinto, member of the Management Board and Chief Operating Officer, confirm to the best of their knowledge that:

- the financial statements of the Company (consolidated and separate), which have been prepared in accordance with IFRS as adopted by the European Union, give an objective view of the assets and liabilities, financial position and profit or loss and cash flows of the Company and the undertakings included in the consolidation taken as a whole, and
- the Management Report (consolidated and separate) contains an objective presentation of the development and the operating results of the Company and its undertakings in the consolidation taken as a whole, with a description of the principal risks and uncertainties to which they are exposed.

The Strategic Report includes a fair review of the development and performance of the business and the position of the Company, and provides information necessary for shareholders to assess the Company's performance, business model and strategies.

The Management Board has a reasonable expectation that the Company has adequate resources to continue in business and the going concern principle was applied in preparing the financial statements of the Company (consolidated and separate).

The Sustainability Report was prepared by applying European sustainability reporting standards, as regulated by the implementing acts of the European Commission, and provides information related to sustainability issues in accordance with the provisions of the Accounting Act.

The Corporate governance report was prepared in accordance with the provisions of the Accounting Act.

MANAGEMENT BOARD

PRESIDENT

Reuel Israel Gavriel Slonim

MEMBERS

Manuela Kraljević

Devansh Bakshi

Edmond Pinto

Management Board's Decision

Pula, 26.02.2025.

According to Article 250.a, 250.b, 300.a, 300.b of the Croatian Companies Act, Articles 462 and 463 of the Croatian Capital Market Act and Articles 18, 20, 21 and 22 of the Croatian Accounting Act, the Management Board of Arena Hospitality Group d.d. Pula (the "Company") adopted the following decision on 26 February 2025:

DECISION ON ESTABLISHING THE ANNUAL FINANCIAL STATEMENTS AND THE PROPOSED PROFIT DISTRIBUTION

I. The Management Board hereby determines the Annual Financial Statements of the Company for 2024 (consolidated and separate), which comprise of:

- the statement of financial position,
- the income statement,
- the statement of comprehensive income,
- the statement of changes in equity,
- the statement of cash flows, and
- the notes to the financial statements.

The Company's separate Annual Financial Statements for 2024 refer to Arena Hospitality Group d.d.

The Company's consolidated Annual Financial Statements for 2024 refer to: Arena Hospitality Group d.d., Ulika d.o.o., Mažurana d.o.o., Sugarhill Investment B.V. and Germany Real Estate B.V. (the "Group").

II. The Annual Financial Statements of the Company for 2024 (consolidated and separate) have been audited by Deloitte d.o.o., OIB: 11686457780, Radnička cesta 80, HR-10 000 Zagreb (the "Auditor"), and the Auditor's Report forms an integral part thereof.

III. The auditor performed the verification for obtaining a limited assurance in relation to the Sustainability Report from Article 37. of the Accounting Act and compiled an Independent limited assurance report in relation to the Company's Sustainability Report for the year 2024. The auditor conclusion forms an integral part of the Independent limited assurance report in relation to the Sustainability Report.

IV. The Management Board hereby adopts the Company's Annual Report for 2024 (consolidated and separate), which comprises of:

- Annual financial statements of the Company for 2024 (consolidated and separate), together with the Auditor's Report,
- Report on application of the Corporate Governance Code,
- Management Report for 2024 (consolidated and separate), which includes the Strategic Report, Sustainability Report together with the Independent limited assurance report in relation to the Company's Sustainability Report, and the Corporate Governance Report, and
- Statement of the Company's responsible persons.

V. The Management Board hereby determines the proposal to allocate the profit of the Company realised in 2024 in the total amount of EUR 8,693,548.70 to retained earnings.

VI. This Decision, together with the Company's Annual Report for 2024 (consolidated and separate), which includes the Sustainability Report, is delivered to the Supervisory Board of the Company for consideration and approval respectively.

VII. The Management Board shall convene the Annual General Assembly of the Company after the Supervisory Board approves the Annual financial statements of the Company for 2024 (consolidated and separate) and adopts thereto related decisions.

VIII. This Decision and the Company's Annual Report for 2024 (consolidated and separate), together with the Sustainability Report, shall be published in the way and within the deadlines prescribed by the Capital Market Act and the Accounting Act.

MANAGEMENT BOARD

PRESIDENT

Reuel Israel Gavriel Slonim

MEMBERS

Manuela Kraljević

Devansh Bakshi

Edmond Pinto

Supervisory Board's Report

In accordance with Article 263 Par. 3, Article 300.c and Article 499 of the Companies Act and Article 19 and 30 Par. 4 of the Articles of Association of the company Arena Hospitality Group d.d. (hereinafter: the Company), the Supervisory Board of the Company, at its meeting held on 26 February 2025, determined the following

R E P O R T

TO THE ARENA HOSPITALITY GROUP D.D. GENERAL ASSEMBLY

I/ During 2024, the Supervisory Board of the Company had seven members. As at 31 December 2024, the members of the Supervisory Board were: Boris Ernest Ivesha (Chairman), Yoav Arie Papouchado (Deputy-Chairman), Kevin Michael McAuliffe, Ivana Matovina, Amra Pende, Lorena Škuflić and Goran Nikolić.

The Supervisory Board of the Company held the following meetings in the year 2024:

on 28 February 2024 whereat, inter alia, the Annual Report and the annual financial statements of the Company for the year 2023 (audited, consolidated and separate) were approved and the proposal on the dividend payout in the amount of 0.75 EUR (in words: zero Euros and seventy-five cents) per share was adopted;

on 20 March 2024, whereat, inter alia, the Report on the remuneration of Management Board and the Supervisory Board members for 2023, the proposal on the election of the Supervisory Board members for another two-year mandate, the Management Board Remuneration Policy as well as other decisions related to the Annual General Assembly of the Company were adopted;

on 24 April 2024 whereat, inter alia, unaudited consolidated and separate quarterly report of the Company for the first quarter of 2024 was discussed;

on 25 April 2024, whereat, following the decision on the appointment of the of Supervisory Board members by the General Assembly, the new Supervisory Board of the Company was constituted, the Chairman and Deputy Chairman of the Supervisory Board were elected, and the members of the Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee were appointed;

on 29 July 2024 whereat, inter alia, unaudited consolidated and separate quarterly report of the Company for the second quarter of 2024 and the unaudited consolidated and separate half-year report of the Company for the first six months of 2024 were discussed;

on 13 September 2024, whereat the Company's Treasury Shares Buy-Back Programme was approved;

on 30 October 2024 whereat, inter alia, unaudited consolidated and separate quarterly report of the Company for the third quarter of 2024 and the unaudited consolidated and separate report of the Company for the first nine months of 2024 were discussed;

on 10 December 2024, whereat, inter alia, the projections of Company's Budget for 2025 were presented and discussed, as well as the Decision on matters reserved to the Supervisory Board, the Anti-Bribery and Anti-Corruption Policy, Enterprise Risk Management Policy and Framework and the new Audit Committee Rules of Procedure were adopted.

II/ The Supervisory Board of the Company established the Audit Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee.

In 2024 the Audit Committee had four members: Ivana Matovina (Chair), Lorena Škuflić (Deputy - Chair), Amra Pende and Kevin Michael McAuliffe. It held six meetings in 2024.

The Nomination Committee consists of three members: Kevin Michael McAuliffe (Chair), Amra Pende and Lorena Škuflić. It held one meeting in 2024.

The Remuneration Committee consists of three members: Amra Pende (Chair), Lorena Škuflić and Kevin Michael McAuliffe. It held two meeting in 2024.

The Sustainability Committee consists of three members: Lorena Škuflić (Chair), Kevin Michael McAuliffe and Goran Nikolić. It held three meetings in 2024.

III/ In accordance with its responsibilities, the Supervisory Board has performed supervision and examined the Company business books and the Company documentation. The Supervisory Board examined the conduct of the Company's operations based on the detailed information received from the Management Board by way of regular communication, particularly by way of reports of the Management Board on the operations and the status of the Company. Accordingly, the Supervisory Board determined that the Company acts in compliance with the law, the Articles of Association and other acts of the Company and the decisions of the General Assembly.

IV/ The Supervisory Board examined the Company's Annual Report for 2024 (consolidated and separate), which comprises of:

Annual financial statements of the Company for 2024 (consolidated and separate) - statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements,

Report of the Company's auditor for 2024,

Report on application of the Corporate Governance Code,

Management Report for 2024 (consolidated and separate), which includes Strategic Report, Sustainability Report together with the the Independent limited assurance report in relation to the Sustainability Report, and Corporate Governance Report, and

Statement of the Company's responsible persons.

The Supervisory Board acknowledges the receipt of the Audit Committee Reports dated 26 February 2025 with respect to preparation and issuing of the Annual financial statements of the Company for 2024, and with respect to the preparation of the Sustainability Report.

The Supervisory Board has no objections to the Company's Annual Report for 2024 (consolidated and separate), together with Sustainability Report and the Independent limited assurance report in relation to the Sustainability Report, including the Report of the Company's auditor (Deloitte d.o.o. Zagreb).

The Supervisory Board establishes that the Annual financial statements of the Company (consolidated and separate) for the year ended on 31 December 2024 were prepared in compliance with the state of the Company's business books and that they correctly show the financial and business state of the Company.

Therefore, the Supervisory Board approves the Company's Annual Report for 2024 (consolidated and separate) together with Sustainability Report, whereby the Annual financial statements of the Company for 2024 (consolidated and separate) are considered as approved by the Management Board and the Supervisory Board, pursuant to the provisions of Articles 300.c and 300.d of the Companies Act and Article 30. of the Company's Articles of Association.

V/ The Supervisory Board examined the Related parties transactions report for 2024 and has no objections to this Report. The Supervisory Board also has no objections to the results of audit of this Report from Article 498 of the Companies Act as well as to the Management Board's statement pursuant to Article 497 Par. 3 of the Companies Act, in relation with obligations from Article 263 (e) contained in this Report.

VI/ The Supervisory Board has ensured that the Management Board has had sufficient strength and a good balance of skill sets to ensure it carried out all its tasks during what continued to be one of the most challenging periods in the Company's history. The data flow between the Management Board and the Supervisory Board during 2024 was stable and on a satisfactory level. Based on the above, the Supervisory Board evaluates the overall business of the Company as well as the work of the Management Board and the Supervisory Board as successful and emphasises good cooperation with the members of the Management Board.

VII/ The Supervisory Board adjoins to the proposal of the Management Board regarding the profit of the Company realised in 2024 in the total amount of EUR 8,693,548.70 is allocated to retained earnings.

Boris Ivesha

Chairman of the Supervisory Board

Supervisory Board's Decision

Pula, 26.02.2025.

I. The Supervisory Board hereby approves the Company's Annual Report for 2024 (consolidated and separate), which comprises of:

Annual financial statements of the Company for 2024 (consolidated and separate) - statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements,

Report of the Company's auditor for 2024,

Report on application of the Corporate Governance Code,

Management Report for 2024 (consolidated and separate), which includes Strategic Report, Sustainability Report together with Independent limited assurance report in relation to the Sustainability Report and Corporate Governance Report, and

Statement of the Company's responsible persons.

II. Pursuant to the provisions of Articles 300.c and 300.d of the Companies Act and Article 30. of the Company's Articles of Association, by the Supervisory Board's approval of the Company's Annual Report for 2024 (consolidated and separate), the Annual financial statements of the Company for 2024 (consolidated and separate), are considered as approved by the Management Board and the Supervisory Board.

III. The Supervisory Board hereby approves the publication of the Company's Annual Report for 2024 (consolidated and separate), including Sustainability Report.

IV. The Supervisory Board adjoins to the proposal of the Management Board that the General Assembly decides that profit of the Company realised in 2024 in the total amount of EUR 8,693,548.70 is allocated to retained earnings.

Boris Ivesha

Chairman of the Supervisory Board

Independent auditor's report

To the Shareholders of Arena Hospitality Group d.d.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Arena Hospitality Group d.d.
Report on the Audit of the Financial Statements

Opinion
We have audited the separate financial statements of Arena Hospitality Group d.d. (the Company) and consolidated financial statements of the Arena Hospitality Group d.d. and its subsidiaries (the Group) which comprise the separate and the consolidated income statement of financial position as at 31 December 2024, the separate and the consolidated income statement, the separate and the consolidated statement of other comprehensive income, the separate and the consolidated statement of changes in equity and the separate and the consolidated statement of cash flows for the year then ended, and notes to the separate and the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion
We conducted our audit in accordance with the International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate and the Consolidated Financial Statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code) and we have fulfilled our 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 opinion.

This version of the auditor`s report is translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

Key audit matter
Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the separate and the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the separate and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

SUBSEQUENT MEASUREMENT OF TOURISTIC PROPERTIES

For accounting policies please refer to Notes 2(j) Property, Plant and Equipment and 2(k) Impairment of Non-Financial Assets, as well as Note 3 Property, Plant and Equipment within the separate and consolidated financial statements.

Key audit matter	How we addressed key audit matter
In financial statements for the year ended 31 December 2024, the Company and the Group presented touristic properties within property, plant and equipment at EUR 213,818 thousands and EUR 342,941 thousands respectively (2023: EUR 221,223 thousands and EUR 353,292 thousands respectively). Presented touristic properties comprise of hotels, self-catering holiday apartment complexes, campsites, related facilities and are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Each individual touristic property, which comprises assets or group of assets, is determined as a separate cash-generating unit (CGU), cash inflows of which are largely independent from other assets of groups of assets. These individual CGUs within touristic properties are subject to an annual review to determine whether impairment indicators exist that would require conducting an impairment test, potentially leading to a decrease in CGU's carrying amount to its recoverable amount. Any reversal is limited to ensuring that the carrying amount does not exceed what it would have been had no impairment been recognized. As part of the annual review, Management also reassesses the useful lives of these assets annually. In performing annual review of touristic properties, the Management relies on significant judgements and assumptions surrounding tourism industry outlook and performances of their individual touristic properties/CGUs including also, but not limited to judgements and assumptions over expected growth rates, discount rates, occupancy rates, revenue per available room/accommodation and gross operating profit. Given the inherent complexities and uncertainties surrounding the process of annual review, especially around developing judgements and assumptions relating to the performance of both individual touristic properties and industry as a whole, combined with the impact an annual review may have to carrying amounts of plant, property and equipment presented in the financial statements, we have determined subsequent measurement of these assets as a key audit matter for our audit.	In order to respond to risks associated with subsequent measurement of touristic properties, identified as key audit matter, we designed audit procedures that enabled us to obtain sufficient appropriate audit evidence for our conclusion on this matter. Our audit procedures, relating to identified key audit matter area, included among others: • Obtaining understanding of the process relating to the annual review of touristic properties, • Obtaining understanding of control environment governing the process relating to the annual review of touristic properties and checking for the existence of relevant controls addressing the risks associated with the area of subsequent measurement, • Inspecting Minutes of the Management and Supervisory Board's meetings for any indication of financial difficulties, changes in individual operational plans or physical damages made to assets with potential adverse effect on the recoverability of tourism properties, • Inspecting and evaluating the appropriateness of the Company's and Group's annual review and impairment model against the requirements of the relevant financial reporting standards, • Identifying relevant judgements, assumptions, and sources of data used in the models and assessing whether such are reasonable and appropriate for their application, • Inspecting accuracy and completeness of the annual depreciation charge by recalculating amounts, and • Reviewing the completeness and accuracy of disclosures relating to the tourism properties against the relevant financial reporting standards.

Other Matter

The financial statements of the Company and the Group for the year ended 31 December 2023 were audited by another auditor, who expressed an unmodified opinion on the financial statements on 28 February 2024.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the separate and the consolidated financial statements and our auditor's report.

Our opinion on the separate and the consolidated financial statements does not cover the other information.

In connection with our audit of the separate and the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. With respect to the Management Report, the Corporate Governance Report, which are included in the Annual Report, we have also performed the other procedures prescribed by the Accounting Act. These procedures include examination of whether the Management Report include required disclosures as set out in the Articles 22 and 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in the Articles 22 and 25 of the Accounting Act.

Based on the procedures performed during our audit, to the extent we are able to assess it, we report that:

1) Information included in the other information is, in all material respects, consistent with the attached separate and consolidated financial statements.

2) Management Report has been prepared, in all material respects, in accordance with the Articles 22 and 24 of the Accounting Act, excluding the requirements on sustainability reporting. In respect of the Sustainability Report, which is included as part of the other information and constitutes a separate part of the Management Report, we performed a limited assurance engagement, the results of which were presented in a separate limited assurance report with an unmodified conclusion.

3) Corporate Governance Report has been prepared, in all material aspects, in accordance with the Articles 22 and 25 of the Accounting Act, Based on the knowledge and understanding of the Company and the Group and its environment, which we gained during our audit of the separate and the consolidated financial statements, we have not identified material misstatements in the other information.

Responsibilities of Management and Those Charged with Governance for the Separate and the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and the consolidated financial statements in accordance with IFRSs and for such internal control as Management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and the consolidated financial statements, Management is responsible for assessing the Company's and the Group'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 Management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the separate and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high 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.

Auditor's Responsibilities for the Audit of the Separate and the Consolidated Financial Statements

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 taken on the basis of these separate and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the separate and the consolidated 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control 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 and the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 and the Group'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 separate and the consolidated 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 and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and the consolidated financial statements, including the disclosures, and whether the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial

statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.
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 control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report based on the requirements of Delegated Regulation (EU) No. 2018/815 amending Directive No. 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of the uniform electronic format for reporting (ESEF)

Auditor's reasonable assurance report on the compliance of separate and consolidated financial statements (financial statements), prepared based on the provision of Article 462 (5) of the Capital Market Act by applying the requirements of the Delegated Regulation (EU) 2018/815 specifying for the issuers a single electronic reporting format ("ESEF Regulation"). We conducted a reasonable assurance engagement on whether the financial statements of the Company the Group for the financial year ended 31 December 2024 prepared to be made public pursuant to Article 462 (5) of the Capital Market Act, contained in the electronic file arenahospitality-2024-12-31-0-en , have been prepared in all material aspects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the Management and Those Charged with Governance

Management is responsible for the preparation and content of the financial statements in line with the ESEF Regulation.
In addition, Management is responsible for maintaining the internal controls system that reasonably ensures the preparation of financial statements without material differences with the reporting requirements from the ESEF Regulation, whether due to fraud or error.
Furthermore, Company Management is responsible for the following:

- public reporting of financial statements presented in the Annual Report in valid XHTML format
- selection and use of XBRL markups in line with the requirements of the ESEF Regulation.

Those charged with governance are responsible for supervising the preparation of financial statements in ESEF format as part of the financial reporting process.

Auditor's Responsibilities

It is our responsibility to carry out a reasonable assurance engagement and, based on the audit evidence obtained, give our conclusion on whether the financial statements have been prepared without material differences with the requirements from the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). This standard requires that we plan and perform the engagement to obtain reasonable assurance for providing a conclusion.

Quality management

We have conducted the engagement in compliance with independence and ethical requirements as provided by the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants. The code is based on the principles of integrity, objectivity, professional competence and due diligence, confidentiality, and professional conduct. We comply with the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements (ISQM 1) and accordingly maintain an overall management control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and statutory requirements.

Procedures performed

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

- We have read the requirements of the ESEF Regulation;
- We have gained an understanding of internal controls of the Company and the Group, relevant for the application of the ESEF Regulation requirements;
- We have identified and assessed the risks of material differences with the ESEF Regulation due to fraud or error;
- We have devised and designed procedures for responding to estimated risks and obtaining reasonable assurance in order to give our conclusion.

Our procedures focused on assessing whether:

- Financial statements included in the separate and the consolidated report have been prepared in valid XHTML format;
- Data included in the separate and the consolidated financial statements required by the ESEF Regulation have been marked up and meet all of the following requirements:
  - XBRL has been used for markups.
  - Core taxonomy elements stipulated in the ESEF Regulation with the closest accounting meaning were used unless an extension taxonomy element was created in line with the Annex IV of the ESEF Regulation;
  - Markups comply with the common rules on markups in line with the ESEF Regulation.

We believe the evidence we obtained to be sufficient and appropriate to provide a basis for our conclusion.

Conclusion

We believe that, based on the procedures performed and evidence obtained, the financial statements of the Company and the Group presented in the ESEF format, contained in the aforementioned electronic file, and based on the provision of Article 462 (5) of the Capital Market Act, have been prepared to be published for public, in all material aspects in accordance with the requirements of articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2024.

In addition to this conclusion, as well as the audit opinion contained in this Independent Auditor's Report for the accompanying financial statements and Annual Report for the year ended 31 December 2024, we do not express any opinion on the information contained in these documents or other information contained in the above mentioned file.

Other reporting obligations as required by Regulation (EU) No. 537/2014 of the European Parliament and the Council and the Audit Act

We were appointed as the statutory auditor of the Company and the Group by the shareholders on General Assembly held on 25 April 2024 to perform audit of accompanying separate and consolidated financial statements. Our total uninterrupted engagement has lasted 1 year and covers period 1 January 2024 to 31 December 2024.

We confirm that:

- our audit opinion on the accompanying separate and consolidated financial statements is consistent with the additional report issued to the Audit Committee of the Company on 26 February 2025 in accordance with the Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council;
- no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided.

There are no services, in addition to the statutory audit, which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

The engagement partner on the audit resulting in this independent auditor's report is Goran Končar.

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

Goran Končar
Director and Certified auditor

Deloitte d.o.o.

26 February 2025
Radnička cesta 80,
10 000 Zagreb,
Croatia

Consolidated And Separate Statement Of Financial Position

		As at 31 December			
		Group		Company	
	Note	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Assets					
Non-current assets:					
Intangible assets	4	**974**	1,201	**882**	1,080
Property, plant and equipment	3	**342,941**	353,292	**213,818**	221,223
Right-of-use assets	14	**32,283**	33,059	**-**	-
Inventories		**1,203**	2,066	**879**	1,580
Interest in joint ventures	5	**9,922**	6,256	**-**	-
Other non-current financial assets	6	**794**	1,029	**130,124**	124,708
Deferred tax asset	22	**6,725**	8,674	**6,640**	8,588
Restricted deposits and cash		**6,345**	9,335	**5,487**	8,975
		401,187	414,912	**357,830**	366,154
Current assets:					
Inventories		**1,126**	843	**622**	548
Trade receivables	7	**3,376**	2,610	**1,887**	1,024
Other receivables and prepayments	8	**1,908**	1,481	**4,506**	2,958
Income tax receivable		**-**	99	**-**	-
Short-term deposits		**7,453**	-	**7,453**	-
Cash and cash equivalents	9	**29,876**	50,348	**23,572**	43,371
		43,739	55,381	**38,040**	47,901
Total assets		**444,926**	470,293	**395,870**	414,055

		As at 31 December			
		Group		Company	
	Note	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Equity and liabilities					
Equity:	10				
Issued capital		**13,614**	13,614	**13,614**	13,614
Share premium		**151,550**	151,668	**151,550**	151,668
Hedging reserve		**(37)**	210	**-**	-
Other reserves		**40,087**	41,631	**71,442**	73,288
Accumulated earnings/(losses)		**8,476**	6,314	**37,598**	32,687
Total equity		**213,690**	213,437	**274,204**	271,257
Non-current liabilities:					
Bank borrowings	13	**146,112**	162,251	**87,756**	97,416
Lease liability	14	**32,766**	35,799	**122**	169
Provisions	15	**6,020**	6,020	**6,020**	6,020
Other liabilities		**1,432**	1,329	**1,359**	1,314
		186,330	205,399	**95,257**	104,919
Current liabilities:					
Trade payables		**3,988**	4,567	**1,499**	1,264
Current lease liability	14	**6,522**	3,546	**47**	45
Other payables and accruals	16	**11,694**	14,483	**8,828**	11,810
Income taxes liability		**189**	-	**-**	-
Liabilities towards related parties		**1,055**	1,209	**1,236**	1,599
Bank borrowings	13	**21,458**	27,652	**14,799**	23,161
		44,906	51,457	**26,409**	37,879
Total liabilities		**231,236**	256,856	**121,666**	142,798
Total equity and liabilities		**444,926**	470,293	**395,870**	414,055

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

Consolidated And Separate Income Statement

		For year ended 31 December			
		Group		Company	
	Note	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Revenues	17	**142,284**	126,498	**96,608**	91,081
Operating expenses	18	**(104,759)**	(96,066)	**(71,246)**	(68,483)
EBITDAR		**37,525**	30,432	**25,362**	22,598
Rental expenses and concession fees: land		**(2,487)**	(2,382)	**(2,211)**	(2,241)
EBITDA		**35,038**	28,050	**23,151**	20,357
Depreciation, amortisation and impairment	3/4/14	**(20,501)**	(18,392)	**(12,930)**	(12,297)
EBIT		**14,537**	9,658	**10,221**	8,060
Financial expenses	19	**(7,009)**	(5,177)	**(2,694)**	(2,862)
Financial income	20	**1,880**	2,561	**3,266**	2,441
Other expenses	21	**(970)**	(1,411)	**(681)**	(220)
Other income	21	**540**	298	**530**	56
Share in result of joint ventures		**(317)**	(131)	**-**	-
Profit/(loss) before tax		**8,661**	5,798	**10,642**	7,475
Income tax benefit/(expense)	22	**(2,716)**	(2,144)	**(1,948)**	(1,343)
Profit/(loss) for the year		**5,945**	3,654	**8,694**	6,132
Profit/(loss) attributable to:					
Equity holder of the parent		**5,945**	3,654	**8,694**	6,132
Basic and diluted (loss)/earnings per share	23	**1.18**	0.72	**1.72**	1.21

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

Consolidated And Separate Statement Of Other Comprehensive Income

		For year ended 31 December			
		Group		Company	
	Note	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Profit/(loss) for the year		**5,945**	3,654	**8,694**	6,132
Other comprehensive income to be recycled through profit and loss in subsequent periods:					
Profit/(Loss) from cash flow hedges		**(247)**	(932)	**-**	-
Foreign currency translation adjustment of foreign operations		**302**	(192)	**-**	-
Other comprehensive income /(loss)		**55**	(1,124)	**-**	-
Total comprehensive income/(loss)		**6,000**	2,530	**8,694**	6,132
Other comprehensive income /(loss) attributable to:					
Equity holder of the parent		**6,000**	2,530	**8,694**	6,132

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

Consolidated Statement Of Changes In Equity

In EUR'000	Issued capital	Share premium	Hedging reserve	Other reserve	Accumulated earnings / (loss)	Total
Balance as at 1 January 2023	**13,614**	**151,668**	**1,142**	**42,145**	**6,197**	**214,766**
Profit/(loss) for the year	-	-	-	-	3,654	3,654
Other comprehensive income/ (loss)	-	-	(932)	(192)	-	(1,124)
Total comprehensive income/(loss)	**-**	**-**	**(932)**	**(192)**	**3,654**	**2,530**
Dividend payment	-	-	-	-	(3,537)	(3,537)
Treasury shares	-	-	-	(537)	-	(537)
Share based payment (Note 11)	-	-	-	215	-	215
Balance as at 31 December 2023	**13,614**	**151,668**	**210**	**41,631**	**6,314**	**213,437**
Profit/(loss) for the year	-	-	-	-	5,945	5,945
Other comprehensive income/ (loss)	-	-	(247)	302	-	55
Total comprehensive income/(loss)	**-**	**-**	**(247)**	**302**	**5,945**	**6,000**
Dividend payment	-	-	-	-	(3,783)	(3,783)
Treasury shares	-	-	-	(2,155)	-	(2,155)
Release of treasury shares	-	(44)	-	44	-	-
Share based payment (Note 11)	-	(74)	-	265	-	191
Balance as at 31 December 2024	**13,614**	**151,550**	**(37)**	**40,087**	**8,476**	**213,690**

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

Separate Statement Of Changes In Equity

In EUR'000	Issued capital	Share premium	Other reserve	Accumulated earnings / (loss)	Total
Balance as at 1 January 2023	**13,614**	**151,668**	**73,610**	**30,092**	**268,984**
Profit/(loss) for the year	-	-	-	6,132	6,132
Other comprehensive income/ (loss)	-	-	-	-	-
Total comprehensive income/ (loss)	**-**	**-**	**-**	**6,132**	**6,132**
Dividend payment	-	-	-	(3,537)	(3,537)
Treasury shares	-	-	(537)	-	(537)
Share based payment (Note 11)	-	-	215	-	215
Balance as at 31 December 2023	**13,614**	**151,668**	**73,288**	**32,687**	**271,257**
Profit/(loss) for the year	-	-	-	8,694	8,694
Other comprehensive income/ (loss)	-	-	-	-	-
Total comprehensive income/ (loss)	**-**	**-**	**-**	**8,694**	**8,694**
Dividend payment	-	-	-	(3,783)	(3,783)
Treasury shares	-	-	(2,155)	-	(2,155)
Release of treasury shares	-	(44)	44	-	-
Share based payment (Note 11)	-	(74)	265	-	191
Balance as at 31 December 2024	**13,614**	**151,550**	**71,442**	**37,598**	**274,204**

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

Financial statements

Consolidated And Separate Statement Of Cash Flows

		For year ended 31 December			
			Group		Company
	Note	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Cash flows from operating activities:					
Profit for the year		**5,945**	3,654	**8,694**	6,132
Adjustment to reconcile profit to cash provided by operating activities:					
Interest expenses	19	**5,432**	5,177	**2,691**	2,845
Interest revenue	20	**(1,880)**	(1,555)	**(3,266)**	(2,438)
Unrealised foreign exchange (gains)/losses		**1,491**	(904)	**-**	-
Income tax (benefit)/charge		**2,716**	2,144	**1,948**	1,343
Share in results of joint ventures		**317**	131	**-**	-
Gain on disposal of property, plant and equipment		**(354)**	-	**(354)**	-
Depreciation, amortisation and impairment	3/4/14	**20,501**	18,392	**12,930**	12,297
Disposal of property, plant and equipment		**566**	56	**609**	9
Share-based payments		**191**	215	**191**	215
		28,980	23,656	**14,749**	14,271
Changes in operating assets and liabilities:					
Decrease/(increase) in inventories		**577**	(187)	**627**	356
Decrease/(increase) in trade and other receivables		**(1,268)**	855	**(969)**	(477)
Increase/(decrease) in trade and other payables		**(3,363)**	3,553	**(3,146)**	4,066
		(4,054)	4,221	**(3,488)**	3,945
Cash paid and received during the period for:					
Interest paid		**(5,347)**	(5,032)	**(2,723)**	(2,718)
Interest received		**1,421**	1,375	**1,832**	2,095
Taxes paid		**(479)**	(551)	**-**	-
		(4,405)	(4,208)	**(891)**	(623)
Net cash provided by operating activities		**26,466**	27,323	**19,064**	23,725

		Year ended 31 December			
			Group		Company
	Note	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Cash flows from investing activities:					
Investments in property, plant and equipment		**(7,545)**	(32,328)	**(5,917)**	(12,132)
Loans to related party		**-**	-	**(5,900)**	(11,165)
Proceeds from given group loans		**-**	-	**485**	2,816
Loans to joint ventures		**(5,531)**	(1,100)	**-**	-
Proceeds from repayment of loans given to joint ventures		**1,995**	78	**-**	-
Proceeds from sale of property, plant and equipment		**407**	-	**407**	-
Decrease/ (increase) in restricted and rent deposits		**(4,465)**	(602)	**(3,965)**	(228)
Net cash used in investing activities		**(15,139)**	(33,952)	**(14,890)**	(20,709)
Cash flows from financing activities:					
Proceeds from bank borrowings	13	**5,000**	10,524	**5,000**	2,500
Proceeds from finance lease		**-**	190	**-**	190
Payment of principal portion of lease liabilities		**(3,496)**	(3,107)	**(45)**	(22)
Dividend payment		**(3,783)**	(3,537)	**(3,783)**	(3,537)
Repayment of bank borrowings		**(27,414)**	(16,980)	**(22,990)**	(13,822)
Purchase of treasury shares		**(2,155)**	(537)	**(2,155)**	(537)
Net cash provided by (used in) financing activities		**(31,848)**	(13,447)	**(23,973)**	(15,228)
(Decrease)/increase in cash and cash equivalents		**(20,521)**	(20,076)	**(19,799)**	(12,212)
Net foreign exchange differences		**49**	(13)	**-**	-
Cash and cash equivalents at beginning of year		**50,348**	70,437	**43,371**	55,583
Cash and cash equivalents at end of year		**29,876**	50,348	**23,572**	43,371
Non-cash items:					
Outstanding payable on investments in property, plant and equipment		**320**	433	**320**	248

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

Notes to the Financial Statements

Note 1 General

a. The financial statements of Arena Hospitality Group d.d. (the Company) and its subsidiaries (together the Group) for the year ended 31 December 2024 were authorized by a decision of the Management Board dated 26 February 2025. Following approval by the Supervisory Board, the financial statements are considered approved according to Article 300d of the Croatian Companies Act.

The Company is a subsidiary of PPHE Hotel Group Limited, a Guernsey incorporated company listed on the FTSE Market of the London Stock Exchange (PPHE Hotel Group) which (indirectly) owns 55.14% of the registered share capital in the Company. The financial statements of the Group are included in the financial statements of PPHE Hotel Group.

As at 31 December 2024 and at the day of issuance of this Report, the members of the Management Board are: Reuel Israel Gavriel Slonim (President), Devansh Bakshi, Manuela Kraljević and Edmond Pinto (members). The members of the Supervisory Board as of 31 December 2024 were: Boris Ernest Ivesha (Chairman), Yoav Arie Papouchado (Deputy - Chairman), Kevin Michael McAuliffe, Ivana Matovina, Amra Pende, Lorena Škuflić and Goran Nikolić.

b. Description of business and formation of the Company:

The Company is a joint stock company listed on the Prime Market of the Zagreb Stock Exchange with its registered office in Pula, Republic of Croatia. In accordance with the laws of the Republic of Croatia and with the approval of the Croatian Privatisation Fund, the Company was transformed from a state-owned company into a joint stock company in 1994 and registered with the Commercial Court in Rijeka.

The business of the Group is owning, co-owning, leasing and operating full-service upscale, upper upscale and lifestyle hotels in major gateway cities and regional centres, such as Berlin, Cologne and Nuremberg in Germany, Budapest in Hungary, Belgrade in Serbia, Zagreb in Croatia as well as hotels, self-catering apartment complexes and campsites in destinations such as in the city of Pula, the largest city in Croatia's Istria region or Medulin, and ski resort in Nassfeld in Austria.

c. Assessment of going concern and liquidity:

As part of their ongoing responsibilities, the Management Board have recently undertaken a thorough review of the Group's and the Company's cash flow forecast and potential liquidity risks. Detailed budgets and cash flow projections have been prepared for 2025, which show that the Group's hotel operations will be cash generative during the period. The Management Board have determined that the Company is likely to continue it's business for at least 12 months from the date of the financial statements.

Note 2 Material accounting policies

a. Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union.

The financial statements of the Group and the Company have been prepared on a historical cost basis, except for those assets and liabilities measured at fair value as explicitly indicated.

The financial statements are presented in Euro and all values are rounded to the nearest thousand except where indicated otherwise.

Statement of compliance:

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Standards Interpretations Committee (IFRIC) and adopted by the European Union.

The accounting policies used in preparing the financial statements are set out below. These accounting policies have been consistently applied to the periods presented, except where otherwise indicated.

b. Basis of consolidation

The Consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group and the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss.

c. Significant accounting judgments, estimates and assumptions

The preparation of the Group's and Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's and the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Acquisition of companies that are not business combinations

At the acquisition date of companies and groups of assets, the Group and the Company determines whether the transaction constitutes an acquisition of a business in a business combination transaction pursuant to IFRS 3. If the acquisition does not constitute a business as defined in IFRS 3, the cost of purchase is allocated only to the identifiable assets and liabilities of the acquired company on the basis of their relative fair values at the date of purchase and including any minority interest according to its share of the fair value of net identifiable assets at the acquisition date.

In determining whether a business was acquired, the Group and the Company evaluates whether the acquired integrated set of activities and assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The following criteria which indicate acquisition of a business are considered: the variety of assets acquired, the extent to which ancillary services to operate the property are provided and the complexity of the management of the property.

Estimates and assumptions

The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Group and the Company for which there is a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group and the Company bases its assumptions and estimates on parameters available when the financial statements are prepared. However, these parameters may change due to market changes or other circumstances beyond the control of the Group and Company. Such changes are reflected in the assumptions and estimates when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

Deferred tax assets

Deferred tax assets are recognised for unused carry forward tax losses, unused tax incentives and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. The amount of deferred tax assets that can be recognised is based upon the likely timing and level of future taxable profits together with future tax planning strategies. Additional information is provided in Note 22.

Estimated useful lives

Estimated Useful Life is the expected operational duration of an asset, crucial for asset management and depreciation accounting.

Physical wear, technological changes, maintenance, environment, usage, and economic factors impact an asset's useful life.

Current business operations in the hotel industry impose the need for more frequent investments, and this circumstance contributes to the fact that the useful life of an asset may change.

The useful life of property, plant and equipment is periodically assessed to reflect any changes in circumstances since the previous assessment. Changes in estimate, if any, is reflected prospectively in a revised depreciation charge over the remaining, revised useful life.

Tourist land provisions and obligations

Tourist land provisions and obligations are recorded in accordance with the requirements of the Tourist and Other Construction Land Not Appraised During the Transition and Privatisation Process Act from 2010 (the 'TLA'). The Company submitted requests to the Republic of Croatia and the relevant municipality for the award of tourist land concessions in relation to land areas in eight campsites and three tourist resorts in Croatia. While the TLA was still applicable, the Company paid 50% of the concession fees in respect of the eight campsites and provisioned for the remaining 50%.

Other critical estimates and assumptions which relates to impairment of property, plant and equipment, and estimate of the useful life of the assets are described in Notes "j" and "k".

d. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. For each business combination, the Group and the Company elects whether to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

The Group and the Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

When the Group and the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the income statement in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

e. Business combinations involving entities under common control

The Group and the Company accounts for business combinations that include entities under common control using the acquisition method provided that the transaction has substance.

f. Investment in associates and joint ventures

An associate is an entity over which the Group and the Company have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's and the Company's investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's and the Company's share of net assets of the associate or joint venture.

The aggregate of the Group's and the Company's share of profit or loss of a joint venture is shown on the face of the income statement outside EBIT and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint ventures are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group and the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group and the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group and the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share in result of associate and joint ventures' in the income statement.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group and the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

g. Investments in subsidiaries

Subsidiaries are those entities in which the Company, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The Company has subsidiaries, disclosed in the Appendix to this report, which are accounted at cost less impairment.

h. Foreign currency translation

Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rates prevailing on the reporting date. Profits and losses arising from exchange differences are included in the income statement.

On consolidation, the assets and liabilities of the entities whose functional currency is other than the Euro are translated at the exchange rate prevailing on the reporting date. Income and expense items are translated at the average exchange rate for the period. Equity items are translated at the historical exchange rate. Exchange differences arising on the translation are recognised in other comprehensive income and classified as a separate component of equity (foreign currency translation reserve). Such translation differences are recognised in the income statement for the period in which the entity is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The following exchange rates in relation to the Euro were prevailing at the indicated reporting dates:

	As at 31 December	
	2024 In EUR	2023 In EUR
Hungarian Forint (1000)	**2.44**	2.62
Serbian dinar (1000)	**8.55**	8.83

i. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised using the straight-line method over their estimated useful life and assessed for impairment whenever there is an indication that the intangibles may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense for intangible assets is recognised in the income statement.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and recognised in the income statement when the asset is derecognised.

j. Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method over the shorter of the estimated useful life of the assets as follows:

	Years
Hotel buildings	20 to 60
Furniture and equipment	4 to 10

The costs of maintaining property, plant and equipment are recognised in the income statement as they are incurred. Costs incurred that significantly increase the recoverable amount of the asset concerned are added to the asset's cost as an improvement and depreciated over the expected useful life of the improvement.

An item of property, plant and equipment, and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted if appropriate.

k. Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

l. Financial instruments

i) Financial assets:

Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group's and Company's financial assets at amortised cost include trade receivables and loans to Joint Ventures.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets that are debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial statements

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

This category includes derivative instruments and listed equity. Dividends on listed equity investments are recognised as other income in the income statement when the right of payment has been established.

Since the entity operates in the hospitality industry and is not a financial institution, financial instruments primarily consist of trade receivables, given loans and cash, which typically meet the SPPI criteria.

Impairment of financial assets

Significant Increase in Credit Risk (SICR)

The company assesses a significant increase in credit risk by evaluating the changes in the risk of default occurring over the expected life of a financial instrument, considering both quantitative and qualitative information. Indicators include delays in payments or adverse changes in the counterparty's financial condition which is assessed on case by case basis.

Definition of Default

The company defines default as when a counterparty fails to make contractual payments within 90 days of the due date, unless reasonable evidence suggests recovery.

Write-Off Policy

Financial assets are written off when there is no reasonable expectation of recovery, such as after significant collection efforts or legal action has been deemed unsuccessful.

The Group and the Company recognises an allowance for expected credit loss (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). Given loans are under general model. For trade receivables, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company may also considers a financial asset to be in default when internal or external information indicates that the Group or the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as financial expenses in the income statement.

This category generally applies to interest-bearing loans and borrowings.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m. Inventories

Inventories, including food, beverages and crockery are valued at the lower of cost and net realisable value. Cost includes purchase cost on a weighted average basis. Purchase of small equipment during renovation, which has an economic life longer than one year is presented as non-current assets and is depreciated over its economic life and recorded in operating expenses. Such small equipment includes sheets, towels, cutlery, trays, pillows and similar items.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

n. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

o. Derivative financial instruments and hedge accounting

As permitted by IFRS 9, the Group and the Company have elected to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

The Group and the Company uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group and the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument in a cash flow hedge is recognised directly in Other Comprehensive Income, while the ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised.

p. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expects to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that this is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Revenue is divided into accommodation, food and beverages, minor operating revenue and rent revenue.

Owned and leased hotels

Revenues are primarily derived from hotel operations, including the rental of rooms, food and beverage sales and other services from owned and leased hotels operated under the Group's brand names. Revenue is recognised when rooms are occupied, food and beverages are sold and services are performed.

Customer loyalty programme

The Group and the Company participate in the Radisson RewardsTM customer loyalty programme to provide customers with incentives to buy room nights. This customer loyalty programme is owned and operated by Radisson Hotel Group ("RHG") and therefore the entity retains no obligations in respect of the award credits other than to pay the programme operator for the award credits granted. Customers are entitled to utilise the awards as soon as they have been granted.

The Group and Company purchase these award credits from RHG and issue them to its customers in order to enhance customer relationships rather than to earn a margin from the sale of these award credits. The Group and the Company concluded that they are acting as principal in such transactions and, in substance, is earning revenue from supplying these awards to its customers. The Group and Company measure these revenues at fair value and recognise these gross from the costs of participating in the programme.

Timing of Satisfaction of Performance Obligations and Payment Terms

The Group and the Company typically satisfy their performance obligations as follows:

• Accommodation Revenue: Recognised at the point in time when the customer occupies the room.

• Food and Beverage Revenue: Recognised at the point in time when food and beverages are sold to the customer.

• Other Hotel Services Revenue: Recognised when the service is performed.

• Rent Revenue: Recognised over time based on contractual agreements.

The typical timing of payment aligns closely with the timing of revenue recognition, as payments for room rentals and food and beverage sales are generally received upfront or at the point of sale. Other services may be billed upon completion, with short credit periods.

Significant Payment Terms

• Accommodation and food and beverage revenues are typically collected at the time of service, either in cash, via credit card, or through direct billing arrangements.

• Trade receivables arise primarily from corporate clients and travel agents with agreed credit terms, generally ranging from 30 to 90 days.

• Advance deposits received from customers for future stays or events are recorded as contract liabilities and recognised as revenue when the performance obligation is satisfied.

Judgements in Revenue Recognition

The Group and the Company make does not make significant judgements in determining the amount and timing of revenue recognition, but those which made include:

• Assessing the point in time at which a customer obtains control of a good or service, particularly in relation to food and beverage sales, accommodation, and other services.

• Evaluating whether the Group and the Company act as principal or agent in revenue transactions, particularly in the customer loyalty programme.

• Estimating the fair value of consideration received, including assessing the impact of variable consideration such as discounts and loyalty programme incentives.

Contract Balances

• Contract Assets: Recognised when the Group and the Company have transferred goods or services but have not yet received payment, and the right to payment is conditional.

• Trade Receivables: Represent unconditional rights to consideration and are recognised when an invoice is issued.

• Contract Liabilities: Include advance payments received from customers for future stays, events, or services, which are recognised as revenue when the performance obligation is satisfied.

Significant Judgements in Determining When Control Transfers

For performance obligations satisfied at a point in time, the Group and the Company assess control transfer based on:

• The customer's ability to direct the use of and obtain substantially all the benefits from the good or service.

• The Group's and the Company's right to payment for services performed.

• Physical possession of the asset, where applicable (e.g., room occupancy).

Transaction Price and Performance Obligation Allocation

The transaction price is allocated based on separate selling prices, with observable prices used where available. In cases where allocation requires estimation which is rarely the case, the Group and the Company apply judgement to determine a fair allocation that reflects the value transferred to the customer.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's and the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfers goods or services to the customer, a contract liability (advance payments received) is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company performs under the contract.

q. Alternative Performance Measures

EBITDAR

Earnings before interest (Financial income and expenses), tax, depreciation and amortisation, impairment loss, rental expenses, share in results of joint ventures and exceptional items presented as other income and expense.

EBITDA

Earnings before interest (Financial income and expenses), tax, depreciation and amortisation, impairment loss, share in results of joint ventures and exceptional items presented as other income and expense.

EBIT

Earnings before interest (Financial income and expenses), tax, share in results of joint ventures and exceptional items presented as other income and expense.

r. Leases

The Group and the Company accounts for a contract as a lease when the contract terms convey the right to convey the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group and the Company as lessee

The Group and the Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Interest rates on lease liabilities are in range between 1.95% and 2%.

Right-of-use assets

The Group and the Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Hotel buildings	7 to 45

If ownership of the leased asset transfers to the Group or the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (k) Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group and the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group or the Company and payments of penalties for terminating the lease, if the lease term reflects the Group or the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as rent expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Variable lease payments that depend on an index:

On the commencement date, the Group and Company uses the index rate prevailing on the commencement date to calculate the future lease payments.

For leases in which the Group or the Company are the lessee, the aggregate changes in future lease payments resulting from a change in the index are discounted (without a change in the discount rate applicable to the lease liability) and recorded as an adjustment of the lease liability and the right-of-use asset, only when there is a change in the cash flows resulting from the change in the index (that is, when the adjustment to the lease payments takes effect).

Variable lease payments:

Variable lease payments that do not depend on an index or interest rate but are based on performance or usage are recognized as an expense as incurred when the Group or the Company is the lessee, and are recognized as income as earned when the Company is the lessor.

Lease extension and termination options:

A non-cancelable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised and the periods covered by a lease termination option when it is reasonably certain that the termination option will not be exercised.

In the event of any change in the expected exercise of the lease extension option or in the expected non-exercise of the lease termination option, the Company remeasures the lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change is recognized in the carrying amount of the right-of-use asset until it is reduced to zero, and any further reductions are recognized in profit or loss.

Lease modifications:

If a lease modification does not reduce the scope of the lease and does not result in a separate lease, the Company remeasures the lease liability based on the modified lease terms using a revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

If a lease modification reduces the scope of the lease, the Company recognizes a gain or loss arising from the partial or full reduction of the carrying amount of the right-of-use asset and the lease liability. The Company subsequently remeasures the carrying amount of the lease liability according to the revised lease terms, at the revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group and the Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

s. Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as deduction in reporting from the related expense, for which it is intended to compensate. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

t. Employee benefits
Share-based payments
Employees (including Management Board) of the Company and the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).
Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.
That cost is recognised in employee benefits expense (Note 18), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.
Termination benefits
Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan either to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value. Termination benefits are reported as other liabilities.

u. Provisions
Provisions are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group or the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement, net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

v. Borrowing costs for qualifying assets
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

w. Taxation
Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.
Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:
(i) where the deferred tax liability arises from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
(ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and jointly controlled entities, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets and liabilities and changes in them relating to items recognised directly in equity or other comprehensive income are recognised in equity or other comprehensive income and not in the income statement.
Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised, except:
(i) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
(ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and jointly controlled entities, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.
The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.
Investment tax credit
Investment tax credit are incentives arising from government incentives scheme which enable the Group and the Company to reduce their income tax liability in current and future periods, and are linked to construction and acquisition of certain assets and/or performance of certain activities and/or fulfilment of certain specific condition prescribed in relevant regulation for investment incentives by the relevant authorities.
Tax credit is not recognised until the conditions

required to receive the credit are met. Tax credit are recognised in current tax in the year in which they are claimed on the Company's tax return. Tax credits that are unused are recognised as deferred tax assets to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

z. Treasury shares

Own equity shares held by the Company are recognised at cost and presented as a deduction from equity. Any purchase, sale, issue or cancellation of treasury shares is recognised directly in equity.

aa. Earnings (loss) per share

Basic earnings (loss) per share amounts are calculated by dividing the net profit (loss) for the year attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings (loss) per share amounts are calculated by dividing the net profit (loss) for the year by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

ab. Changes in accounting policies and disclosures

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company and the Group have applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2025.

Standard	Title
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

ac. Standards issued but not yet applied

New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Company and the Group have not applied the following revised IFRS Accounting Standards that have been issued by IASB and adopted by EU but are not yet effective:

Standard	Title	Effective date
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at date of authorisation of these financial statements:

Standard	Title	EU adoption status
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments (IASB effective date: 1 January 2026) Contracts Referencing Nature-dependent Electricity (IASB effective date: 1 January 2026)	Not yet adopted by EU
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11 (IASB effective date: 1 January 2026)	Not yet adopted by EU
IFRS 18	Presentation and Disclosures in Financial Statements (IASB effective date: 1 January 2027)	Not yet adopted by EU
IFRS 19	Subsidiaries without Public Accountability: Disclosures (IASB effective date: 1 January 2027)	Not yet adopted by EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 1 January 2016)	European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

The Company and the Group do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company and the Group in future periods.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Company's and the Group's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: Financial Instruments: Recognition and Measurement would not significantly impact the financial statements, if applied as at the balance sheet date.

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Note 3 Property, plant and equipment

Group	Land and buildings EUR'000	Furniture, fittings and equipment EUR'000	Property and assets under construction EUR'000	Total EUR'000
Cost:				
Balance as at 1 January 2023	**440,741**	**61,519**	**20,747**	**523,007**
Additions during the year	23,786	3,778	3,719	31,283
Transfers	11,032	2,834	(13,800)	66
Disposals during the year	(486)	(460)	-	(946)
Exchange rate differences	6	79	144	229
Balance as at 31 December 2023	**475,079**	**67,750**	**10,810**	**553,639**
Accumulated depreciation and impairment:				
Balance as at 1 January 2023	**150,449**	**35,157**	**-**	**185,606**
Provision for depreciation	10,219	5,277	-	15,496
Transfer	1,034	(968)	-	66
Disposals during the year	(484)	(406)	-	(890)
Exchange rate differences	-	69	-	69
Balance as at 31 December 2023	**161,218**	**39,129**	**-**	**200,347**
Net book value as at 31 December 2023	**313,861**	**28,621**	**10,810**	**353,292**
Cost:				
Balance as at 1 January 2024	**475,079**	**67,750**	**10,810**	**553,639**
Additions during the year	3,543	1,769	1,981	7,293
Transfers	1,250	2,126	(3,376)	-
Disposals during the year	(1,468)	(862)	(522)	(2,852)
Exchange rate differences	13	(370)	(2)	(359)
Balance as at 31 December 2024	**478,417**	**70,413**	**8,891**	**557,721**
Accumulated depreciation and impairment:				
Balance as at 1 January 2024	**161,218**	**39,129**	**-**	**200,347**
Provision for depreciation	11,565	5,292	-	16,857
Disposals during the year	(1,436)	(844)	-	(2,280)
Exchange rate differences	-	(144)	-	(144)
Balance as at 31 December 2024	**171,347**	**43,433**	**-**	**214,780**
Net book value as at 31 December 2024	**307,070**	**26,980**	**8,891**	**342,941**

a. There was no capitalisation of borrowing costs in 2024 or 2023.
b. For information regarding liens, see Note 12.

Company	Land and buildings EUR'000	Furniture, fittings and equipment EUR'000	Property and assets under construction EUR'000	Total EUR'000
Cost:				
Balance as at 1 January 2023	**336,985**	**44,098**	**11,032**	**392,115**
Additions during the year	10,110	735	617	11,462
Transfer	1,771	2,333	(4,038)	66
Disposals during the year	(482)	(221)	-	(703)
Balance as at 31 December 2023	**348,384**	**46,945**	**7,611**	**402,940**
Accumulated depreciation and impairment:				
Balance as at 1 January 2023	**143,787**	**26,466**	**-**	**170,253**
Provision for depreciation	8,700	3,393	-	12,093
Transfer	945	(879)	-	66
Disposals during the year	(482)	(213)	-	(695)
Balance as at 31 December 2023	**152,950**	**28,767**	**-**	**181,717**
Net book value as at 31 December 2023	**195,434**	**18,178**	**7,611**	**221,223**
Cost:				
Balance as at 1 January 2024	**348,384**	**46,945**	**7,611**	**402,940**
Additions during the year	3,349	399	1,942	5,690
Transfer	-	234	(234)	-
Disposals during the year	(1,468)	(797)	(522)	(2,787)
Balance as at 31 December 2024	**350,265**	**46,781**	**8,797**	**405,843**
Accumulated depreciation and impairment:				
Balance as at 1 January 2024	**152,950**	**28,767**	**-**	**181,717**
Provision for depreciation	9,078	3,397	-	12,475
Disposals during the year	(1,436)	(731)	-	(2,167)
Balance as at 31 December 2024	160,592	31,433	-	192,025
Net book value as at 31 December 2024	**189,673**	**15,348**	**8,797**	**213,818**

a. There was no capitalisation of borrowing costs in 2024 or 2023.
b. For information regarding liens, see Note 12.

Financial statements

Note 4 Intangible assets

Group	Software and licences EUR'000	Total EUR'000
Cost:		
Balance as at 1 January 2023	**1,874**	**1,874**
Additions during the year	887	887
Transfer	(66)	(66)
Balance as at 31 December 2023	**2,695**	**2,695**
Accumulated amortisation:		
Balance as at 1 January 2023	**1,326**	**1,326**
Provision for amortisation	234	234
Transfer	(66)	(66)
Balance as at 31 December 2023	**1,494**	**1,494**
Net book value as at 31 December 2023	**1,201**	**1,201**
Cost:		
Balance as at 1 January 2024	**2,695**	**2,695**
Additions during the year	322	322
Disposals during the year	(148)	(148)
Balance as at 31 December 2024	**2,869**	**2,869**
Accumulated amortisation:		
Balance as at 1 January 2024	**1,494**	**1,494**
Provision for amortisation	503	503
Disposals during the year	(102)	(102)
Balance as at 31 December 2024	**1,895**	**1,895**
Net book value as at 31 December 2024	**974**	**974**

Company	Software and licences EUR'000	Total EUR'000
Cost:		
Balance as at 1 January 2023	**1,748**	**1,748**
Additions during the year	825	825
Transfer	(66)	(66)
Balance as at 31 December 2023	**2,507**	**2,507**
Accumulated amortisation:		
Balance as at 1 January 2023	**1,290**	**1,290**
Provision for amortisation	203	203
Transfer	(66)	(66)
Balance as at 31 December 2023	**1,427**	**1,427**
Net book value as at 31 December 2023	**1,080**	**1,080**
Cost:		
Balance as at 1 January 2024	**2,507**	**2,507**
Additions during the year	304	304
Disposals during the year	(136)	(136)
Balance as at 31 December 2024	**2,675**	**2,675**
Accumulated amortisation:		
Balance as at 1 January 2024	**1,427**	**1,427**
Provision for amortisation	457	457
Disposals during the year	(91)	(91)
Balance as at 31 December 2024	**1,793**	**1,793**
Net book value as at 31 December 2024	**882**	**882**

Note 5 Interest in joint ventures

For a list of jointly controlled entities, please see the appendices.

	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Loans to joint ventures*	**11,491**	7,495	**–**	–
Share of net assets under equity method	**(1,569)**	(1,239)	**–**	–
Interest in joint ventures	**9,922**	6,256	**–**	–

€10.4 million of the loan is denominated in Euro and bears an interest rate of EURIBOR +2.5% per annum.

Note 5 Interest in joint ventures (continued)

Condensed financial information of joint ventures are as follows:

	As at 31 December			
	ABM Hotel Holding B.V. EUR'000	art'otel berlin Mitte/Park Plaza Betriebsgesellschaft mbh EUR'000	PPBK Hotel Holding B.V. EUR'000	Park Plaza Betriebsgesellschaft mbh EUR'000
Assets				
Non-current assets:				
Intangible assets	-	-	-	325
Property, plant and equipment	7,326	1,919	14,949	117
	7,326	**1,919**	**14,949**	**442**
Current assets:				
Inventories	-	21	-	9
Receivables towards related parties	5,284	56	2,009	1
Trade receivables	-	125	-	56
Receivables and other current assets	-	25	324	16
Restricted deposits	2,775	-	637	-
Cash and cash equivalents	586	84	734	42
	8,645	**311**	**3,704**	**124**
Total assets	**15,971**	**2,230**	**18,653**	**566**
Equity and liabilities				
Equity:				
Issued capital	-	25	-	25
Hedging reserve	(363)	-	(490)	-
Accumulated earnings/(losses)	5,152	(6,578)	3,733	(6,309)
Total equity	**4,789**	**(6,553)**	**3,243**	**(6,284)**
Non-current liabilities:				
Bank borrowings	5,930	-	7,960	-
Other liabilities	5,250	3,031	7,615	4,325
	11,180	**3,031**	**15,575**	**4,325**
Current liabilities:				
Trade payables	16	106	(332)	99
Other payables and accruals	(64)	254	130	72
Liabilities towards related parties	-	5,392	-	2,354
Bank borrowings	50	-	37	-
	2	**5,752**	**(165)**	**2,525**
Total liabilities	**11,182**	**8,783**	**15,410**	**6,850**
Total equity and liabilities	**15,971**	**2,230**	**18,653**	**566**

Note 6 Other non-current financial assets

	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Derivative financial instruments	**377**	612	**-**	-
Rent deposit	**417**	417	**-**	-
Investments in subsidiaries				
Investment in Sugarhill Investments B.V.	**-**	-	**69,565**	69,565
Investment in Ulika d.o.o.	**-**	-	**2,989**	2,989
Investment in Mazurana d.o.o .	**-**	-	**5**	5
	-	-	**72,559**	72,559
Loans to related parties				
Loan to Sugarhill Investments B.V.	**-**	-	**32,380**	26,979
Loan to Germany Real Estate B.V.	**-**	-	**16,385**	16,803
Loan to Ulika d.o.o.	**-**	-	**8,800**	8,300
Loan to Mazurana d.o.o.	**-**	-	**-**	67
	-	-	**57,565**	52,149
	794	1,029	**130,124**	124,708

All loans stated above are loans given to related party and ECL is considered as immaterial.

Note 7 Trade receivables

a. Composition:

	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Trade receivables	**3,917**	3,086	**2,414**	1,454
Less - allowance for doubtful debts	**(541)**	(476)	**(527)**	(430)
	3,376	2,610	**1,887**	1,024

Trade receivables are non-interest bearing.

b. Movements in the allowance for doubtful accounts were as follows:

	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
As at 1 January	**476**	448	**430**	432
Additions	**173**	28	**135**	-
Deductions	**(108)**	-	**(38)**	(2)
As at 31 December	**541**	476	**527**	430

Note 7 Trade receivables (continued)

c. As at 31 December, the ageing analysis of unimpaired trade receivables is as follows:

			Past due			
Group	Total EUR'000	Undue EUR'000	< 30 days EUR'000	30 to 60 days EUR'000	60 to 90 days EUR'000	> 90 days EUR'000
2024	**3,376**	**1,201**	**751**	**225**	**487**	**712**
2023	2,610	1,291	719	118	125	357

			Past due			
Company	Total EUR'000	Undue EUR'000	< 30 days EUR'000	30 to 60 days EUR'000	60 to 90 days EUR'000	> 90 days EUR'000
2024	**1,887**	**480**	**203**	**80**	**462**	**662**
2023	1,024	394	212	27	100	291

Note 8 Other receivables and prepayments

	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Prepaid expenses	**872**	352	**294**	230
Receivable for VAT and other taxes	**748**	976	**508**	539
Receivable from related parties	**272**	131	**3,698**	2,183
Other receivables	**16**	22	**6**	6
	1,908	1,481	**4,506**	2,958

Note 9 Cash and cash equivalents

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short term deposit rates. Banks do not have official rating and all banks are considered as high-quality banks.

	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Deposits under 3 months	**22,632**	36,400	**22,632**	36,400
Cash at bank	**7,141**	13,855	**878**	6,915
Cash at hand	**103**	93	**62**	56
	29,876	50,348	**23,572**	43,371

Note 10 Equity

a. Share capital:

As at 31 December 2024, the Company's share capital amounted to EUR 13,613,965 (2023: EUR: 13,613,965) and was divided into 5,128,721 (2023: 5,128,721) ordinary shares without a nominal value.

b. Hedging reserve

This reserve is comprised of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

c. Nature and purpose of reserves:

Other reserves

The other reserves mainly consist of results of transactions that affected the equity of the Company with regard to acquisition of subsidiaries from related companies.

Under Croatian regulations, the legal reserve must be built up to a minimum of 5% of the profit for the year until the total reserves together with the share premium reach 5% of the Company's share capital. This reserve is not distributable. As at 31 December 2024, legal reserves amounted to EUR 0.7 million (2023: EUR 0.7 million).

As at 31 December 2024, the consolidated other reserves amounting to EUR 40.1 million (2023: EUR 41.6 million) consisted of:

(i) Capital reserves of EUR 79.7 million (2023: EUR 80.8 million).

(ii) Legal reserves amounting to EUR 0.7 million (2023.: EUR 0.7 million).

(iii) Other capital reserves which amount to EUR 43.7 million negative (2023: EUR 43.7 million negative) with regard to the difference between the acquisition price and the net asset value of Sugarhill Investments B.V. at time of acquisition.

(iv) Other reserves constitutes the difference between the purchase price of the Bora Companies and the net asset value of the Bora Companies. The negative goodwill realised on the purchase of EUR 3.1 million was directly recognised in other reserves.

(v) Exchange rate differences in the amount of EUR 0.3 million (2023: EUR 0.4 million).

(vi) Treasury shares amounting to EUR 4.6 million negative (2023: EUR 3.6 million negative).

(vii) Reserves for treasury shares amounting to EUR 4.6 million (2023: EUR 3.6 million). These reserves are formed from Capital reserves.

(viii) Reserves for share option amounting to EUR Nil (2023: EUR 0.8 million).

As at 31 December 2024, the Company's other reserves amounting to EUR 71.5 million (2023: EUR 73.2 million) consisted of:

(i) Other capital reserves amounting to EUR 67.7 million (2023: EUR 68.8 million). These reserve are distributable.

(ii) Other reserves for the difference between the purchase price of the Bora Companies and the net asset value of the Bora Companies. The difference realised on the purchase of EUR 3.1 million has been directly recognised in other reserves.

(iii) Treasury shares amounting to EUR 4.6 million negative (2023: EUR 3.6 million negative).

(iv) Reserves for treasury shares amounting to EUR 4.6 million (2023: EUR 3.6 million). These reserves are formed from Other capital reserves.

(v) Reserves for share option amounting to EUR Nil (2023: EUR 0.8 million).

(vi) Legal reserves amounting to EUR 0.7 million (2023.: 0.7 million).

During the year, the Company disposed total of 22.515 treasury shares. 18.240 treasury shares were disposed based on Award plan for the Management Board from 2019, in details described in Note 11. Additionally, during the year total of 4.275 treasury shares were disposed to other employees. Since the share option from 2019 was fully exercised during the year, Reserves for share options were fully released.

Note 11 Share-based payments

During 2020, the Company established a share award plan within the framework of employees' reward program. The Company's Supervisory Board met in January 2020 to consider option packages of Management Board members to ensure that they are properly incentivised in the future. In March 2020, the Supervisory Board based on Award decision agreed to grant a total of 18,240 shares to the Management Board members at Nil Option price at the exercise of the option. The Vesting date is 4 years from the decision date in one tranche. There were no vesting conditions. The Company shall bear the Award tax liability.

Note 11 Share-based payments (continued)

The expense arising from equity-settled share-based payment transactions during 2024 was EUR 36 thousand (2023: EUR 215 thousand). Fair value of the option was determined based on the market price of the shares at grant date. Share option impact is shown in Note 10.

Note 12 Pledges, contingent liabilities and commitments

a. Pledges, collateral and securities:

All bank borrowings are secured by a mortgage over Group properties with a net carrying amount of EUR 227.5 million (2023: EUR 233.8 million).

b. Commitments:

(i) Management and franchise agreements

1. In December 2016, the Company's operating agreements for its Croatian properties and those properties in Germany and Hungary that comprised the Sugarhill contribution were amended, restated and novated in order to create two separate agreements:

a. an operating agreement with Arena Hospitality Management d.o.o., which is part of the Group, under which each property pays an annual base fee calculated as a percentage of total revenue of the property and an annual incentive fee calculated as a percentage of adjusted gross operating profit. The fee revenues generated from properties within the Group are, as the corresponding expenses, eliminated upon consolidation. These agreements are for terms of between 15 and 30 years; and

b. a licence, sales and marketing agreement with a member of the PPHE Hotel Group (as licensor) under which each property pays an annual fee calculated as a percentage of total revenue for, among others, certain Group services. The term of such agreement follows that of the amended operating agreements.

2. Additionally, as of December 2016, through the acquisition of Sugarhill Investment B.V. and the restructuring of the Group, the Group benefits from an exclusive right to operate hotels under the Plark Plaza® brand in 18 Countries throughout the CEE region for a period of 30 years.

Guarantees:

The Group, through its subsidiaries ACO Hotel Holding B.V. and ABK Hotel Holding B.V., has an outstanding loan facility with Deutsche Hypothekenbank AG ("Deutsche Hypo") for an aggregate principal amount of EUR 28.3 million (2023: EUR 29.6 million). This facility includes a guarantee issued by PPHE Hotel Group up to the lower of EUR 19 million or 50% of the outstanding debt under the loan. The Company has provided a back-to-back guarantee to PPHE Hotel Group effective as of 1 January 2018.

The Group, through its subsidiaries Arena FRANZ ferdinand GmbH, has an outstanding loan facility with Erste Bank Group AG for an aggregate principal amount of EUR 9.6 million (2023: EUR 10.1 million). This facility includes a guarantee issued by the Company.

The Group, through its subsidiaries SW Szállodaüzemeltető Korlátolt, has an outstanding loan facility with OTP Bank Nyrt. Budapest for an aggregate principal amount of EUR 1.6 million (2023: EUR 1.8 million). This facility includes a guarantee issued by the Company.

The Group, through its subsidiaries Ulika d.o.o., has an outstanding loan facility with ERSTE&STEIERMÄRKISHE BANK d.d. for an aggregate principal amount of EUR 11.4 million (2023: EUR 12.2 million). This facility includes a guarantee issued by the Company.

c. Lease agreements

The Group operates city hotels (in Germany and Hungary), while in Zagreb the Group developed new hotel, and occupies certain properties under various lease agreements in which the building, fixtures, furniture and equipment are leased. These tend to be long term arrangements under which the Group leases a hotel from a third party property owner for periods of 20 to 45 years and often include options to extend for varying periods. Monthly rental payments are based on a percentage of the operating revenues or gross operating profit of that hotel, subject, in most cases, to a minimum amount which is independent of the operating revenue or gross operating profit. The rental expenses presented in the income statement primarily reflect the variable lease payments. For more info see Note 14.

Note 13 Bank borrowings

The bank borrowings of the Group are comprised as follows:

	As at 31 December 2024		
Currency	Outstanding amount in EUR'000	Interest rate	Maturity
EUR	167,249	0.90-4.3%	2025-2033
	167,249		
Accrued interest	804		
Capitalised transaction costs	(483)		
Total	167,570		

As at 31 December 2024	Maturity analysis					
Outstanding amount EUR	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter
167,249	20,654	38,871	52,803	10,216	5,356	39,349

For securities and pledges, see Note 12.

All loans have fixed interests rates.

During 2024 the Group withdraw second tranche in the amount of EUR 5 million under existing OTP loan.

	As at 31 December 2023		
Currency	Outstanding amount in EUR'000	Interest rate	Maturity
EUR	189,667	0.90-4.3%	2025-2033
	189,667		
Accrued interest	815		
Capitalised transaction costs	(579)		
Total	189,903		

Note 13 Bank borrowings (continued)

As at 31 December 2023	Maturity analysis					
Outstanding amount EUR	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter
189,667	26,837	20,078	38,295	52,227	9,640	42,590

For securities and pledges, see Note 12.

The bank borrowings of the Company are comprised as follows:

	As at 31 December 2024		
Currency	Outstanding amount in EUR'000	Interest rate	Maturity
EUR	102,136	1.5-2.95%	2025-2033
	102,136		
Accrued interest	673		
Capitalised transaction costs	(254)		
Total	102,555		

As at 31 December 2024	Maturity analysis					
Outstanding amount EUR	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter
102,136	14,126	9,702	41,702	8,671	3,811	24,124

	As at 31 December 2023		
Currency	Outstanding amount in EUR'000	Interest rate	Maturity
EUR	120,126	1.5-2.95%	2025-2033
	120,126		
Accrued interest	748		
Capitalised transaction costs	(297)		
Total	120,577		

As at 31 December 2023	Maturity analysis					
Outstanding amount EUR	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter
120,126	22,413	13,550	9,125	41,125	8,094	25,819

For securities and pledges, see Note 12.

The Group and the Company are required to comply with certain financial covenants as described below:

a. Under the Zagrebačka Banka d.d joint EUR 32.0 million and HRK 205.0 million facility the borrower must ensure that at year end, based on audited separate financial statements of the borrower, the DSCR is equal to or greater than 1.2 during the life of the loan and that the ratio of Net Debt/ EBITDA ('net leverage ratio') is equal to or lower than 4.5 at year end 2021 and for each succeeding calendar year during the remaining life of the loan. As at 31 December 2024, the Company is in compliance with these covenants.

b. Under the Zagrebačka Banka d.d EUR 10.0 million and HRK 60.0 million facilities the borrower must ensure that at year end, based on audited separate financial statements of the borrower, the DSCR is equal to or greater than 1.2 during the life of the loan and that the net leverage ratio is equal to or lower than 4.5 at year end 2021 and for each succeeding calendar year during the remaining life of the loan. Additionally, the borrower undertakes to maintain the ratio between the net financial debt increased by the exposure under guarantees for bank borrowings and EBITDA to the maximum of 6.0 until the end of the loan repayment. Moreover, under the HRK 60.0 million facility the amount of the loan cannot exceed 70% of the value of the properties used as collateral. As at 31 December 2024, the Company is in compliance with these covenants.

c. Under the Erste Banka d.d. EUR 2.5 million facility, the borrower has to comply with the following covenants calculated based on separate financial statements, tested once a year using audited financial statements for the preceding year: DSCR 1 is equal to or greater than 3.5. DSCR 2 is equal or greater than 1.2. The net leverage ratio is equal to or lower than 4.5. Additionally, the borrower undertakes to maintain the ratio between the net financial debt increased by the exposure under guarantees for bank borrowings and EBITDA to the maximum of 6.0 until the end of the loan repayment. The equity ratio has to be at least 30%. As at 31 December 2024, the Company is in compliance with these covenants.

d. Under the club deal with Erste Banka d.d. and Zagrebačka Banka d.d signed in December 2020 for the purpose of financing the refurbishment of Hotel Brioni Pula in the total amount of EUR 24.0 million the borrower has to comply with the following covenants calculated based on separate financial statements, tested once a year using audited financial statements for the preceding year: DSCR 1 is equal to or greater than 3.5. DSCR 2 is equal or greater than 1.2. Net leverage ratio is equal to or lower than 4.5. Additionally, the borrower undertakes to maintain the ratio between the net financial debt increased by the exposure under guarantees for bank borrowings and EBITDA to the maximum of 6.0 until the end of the loan repayment. The amount of the loan cannot exceed 70% of the property used as collateral. The equity ratio has to be at least 30%. As at 31 December 2024, the Company is in compliance with these covenants.

e. Under the OTP Banka d.d. loan signed in July 2020 for the purpose of financing the purchase and subsequent refurbishment of Hotel Riviera Pula in the total amount of EUR 10.0 million the borrower has to comply with the following separate covenants, tested once a year using audited financial statements for the preceding year: net leverage ratio is equal to or lower than 4.5. The equity ratio has to be at least 55%. The loan consists of two equal tranches in the amount of EUR 5.0 million each. The loan has a deposit build up mechanism, subject to certain conditions. During 2024 second tranche of this loan in the amount of EUR 5.0 million was drawn. As at 31 December 2024, the Company is in compliance with these covenants.

f. Under the Deutsche Hypothekenbank AG facility, for Park Plaza Nuremberg the borrower must ensure throughout the entire term of the loan that the outstanding amount of the loan does not exceed 65% of the value of the property used as collateral and that the DSCR is not less than 1.35. As at 31 December 2024, the Group is in compliance with these covenants.

g. Under the Deutsche Hypothekenbank AG facility for ACO Hotel Holding B.V. and ABK Hotel Holding B.V., the borrower must ensure throughout the entire

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Note 13 Bank borrowings (continued)

term of the loan that the outstanding amount of the loan does not exceed 70% of the value of the properties used as collateral and that the DSCR is not less than 1.10. As at 31 December 2024, the Group is in compliance with these covenants.

h. Under the AIK Banka a.d. loan signed in December 2020 for the purpose of financing the purchase of hotel 88 Rooms in Belgrade, Serbia in the total amount of EUR 4.2 million the borrower (Arena 88 Rooms d.o.o.) has to ensure that the value of the purchased asset is not lower by more than 35% when compared to the value of the asset as defined during 2020 by an external reputable valuator. As at 31 December 2024, the Group is in compliance with these covenants.

i. Under the Erste Group Bank AG loan signed in November 2021, for the purpose of financing the purchase of hotel Franz Ferdinand Mountain Resort in Nassfeld, Austria in the total amount EUR 10.5 million, Arena Franz Ferdinand GmbH as the borrower has to comply with following separate hard covenants: projected DSCR is equal or greater than 1.15 at year end 2021 and historical DSCR equal or greater than 1.15 from year end 2023 onwards. The borrower is entitled to make a total of three equity cures during the period of the loan. The amount of the loan cannot exceed 75% of the property used as collateral starting year end 2021 to year end 2023. The borrower also has to comply with the following soft covenants: from year end 2024 onwards DSCR (projected and historical) should be equal to or greater than 1.35. The amount of the loan cannot exceed 65% of the property used as collateral at the year end 2024 until year end 2026, and 60% from the year end 2026 and onwards. As at 31 December 2024, the Group is in compliance these covenants.

j. Under the Zagrebačka banka d.d. loan signed in September 2021 as part of HBOR's programme for insurance of liquidity portfolio for exporters related with Covid-19 measurements in amount HRK 150 million the borrower must ensure that DSCRC is equal or greater than 3.5 and that ratio of financial debt and EBITDA should not exceed 4.5 at year end 2023 and onwards. Additionally, the borrower undertakes to maintain the ratio between the net financial debt increased by the exposure under guarantees and EBITDA to the maximum of 6.0 at the end of 2023 and until the end of the loan repayment. Covenants are calculated based on audited annual separate financial statements. Also, during the loan period borrower is not able without bank confirmation to proceed with payments of dividends or loans to third parties. As at 31 December 2024, the Company is in compliance these covenants.

k. Under the Privredna banka d.d. loan signed in November 2022 for the purpose of refinancing investments done in Arena Kazela Campsite in previous years, in the total amount of EUR 18.5 million, the borrower has to comply with following covenants: the DSCR is equal to or greater than 1.2 during the life of the loan based on audited separate financial statements, the net leverage ratio based on audited separate financial statements is equal to or lower than 4.5 from 2022 and for each succeeding calendar year during the remaining life of the loan. Additionally, the borrower undertakes to maintain the ratio between the net financial debt increased by the exposure under guarantees and EBITDA to the maximum of 6.0 until the end of the loan repayment. Moreover, the amount of the loan cannot exceed 70% of the value of the properties used as collateral. As at 31 December 2024, the Group is in compliance these covenants.

l. Under the HRVATSKA BANKA ZA OBNOVU I RAZVITAK loan signed in May 2022 for the purpose of financing purchase of mobile homes in Arena Stoja Campsite, in the total amount of EUR 2.9 million, the borrower has to comply with the equity ratio has to be at least 30% calculated based on separate financial statements. As at 31 December 2024, the Company is in compliance these covenants.

m. Under the ERSTE&STEIERMÄRKISHE BANK d.d. loan signed in March 2022 by Ulika d.o.o. as borrower for the purpose of financing investment in the hotel in Zagreb, in the amount of EUR 12.6 million, the Company as guarantor has to comply with following covenants tested once a year using audited separate financial statements for the preceding year: DSCR 1 is equal to or greater than 3.5. DSCR 2 is equal or greater than 1.2 throughout the life of the loan. Net leverage ratio is equal to or lower than 4.5 at each year end during the remaining life of the loan. Additionally, the guarantor undertakes to maintain the ratio between the net financial debt increased by the exposure under guarantees for bank borrowings and EBITDA to the maximum of 6.0 until the end of the loan repayment. The amount of the loan cannot exceed 100% of the property used as collateral. The equity ratio has to be at least 30%. Ulika d.o.o., as borrower, needs to maintain a DSCR equal to or greater than 1.3 from 2026 onwards. As at 31 December 2024, the Group is in compliance these covenants.

n. Under the OTP Bank Nyrt loan signed in October 2022 for the purpose of refurbishment of hotel in Budapest, in the amount of EUR 2 million, the borrower has to comply with following covenants: Annual debt service cover ratio (ADSCR) is equal to or greater than 1.2 during the life of the loan. As at 31 December 2024, the Group is in compliance these covenants.

The above mentioned loans in Croatia have an interest rate ranging between 0.90% and 2.95%, whilst those outside of Croatia have an interest rate in the range between 2.1% and 4.3%.

For guarantees under the above facility agreements see Note 12.

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Note 14 Leases

a. Right-of-use-assets

The Group leases buildings for its office space and hotels operations. The leases for office space typically lasts for a period of 5 years and lease of hotel building for period 20-45 years.

The Group and the Company elect to use the exemptions permitted by IFRS 16 for leases for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

Group	Right-of-use-assets Buildings EUR'000
Cost:	
Balance as at 1 January 2023	**44,511**
Additions during the year	2,817
Exchange rate differences	814
Balance as at 31 December 2023	**48,142**
Accumulated amortisation:	
Balance as at 1 January 2023	**12,271**
Provision for amortisation	2,661
Exchange rate differences	151
Balance as at 31 December 2023	**15,083**
Net book value as at 31 December 2023	**33,059**
Cost:	
Balance as at 1 January 2024	**48,142**
Additions during the year	3,414
Exchange rate differences	(1,377)
Balance as at 31 December 2024	**50,179**
Accumulated amortisation:	
Balance as at 1 January 2024	**15,083**
Provision for amortisation	3,141
Exchange rate differences	(328)
Balance as at 31 December 2024	**17,896**
Net book value as at 31 December 2024	**32,283**

There was no capitalisation of borrowing during 2024 (2023: EUR 213 thousand).

b. Lease liability

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Group	Lease liability EUR'000
Balance as at 1 January 2023	**39,381**
Additions during the year	3,051
Accretion of interest	583
Payments	(3,691)
Exchange rate differences	21
Balance as at 31 December 2023	**39,345**
Balance as at 1 January 2024	**39,345**
Additions during the year	3,414
Accretion of interest	789
Payments	(4,285)
Exchange rate differences	25
Balance as at 31 December 2024	**39,288**

The maturity analysis of lease liabilities is disclosed below:

						As at 31 December 2024
	Maturity analysis					
Outstanding amount EUR	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter
39,288	6,522	1,615	1,626	1,639	1,652	26,234

						As at 31 December 2023
	Maturity analysis					
Outstanding amount EUR	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter
39,345	3,528	6,168	1,520	1,527	1,525	25,077

c. Variable lease payments

One lease of a hotel building contains variable lease payments that are based on the sales generated.

In 2024 total variable cost was EUR 97 thousand (2023: Nil EUR).

Note 14 Leases (continued)

d. The Company and the Group as a lessor

Part of the Group's and the Company's property, plant and equipment is leased out under operating leases.

The operating leases relate to the lease of shops and restaurants or premises and equipment. During 2024, the Group realised rental income in the amount of EUR 2.5 million (2023: EUR 1.6 million), while the Company realised rental income in the amount of EUR 2.5 million (2023: EUR 1.6 million).

The future aggregate minimum lease payments receivable of the Group and the Company from operating leases based on lease agreements concluded up to 31 December 2024 are as follows:

	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Up to 1 year	**2,562**	2,607	**2,562**	2,607
From 2 to 5 years	**7,390**	7,610	**7,390**	7,610
Over 5 years	**120**	1,188	**120**	1,188
	10,072	11,405	**10,072**	11,405

Note 15 Provisions

As at 31 December	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Provision for concessions land	**6,020**	6,020	**6,020**	6,020
	6,020	6,020	**6,020**	6,020

Tourist land provisions and obligations

Tourist land provisions and obligations in accordance with the provisions of the Tourist and Other Construction Land Not Appraised During the Transition and Privatisation Process Act from 2010 (the 'TLA), the Company submitted requests to the Republic of Croatia and the relevant municipality for the award of tourist land concessions in relation to land areas in eight campsites and three tourist resorts in Croatia. The TLA failed to produce the desired impact and to resolve the issues of the ownership / use of the tourist land. This in turn caused far reaching consequences in the form of lack of investments into tourist land, reduced international competitiveness of Croatian tourism due to lack of development and reduced income of the state and local municipalities. The Croatian government therefore adopted a new legislation to deal with, inter alia, the so-called tourist land and proprietary relationships between the owner of such land and the owner of the facilities built thereon. In May 2020, the new Non-Appraised Construction Land Act (the "NCLA") replaced the TLA and all initiated requests based on the TLA were suspended. Pursuant to the NCLA, the ownership of the land underneath the facilities in the campsites that were assessed into the share capital of the Company is now also legally recognized as ownership of the Company, while the Republic of Croatia will be the sole owner of the other land in the campsites. In respect to the tourist resorts, the ownership of the land underneath the facilities that have been assessed into the share capital of the Company is now also recognized as ownership of the Company.

Tourist land in the tourist resorts and around hotels which was not assessed into the share capital of the Company, and which serves the standard usage of the resorts and hotels shall be owned by a local municipality. In relation to the land in campsites owned by the Republic of Croatia and the land in tourist reports owned by the local municipalities, the Company will by operation of law be deemed long-term (50 years) lessee and will conclude the lease agreement with the state / local municipalities once the procedure envisaged by the NCLA will be complete.

In February 2024, the Regulation on determination of the leases for tourist land on which the hotel and tourist resorts are built, and the Regulation on determination of the leases on parts of the campsites owned by Republic of Croatia were adopted by the Government.

Based on the Regulation on determination of the leases on parts of the campsites owned by Republic of Croatia, the Company received invoices for 2024 along with invoices for the period from May 2020 when the new law was adopted.

As the respective proceedings concerning, inter alia, the determination of maritime area as well as borders of the campsites and ownership of the land below buildings in the campsites are still ongoing, the Government has charged the Company with rent only for 50% of the area, while the other 50% will be charged after resolving all open issues and respective proceedings are finalised. Additionally, based on the Regulation and the Non-Appraised Construction Land Act, Companies have opportunities to cap the rent to 4% of the total revenue of the individual campsite, what would be applied in all our campsites. Since calculation of the expense based on the cap has element of variable payments according to IFRS 16, this Standard was not applied, and lease expenses are still presented in the Income Statement as Rental expenses and concession fees expense.

As the status with the land around hotels and tourist resorts are still not finally resolved, the Company continued with previously defined concept of accruing rent expense, which should be adequate to cover total expected liabilities.

Note 16 Other payables and accruals

	As at 31 December			
	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Received advances	**2,609**	1,863	**1,400**	1,137
Liabilities toward employees for payroll and other	**2,699**	3,206	**2,263**	2,780
Accrued fee for the tourist land concession	**4,151**	6,983	**4,151**	6,983
Accrued expenses	**1,128**	1,424	**356**	239
VAT and taxes	**895**	905	**564**	589
Other	**212**	102	**94**	82
	11,694	14,483	**8,828**	11,810

Note 17 Revenues

	Year ended 31 December			
	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Accommodation	**117,707**	105,693	**80,125**	75,971
Food and beverages	**17,205**	14,868	**10,174**	10,137
Minor operating revenues*	**4,875**	4,372	**3,834**	3,356
Rent revenue	**2,497**	1,565	**2,475**	1,617
	142,284	126,498	**96,608**	91,081

* Minor operating revenue consists of various hospitality services provided, such as rent of sun loungers and umbrellas, foreign exchange fees, certain wellness services and sport activities.

Note 18 Operating expenses

	Year ended 31 December			
	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Salaries and related expenses	**49,032**	43,386	**31,307**	29,358
Utilities	**8,255**	8,982	**5,723**	6,445
Food and beverage	**9,482**	8,650	**6,665**	6,731
Franchise fees, reservation and commissions	**8,886**	7,930	**5,503**	5,007
Marketing expenses	**6,611**	5,622	**4,809**	4,241
Maintenance	**4,350**	4,393	**3,400**	3,546
Administration costs	**4,534**	3,920	**2,842**	2,563
Insurance and property taxes	**2,974**	2,642	**2,025**	1,942
Supplies	**2,387**	2,117	**1,561**	1,590
Laundry, linen and cleaning	**1,501**	1,302	**255**	263
IT expenses	**1,106**	1,046	**806**	867
Travel and transport	**1,024**	1,016	**765**	762
Management fee	**-**	-	**3,036**	2,785
Government grants	**-**	957	**-**	-
Other expenses	**4,617**	4,103	**2,549**	2,383
	104,759	96,066	**71,246**	68,483

Salaries and related expenses include EUR 6.6 million (2023: EUR 6.0 million) and EUR 4.3 million (2023: EUR 4.0 million) of defined pension contributions payable to obligatory pension plans for the Group and the Company, respectively. Contributions are calculated as a percentage of employees' gross salaries.

The Group's auditor's fees for 2024 were EUR 172.3 thousand (2023: 179.2 thousand).
The Company's auditor's fees for 2024 were 147.3 thousand (2023: EUR 122.5 thousand).

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Note 19 Financial expenses

	Year ended 31 December			
	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Interest and other finance expenses on bank loans	**4,473**	4,481	**2,579**	2,799
Exchange rate differences	**1,577**	-	**-**	-
Interest on lease liability	**789**	583	**-**	-
Other	**170**	113	**115**	63
	7,009	5,177	**2,694**	2,862

Note 20 Financial income

	Year ended 31 December			
	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Interest revenue	**1,256**	1,147	**1,220**	1,050
Exchange rate differences	**-**	1,006	**-**	4
Interest revenue on loans given to joint ventures	**624**	408	**-**	-
Interest revenue on related party loan	**-**	-	**2,046**	1,387
	1,880	2,561	**3,266**	2,441

Note 21 Other expense/ Other income

a. Other expense

	Year ended 31 December			
	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Disposal of fixed assets	**585**	56	**585**	9
Pre-opening expenses	**123**	1,087	**-**	52
Other expenses	**262**	268	**96**	159
	970	1,411	**681**	220

b. Other income

	Year ended 31 December			
	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Profit of disposed fixed assets	**354**	-	**354**	-
Other	**186**	298	**176**	56
	540	298	**530**	56

Note 22 Income tax

a. Tax expense included in the income statement

	Year ended 31 December			
	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Current taxes	**767**	772	**-**	-
Deferred taxes	**1,949**	1,372	**1,948**	1,343
	2,716	2,144	**1,948**	1,343

b. The following are the major deferred tax (liabilities) and assets recognised by the Group and changes therein during the period

	Tax loss carry forward EUR'000	Timing difference on provisions and accruals EUR'000	Property, plant and equipment EUR'000	Tax Incentives for Investments EUR'000	Total EUR'000
Balance as at 1 January 2023	**2,199**	**1,520**	**463**	**5,864**	**10,046**
Amounts credited to income statement	-	460	-	-	460
Amounts charged to income statement	(1,466)	-	(366)	-	(1,832)
Balance as at 31 December 2023	**733**	**1,980**	**97**	**5,864**	**8,674**
Amounts credited to income statement	-	-	-	-	-
Amounts charged to income statement	(647)	(731)	(5)	(566)	(1,949)
Balance as at 31 December 2024	**86**	**1,249**	**92**	**5,298**	**6,725**

Note 22 Income tax (continued)

The following are the major deferred tax (liabilities) and assets recognised by the Company and changes therein during the period:

	Tax loss EUR'000	Timing difference on provisions and accruals EUR'000	Property, plant and equipment EUR'000	Tax Incentives for Investments EUR'000	Total EUR'000
Balance as at 1 January 2023	**2,084**	**1,520**	**463**	**5,864**	**9,931**
Amounts credited to income statement	-	460	-	-	460
Amounts charged to income statement	(1,437)	-	(366)	-	(1,803)
Balance as at 31 December 2023	**647**	**1,980**	**97**	**5,864**	**8,588**
Amounts credited to income statement	-	-	-	-	-
Amounts charged to income statement	(647)	(730)	(5)	(566)	(1,948)
Balance as at 31 December 2024	**-**	**1,250**	**92**	**5,298**	**6,640**

c. Reconciliation between tax (benefit)/expense and the product of accounting profit multiplied by the Company's tax rate is as follows:

	Year ended 31 December			
	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Profit/(loss) before income taxes	**8,661**	5,798	**10,642**	7,475
Expected tax at the tax rate of Croatia 18% (2023: 18%)	**1,559**	1,044	**1,916**	1,346
Adjustments in respect of:				
Effect of other Countries tax rate	**113**	(152)	**-**	-
Non-deductible expenses	**453**	231	**58**	72
Utilisation of carry forward losses for which deferred tax assets were not previously recorded	**(458)**	(51)	**-**	-
Income tax from previous years	**(64)**	9	**-**	-
Non-taxable income	**(26)**	(303)	**(26)**	(75)
Losses on which deferred tax asset has not been recognized	**1,139**	1,366	**-**	-
Income tax (benefit)/expense reported in the income statement	**2,716**	2,144	**1,948**	1,343

d. Tax incentives

In May 2019, based on confirmation from the Ministry of Economy and pursuant to the Investment Promotion and Development of Investment Climate Act, the Company became eligible to claim incentive allowances. Investments eligible for incentives were investments in Arena One 99 Glamping Campsite, Arena Grand Kazela Campsite, Hotel Grand Brioni and Verudela Beach self-catering apartment complexes.

The Company has the right to use the investment tax credits until 2027. The execution of the investment project is subject to supervision by the relevant institutions throughout the period of use of the tax credits and the Company will need to present regular annual reports to the tax authority in which it will evidence that the conditions for the use of the tax credits are met.

On part of tax credits deferred tax asset is recognized in the Balance sheet. Amount of unrecognized deferred tax asses as of 31 December 2024 is EUR 5.8 million (2023: EUR 5.8 million).

e. Tax laws applicable to the Companies of the Group:

(i) The Company is subject to taxation under the law of Croatia. The Company was taxed at the standard rate of 18%.

(ii) Foreign subsidiaries are subject to income taxes in their country of domicile in respect of their income, as follows:

a) Taxation in Germany: corporate income tax rate and business rates is 29.72%.

b) Taxation in Hungary: corporate income tax rate is 15%.

c) Taxation in the Netherlands: corporate income tax rate is 25.8%.

d) Taxation in Austria: corporate income tax rate is 25%.

e) Taxation in Serbia: corporate income tax rate is 15%.

f. Losses carried forward for tax purposes:

The Company in Croatia has no carry forward losses for tax purposes at the balance sheet date.

Other subsidies in Croatia have carry forward losses for tax purposes at the balance sheet date in the total amount of EUR 6.6 million. Deferred tax asset was not recognised. These losses can be utilised within five years following the year in which the losses were incurred, what means until the year 2029.

The Group has carry forward losses for tax purposes at the balance sheet date in Germany in the amount of EUR 31.1 million for corporation tax and amount of EUR 20.2 million for trade tax purposes. Deferred tax assets were partially recognised in the amount of EUR 0.08 million. These losses could be carried forward indefinitely and utilized in future years to offset taxable income.

The Group has carry forward losses for tax purposes at the balance sheet date in Austria in the amount of EUR 4.2 million. Deferred tax assets were not recognised. These losses could be carried forward indefinitely and utilized in future years to offset up to 75% of taxable income of the year.

The Group has carry forward losses for tax purposes at the balance sheet date in Hungary in the amount of EUR 8.5 million. Deferred tax asset was not recognised. These losses can be utilised within five years following the year in which the losses were incurred, what means until the year 2029.

The Group has carry forward losses for tax purposes at the balance sheet date in Serbia in the amount of EUR 2.3 million. Deferred tax asset was not recognised. These losses can be utilised within five years following the year in which the losses were incurred, what means until the year 2029.

Note 23 Earnings per share

The following reflects the income and number of shares data used in the basic earnings per share computations:

	Year ended 31 December			
	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Profit/(loss) for the year	**5,945**	3,654	**8,694**	6,132
Weighted average number of ordinary shares outstanding	**5,054,752**	5,070,262	**5,054,752**	5,070,262
Basic and diluted earnings per share	**1.18**	0.72	**1.72**	1.21

Basic earnings per share is equal to diluted earnings per share.

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Note 24 Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. The Group's and the Company's chief operating decision maker is the Management Board. Following the management approach of IFRS 8, Operating Segments are reported in accordance with the internal reporting provided to the Management Board who are responsible for allocating resources to the reportable segments and assessing their performance.

For management purposes, the Group's and the Company's activities are divided into hotel operations, self-catering holiday apartment complex operations, campsite operations and central services operations. The operating results of each of the aforementioned segments are monitored separately for the purpose of resource allocation and performance assessment. Segment performance is evaluated based on EBITDA, which is measured on the same basis as for financial reporting purposes in the income statement. Segments are shown based on industry practice.

The aggregated operating segments share similar economic characteristics, including demand drivers, profitability trends, and regulatory environments. Hotel operations, self-catering holiday apartment complexes, and campsite operations generate revenue primarily from accommodation, hospitality services, and ancillary offerings, while central services support these operations.

						Year ended 31 December 2024
Group	Hotels EUR'000	Self-catering holiday apartment complexes EUR'000	Campsites EUR'000	Central Services EUR'000	Elimination EUR'000	Total EUR'000
Revenue						
Third party	93,593	15,925	31,611	1,155	-	142,284
Inter segment	45	211	-	17,624	(17,880)	-
Total revenue	93,638	16,136	31,611	18,779	(17,880)	142,284
Segment EBITDA	18,935	3,809	12,536	(242)	-	35,038
Depreciation and amortisation	(13,084)	(2,100)	(4,157)	(1,160)	-	(20,501)
Financial expenses						(7,009)
Financial income						1,880
Other expenses						(970)
Other income						540
Share in result of joint venture						(317)
Profit/(loss) before tax						8,661

	Croatia EUR'000	Germany EUR'000	CEE EUR'000	Total EUR'000
Geographical information				
Non-current assets[1]	235,962	75,705	31,274	342,941

[1] Non-current assets for this purpose consist of property, plant and equipment.

						Year ended 31 December 2023
Group	Hotels EUR'000	Self-catering holiday apartment complexes EUR'000	Campsites EUR'000	Central Services EUR'000	Elimination EUR'000	Total EUR'000
Revenue						
Third party	78,812	15,291	31,046	1,349	-	126,498
Inter segment	22	34	-	14,836	(14,892)	-
Total revenue	78,834	15,325	31,046	16,185	(14,892)	126,498
Segment EBITDA	13,881	3,741	12,592	(2,164)	-	28,050
Depreciation and amortisation	(11,601)	(1,977)	(3,965)	(849)	-	(18,392)
Financial expenses						(5,177)
Financial income						2,561
Other expenses						(1,411)
Other income						298
Share in result of joint venture						(131)
Profit/(loss) before tax						5,798

	Croatia EUR'000	Germany EUR'000	CEE EUR'000	Total EUR'000
Geographical information				
Non-current assets[1]	244,274	77,314	31,704	353,292

[1] Non-current assets for this purpose consist of property, plant and equipment.

						Year ended 31 December 2024
Company	Hotels EUR'000	Self-catering holiday apartment complexes EUR'000	Campsites EUR'000	Central Services EUR'000	Elimination EUR'000	Total EUR'000
Revenue						
Third party	47,117	15,970	31,611	1,910	-	96,608
Inter segment	-	166	-	10,689	(10,689)	-
Total revenue	47,117	16,136	31,611	12,599	(10,689)	96,608
Segment EBITDA	9,520	3,809	12,536	(2,714)	-	23,151
Depreciation and amortisation	(5,656)	(2,100)	(4,157)	(1,017)	-	(12,930)
Financial expenses						(2,694)
Financial income						3,266
Other expenses						(681)
Other income						530
Profit/(loss) before tax						10,642
Non-current fixed assets	98,107	45,355	54,287	16,069	-	213,818

All the Company's non-current assets are located in Croatia.

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Note 24 Segments (continued)

Company	Hotels EUR'000	Self-catering holiday apartment complexes EUR'000	Campsites EUR'000	Central Services EUR'000	Elimination EUR'000	Total EUR'000
						Year ended 31 December 2023
Revenue						
Third party	43,058	15,325	31,046	1,652	-	91,081
Inter-segment	-	-	-	9,226	(9,226)	-
Total revenue	43,058	15,325	31,046	10,878	(9,226)	91,081
Segment EBITDA	7,309	3,741	12,592	(3,285)	-	20,357
Depreciation and amortisation	(5,651)	(1,977)	(3,965)	(704)	-	(12,297)
Financial expenses						(2,862)
Financial income						2,441
Other expenses						(220)
Other income						56
Profit/(loss) before tax						7,475
Non-current fixed assets	102,755	47,327	55,747	15,394	-	221,223

All the Company's non-current assets are located in Croatia.

Note 25 Related parties

Parties are considered to be related if one of the parties has the power to exercise control over the other party or if it has significant influence over the other party in making financial or operational decisions. The Company is controlled by Dvadeset Osam d.o.o., which owned 55.14% of the Company's shares as at 31 December 2024. The ultimate parent is PPHE Hotel Group Limited which owns 100% of shares of Dvadeset Osam d.o.o. Additionally, all other subsidiaries of PPHE Hotel Group are treated as related parties.

a. Balances with related parties

	Group 2024 EUR'000	Group 2023 EUR'000	Company 2024 EUR'000	Company 2023 EUR'000
				Year ended 31 December
Assets:				
Short-term receivables – Park Plaza Hotels Europe B.V.	**181**	100	**146**	85
Short-term receivables – PPHE (Germany) B.V.	**4**	22	**-**	-
Short-term receivables – from joint ventures	**197**	74	**-**	-
Short-term receivables – Park Plaza Hotels (UK) Services Ltd.	**18**	9	**18**	9
Shoer-term receivables – Park Plaza Germany Holdings GmbH	**-**	-	**-**	1
Short-term receivables - Arena 88 rooms d.o.o.	**-**	-	**24**	25
Short-term receivables - Arena Franz Ferdinand GmbH	**-**	-	**19**	9
Short-term receivables – Arena Hospitality Management d.o.o.	**-**	-	**-**	109
Short-term receivables – Ulika d.o.o.	**-**	-	**679**	96
Short-term receivables – Mažurana d.o.o.	**-**	-	**-**	115
Short-term receivables – Germany Real Estate B.V.	**-**	-	**135**	199
Short-term receivables – Sugarhill Investments B.V.	**-**	-	**2,677**	1,464
Short-term receivables – SW Szállodaüzemeltető Kft	**-**	-	**-**	73
Long-term loans to joint ventures (Note 7)	**11,491**	7,495	**-**	-
Long-term loans to Sugarhill Investments B.V.	**-**	-	**32,379**	26,979
Long-term loans to Ulika d.o.o.	**-**	-	**8,800**	8,300
Long-term loans to Mažurana d.o.o.	**-**	-	**-**	66
Long-term loans to Germany Real Estate B.V.	**-**	-	**16,385**	16,803
Liabilities:				
Trade payables – from joint ventures	**71**	-	**-**	-
Trade payables – Arena Hospitality Management d.o.o.	**-**	-	**782**	865
Trade payables – Ulika d.o.o.	**-**	-	**-**	3
Trade payables – Mažurana d.o.o.	**-**	-	**49**	386
Trade payables – Arena Franz Ferdinand GmbH	**-**	-	**1**	18
Trade payables – PPHE Nuernberg Operator Hotelbetriebsgesellschaft mbh	**-**	-	**-**	25
Trade payables – PPHE (Germany) B.V.	**516**	886	**-**	-
Trade payables – Park Plaza Hotels Europe B.V.	**468**	323	**403**	302

Note 25 Related parties (continued)

b. Transactions with related parties

	Year ended 31 December			
	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Management fee revenue from joint ventures	**299**	353	**-**	-
Service charge revenue – joint ventures	**395**	350	**-**	-
Service charge revenue – Park Plaza Hotels Europe B.V.	**23**	27	**5**	12
Service charge revenue – Park Plaza Hotels (UK) Services Ltd.	**-**	9	**-**	9
Service charge revenue – Park Plaza hotels (Germany) Services GmbH	**-**	-	**5**	-
Service charge revenue - Park Plaza Hotels Berlin Wallstrasse GmbH	**-**	-	**15**	-
Service charge revenue – art'otel berlin city center west GmbH	**-**	-	**8**	-
Service charge revenue - art'otel Koln Betriebsgesellschaft mBH	**-**	-	**15**	-
Service charge revenue - PPHE Nuernberg Operator Hotelbetriebsgesellschaft mbh	**-**	-	**13**	-
Service charge revenue - Arena 88 rooms d.o.o.	**-**	-	**7**	-
Service charge revenue - Ulika d.o.o.	**-**	-	**10**	-
Service charge revenue - Arena Hospitality Management d.o.o.	**-**	-	**6**	-
Service charge revenue - Arena Franz Ferdinand GmbH	**-**	-	**25**	55
Service charge revenue - SW Szállodaüzemeltető Kft	**-**	-	**6**	-
Reimbursement of marketing expenses – Park Plaza Hotels Europe B.V.	**60**	-	**60**	-
Reimbursement of employee expenses – Arena Hospitality Management d.o.o.	**-**	-	**1,027**	981
Revenue from lease of equipment -Mažurana d.o.o.	**-**	-	**83**	55
Laundry revenue - Arena Franz Ferdinand GmbH	**-**	-	**148**	28
Laundry revenue - Ulika d.o.o.	**-**	-	**168**	20
Reimbursement of employee expenses -SW Szállodaüzemeltető Kft	**-**	-	**-**	1
Accounting revenue - Ulika d.o.o.	**-**	-	**48**	1
Interest income – Ulika d.o.o.	**-**	-	**286**	172
Interest income – Mažurana d.o.o.	**-**	-	**2**	1
Interest income – joint ventures	**624**	408	**-**	-
Interest income – Sugarhill Investments B.V.	**-**	-	**1,213**	799
Interest income – Germany Real Estate B.V.	**-**	-	**545**	415
Reimbursement of employee expenses -PPHE Nuernberg Operator Hotelbetriebsgesellschaft mbh	**-**	-	**-**	4
Reimbursement of employee expenses - Ulika d.o.o.	**-**	-	**-**	3
Reimbursement of employee expenses – Arena Franz Ferdinand GmbH	**-**	-	**7**	-
Service charge expenses - Mažurana d.o.o.	**-**	-	**135**	309
Management fees expenses – Arena Hospitality Management d.o.o.	**-**	-	**3,036**	2,785
Sales and marketing fees – Park Plaza Hotels Europe B.V.	**4,039**	3,601	**3,789**	3,580
Sales and marketing fees – PPHE (Germany) B.V.	**1,409**	1,250	**-**	-

c. Significant other transactions with related parties

(i) Transactions in the ordinary course of business, in connection with the use of hotel facilities (such as overnight room stays and food and beverages) occur occasionally.

(ii) Compensation to key management personnel (Management and Supervisory Board members) for the year ended 31 December 2024:

Group and Company	Base salary and fees EUR'000	Bonus EUR'000	Pension contributions EUR'000	Other benefits EUR'000	Total EUR'000
Management Board	822	147	161	143	1,273
Supervisory Board	129	-	14	-	143
	951	147	175	143	1,416

In addition, during 2024 total number of 18.240 treasury shares were awarded to the Management Board. Total value of the shares at the exercise date was EUR 606 thousand, while tax liability was EUR 191 thousand.

Compensation to key management personnel (Management and Supervisory Board members) for the year ended 31 December 2023:

Group and Company	Base salary and fees EUR'000	Bonus EUR'000	Pension contributions EUR'000	Other benefits EUR'000	Total EUR'000
Management Board	830	305	160	172	1,467
Supervisory Board	133	-	15	-	148
	963	305	175	172	1,615

Note 26 Financial risk management objectives and policies

The Group's and Company's principal financial instruments, other than derivatives, and marketable securities comprise bank borrowings, cash and cash equivalents and restricted deposits. The main purpose of these financial instruments is to finance the Group's and Company's operations. The Group and the Company have various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

	Changes in financial liabilities arising from financing activities						
Group	1 January 2024 EUR'000	Cash flows EUR'000	Reclassification EUR'000	Foreign exchange movement EUR'000	New loans EUR'000	Other EUR'000	31 December 2024 EUR'000
Non-current interest-bearing loans	162,251	-	(21,231)	7	5,000	85	146,112
Non-current lease liability	35,799	-	(6,472)	25	-	3,414	32,766
Derivative financial instruments	(612)	-	-	-	-	235	(377)
Current interest-bearing loans	27,652	(27,414)	21,231	(11)	-	-	21,458
Current lease liability	3,546	(3,496)	6,472	-	-	-	6,522
	228,636	(30,910)	-	21	5,000	3,734	206,481

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Note 26 Financial risk management objectives and policies (continued)

Group	Changes in financial liabilities arising from financing activities						
	1 January 2023 EUR'000	Cash flows EUR'000	Reclassification EUR'000	Foreign exchange movement EUR'000	New loans EUR'000	Other EUR'000	31 December 2023 EUR'000
Non-current interest-bearing loans	174,517	-	(23,222)	47	10,524	385	162,251
Non-current lease liability	34,880	-	(2.152)	21	190	2,860	35.799
Derivative financial instruments	(1,126)	-	-	-	-	514	(612)
Current interest-bearing loans	21,410	(16,980)	23,222	-	-	-	27,652
Current lease liability	4.501	(3.107)	2.152	-	-	-	3.546
	234.182	(20.087)	-	68	10.714	3.759	228.636

Company	Changes in financial liabilities arising from financing activities						
	1 January 2024 EUR'000	Cash flows EUR'000	Reclassification EUR'000	Foreign exchange movement EUR'000	New loans EUR'000	Other EUR'000	31 December 2024 EUR'000
Non-current interest-bearing loans	97,416	-	(14,628)	-	5,000	(32)	87,756
Non-current lease liability	169	-	(47)	-	-	-	122
Current interest-bearing loans	23,161	(22,990)	14,628	-	-	-	14,799
Current lease liability	45	(45)	47		-	-	47
	120,791	(23,035)	-	-	5,000	(32)	102,724

Company	Changes in financial liabilities arising from financing activities						
	1 January 2023 EUR'000	Cash flows EUR'000	Reclassification EUR'000	Foreign exchange movement EUR'000	New loans EUR'000	Other EUR'000	31 December 2023 EUR'000
Non-current interest-bearing loans	113,069	-	(18,556)	-	2,500	403	97,416
Non-current lease liability	35	-	(56)	-	190	-	169
Current interest-bearing loans	18,427	(13,822)	18,556	-	-	-	23,161
Current lease liability	11	(22)	56	-	-	-	45
	131,542	(13,844)	-	-	2,690	403	120,791

The Group and the Company also enters into derivative transactions, including principally interest rate swap contracts. The purpose is to manage the interest rate risk arising from the Group's and Company's operations and its sources of finance. It is, and has been throughout the years under review, the Group's and Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's and Company's financial instruments are cash flow interest rate risk, credit risk and liquidity risk. The Management Board reviews and agrees on policies for managing each of these risks which are summarised below. The Group's and Company's accounting policies in relation to derivatives are set out in Note 2.

a. Foreign currency risk

The Group operate internationally and is exposed to foreign exchange risk. Functional currency in the Group is EUR, and most of the transaction is exercised in EUR. Additionally, part of the transaction is exercised in Serbian dinar or Hungarian Forint. Transaction in these currencies are not significant on Group level. On the Company level this risk does not exist.

b. Interest rate risk

The Group's and Company's policy is to manage its interest costs using fixed rate debt. To manage its interest costs, the Group and Company enter into interest rate swaps, in which the Group and the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. Furthermore, the Group and Company uses fixed interest rate debts. For this reason the Group's and the Company's cash flow are not sensitive to possible changes in market interest rates. Possible changes in interest rates do, however, affect the Group's and Company's equity as the fair value of the swap agreements changes with interest rate changes. These swaps are designated to hedge underlying debt servicing obligation. The Group and Company does not engage in complex hedging activities or hold significant financial instruments. All loans are with fixed rate or hedged and therefore considered as fixed, therefore no sensitivity analysis needed.

The fair value of the swaps of the Group as at 31 December 2024 amounts to an assets of EUR 377 thousand.

c. Credit risk

The Group and the Company trade only with recognised, creditworthy third parties. They have policies in place to ensure that sales of products/services are made to customers with an appropriate credit history. The Group's and the Company's policies ensure that sales to customers are settled through advance payments, in cash or by major credit cards (individual customers). Since the Group and the Company trade only with recognised third parties, there is no requirement for collateral for debts with third parties. Furthermore, the Group and the Company have no dependency on any of its customers. The receivable balances are monitored on an ongoing basis. Management monitors the collection of receivables through credit meetings and weekly reports on individual balances of receivables. Impairment of trade receivables is recorded when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of receivables.

The maximum credit exposure equals the carrying amount of the trade receivables and other receivables since the amount of all trade and other receivables has been written down to the irrecoverable amount. The result of these actions is that the Group's and the Company's exposure to bad debts is not significant. Movement in loss allowance is presented in Note 7b. There were no other loss allowances.

With respect to credit risk arising from other financial assets of the Group and the Company, which comprise cash and cash equivalents and investment in securities, the Group's and the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group and the Company have limited concentration risk in respect of its cash at banks.

Note 26 Financial risk management objectives and policies (continued)

d. Litigation and administrative procedures as a risk factor in business

In addition to financial risk factors, the Group and the Company are exposed to the risk of adverse outcomes of legal proceedings. The most significant is:

(i) Based on the Medulin Municipality's ownership interest which is registered in the land registry with respect to certain land plots of the campsites Medulin, Stupice and Runke, the Medulin Municipality filed a law suit against the Company for compensation for the use of such land from December 1997 currently amounting to EUR 8.9 million plus interest. It also demanded transfer of possession of the respective parts of those campsites. The Company claimed that pursuant to the Act, the Company acquired co-ownership of the campsites Medulin, Stupice and Runke, together with the Republic of Croatia, and therefore, that the Medulin Municipality is not entitled to claim for payment of land use remuneration and transfer of possession of land plots in the campsites. In addition to objecting to the claim of the Medulin Municipality, the Company filed a counterclaim against the Medulin Municipality in the amount of EUR 16.5 million as the Company have made various investments in the campsites. The court in first instance has suspended the proceedings. It awaits the outcome of the proceedings on the determination of the actual size of the maritime domain areas within the campsites and until a final agreement has been reached between the Municipality of Medulin and the Republic of Croatia on the ownership of the land of the campsites.

The Management Board alongside the Group's and Company's professional advisers are monitoring all litigation and court proceedings carefully and responsibly in order to prevent possible negative outcomes.

e. Liquidity risk

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarises the maturity profile of the Group's financial assets and liabilities as at 31 December 2024 and 2023 based on contractual undiscounted payments:

As at 31 December 2024	Less than 3 months EUR'000	3 to 12 months EUR'000	1 to 2 years EUR'000	3 to 5 years EUR'000	> 5 years EUR'000	Total EUR'000
Restricted deposits and cash	-	-	1,750	3,250	1,345	6,345
Rent deposit	-	-	417	-	-	417
Derivative financial instruments	-	-	-	377	-	377
Loans given to joint ventures	-	1,693	1,633	4,536	7,936	15,798
Trade receivables	3,376	-	-	-	-	3,376
Other receivables and prepayments	1,908	-	-	-	-	1,908
Short-term deposits	-	7,453	-	-	-	7,453
Cash and cash equivalents	29,876	-	-	-	-	29,876
Total assets	**35,160**	**9,146**	**3,800**	**8,163**	**9,281**	**65,550**
Interest-bearing loans and borrowings	5,783	18,949	42,381	67,491	49,323	183,927
Lease liability	1,096	3,289	2,032	6,013	33,528	45,958
Fee for the tourist land concession	-	4,151	-	-	-	4,151
Trade payables	3,988	-	-	-	-	3,988
Liabilities toward related parties	1,055	-	-	-	-	1,055
Other payables and accruals	2,699	3,949	-	-	-	6,648
Total liabilities	**14,621**	**30,338**	**44,413**	**73,504**	**82,851**	**245,727**
Maturity mismatch	**20,539**	**(21,192)**	**(40,613)**	**(65,341)**	**(73,570)**	**(180,177)**

As at 31 December 2023	Less than 3 months EUR'000	3 to 12 months EUR'000	1 to 2 years EUR'000	3 to 5 years EUR'000	> 5 years EUR'000	Total EUR'000
Restricted deposits and cash	-	1,750	1,750	5,000	835	9,335
Rent deposit	-	-	-	417	-	417
Derivative financial instruments	-	-	-	612	-	612
Loans given to joint ventures	-	1,436	1,378	3,784	2,727	9,325
Trade receivables	2,610	-	-	-	-	2,610
Other receivables and prepayments	1,481	-	-	-	-	1,481
Cash and cash equivalents	50,348	-	-	-	-	50,348
Total assets	**54,439**	**3,186**	**3,128**	**9,813**	**3,562**	**74,128**
Interest-bearing loans and borrowings	9,782	21,338	23,935	107,931	47,145	210,131
Lease liability	1,009	3,028	4,038	5,511	30,452	44,038
Fee for the tourist land concession	-	6,983	-	-	-	6,983
Trade payables	4,567	-	-	-	-	4,567
Liabilities toward related parties	1,209	-	-	-	-	1,209
Other payables and accruals	3,206	3,389	-	-	-	6,595
Total liabilities	**19,773**	**34,738**	**27,973**	**113,442**	**77,597**	**273,523**
Maturity mismatch	**34,666**	**(31,552)**	**(24,845)**	**(103,629)**	**(74,035)**	**(199,395)**

Financial statements

Note 26 Financial risk management objectives and policies (continued)

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2024 and 2023 based on contractual undiscounted payments:

	As at 31 December 2024					
	Less than 3 months EUR'000	3 to 12 months EUR'000	1 to 2 years EUR'000	3 to 5 years EUR'000	> 5 years EUR'000	Total EUR'000
Restricted deposits and cash	-	-	1,750	3,500	237	5,487
Loans to related parties	-	3,371	3,322	11,124	62,117	79,934
Trade receivables	1,887	-	-	-	-	1,887
Other receivables and prepayments	4,506	-	-	-	-	4,506
Short-term deposits	-	5,487	-	-	-	5,487
Cash and cash equivalents	23,572	-	-	-	-	23,572
Total assets	**29,965**	**8,858**	**5,072**	**14,624**	**62,354**	**120,873**
Interest-bearing loans and borrowings	4,219	12,265	11,820	53,597	30,683	112,584
Lease liability	14	41	55	82	-	192
Fee for the tourist land concession	-	4,151	-	-	-	4,151
Trade payables	1,499	-	-	-	-	1,499
Liabilities toward related parties	1,236	-	-	-	-	1,236
Other payables and accruals	2,263	1,850	-	-	-	4,113
Total liabilities	**9,231**	**18,307**	**11,875**	**53,679**	**30,683**	**123,775**
Maturity mismatch	**20,734**	**(9,449)**	**(6,803)**	**(39,055)**	**31,671**	**(2,902)**

	As at 31 December 2023					
	Less than 3 months EUR'000	3 to 12 months EUR'000	1 to 2 years EUR'000	3 to 5 years EUR'000	> 5 years EUR'000	Total EUR'000
Restricted deposits and cash	-	1,750	1,750	5,000	475	8,975
Loans to related parties	-	2,752	2,716	9,396	51,101	65,965
Trade receivables	1,024	-	-	-	-	1,024
Other receivables and prepayments	2,958	-	-	-	-	2,958
Cash and cash equivalents	43,371	-	-	-	-	43,371
Total assets	**47,353**	**4,502**	**4,466**	**14,396**	**51,576**	**122,293**
Interest-bearing loans and borrowings	8,575	16,386	15,817	63,476	28,505	132,759
Lease liability	14	41	55	137	-	247
Fee for the tourist land concession	-	6,983	-	-	-	6,983
Trade payables	1,264	-	-	-	-	1,264
Liabilities toward related parties	1,599	-	-	-	-	1,599
Other payables and accruals	2,780	1,458	-	-	-	4,238
Total liabilities	**14,232**	**24,868**	**15,872**	**63,613**	**28,505**	**147,090**
Maturity mismatch	**33,121**	**(20,366)**	**(11,406)**	**(49,217)**	**23,071**	**(24,797)**

f. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

	Group		Company	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Interest-bearing bank loans and borrowings	**167,570**	189,903	**102,555**	120,577
Less – cash and cash equivalents	**(29,876)**	(50,348)	**(23,572)**	(43,371)
Less – other current financial assets	**(7,453)**	-	**(7,453)**	-
Net debt	**130,241**	139,555	**71,530**	77,206
Equity	**213,690**	213,437	**274,204**	271,257
Hedging reserve	**(37)**	210	**-**	-
Total capital	**213,653**	213,647	**274,204**	271,257
Capital and net debt	**343,894**	353,202	**345,734**	348,463
Gearing ratio	**37.87%**	39.51%	**20.69%**	22.16%

The Group and the Company manage its capital structure and make adjustments to it in light of changes in economic conditions. The Group and the Company monitor capital using a gearing ratio, which is net bank debt divided by total capital plus net bank debt. The Group's policy is to keep the gearing ratio between 30% and 40%. The Group and the Company include within net bank debt, interest bearing bank loans and borrowings, less cash and cash equivalents and other liquid assets. Capital includes equity less the hedging reserve.

g. Fair value of financial instruments

The fair values of the financial assets and liabilities are included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, trade receivables, trade payables, and other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long term fixed rate and variable rate receivables are evaluated by the Group and the Company based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

The fair value of loans from banks and other financial

Note 26 Financial risk management objectives and policies (continued)

liabilities, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Fair value of held to collect and sell (HTCS) assets is derived from quoted market prices in active markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group and the Company is the current bid price. These instruments are included in Level 2. The Group and the Company entered into derivative financial instruments with financial institutions with investment grade credit ratings. Derivatives are valued using valuation techniques for swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, and interest rate curves.Fair value is the amount that would be received on sale at an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques based on a discounted cash flow. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fairly value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Fair value hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique based on the lowest level input that is significant to the fair value so determined:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2024, the Group held the following financial instruments measured at fair value:

Asset	31 December 2024 EUR'000	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000
Interest rate swaps used for hedging	377	-	377	-

During 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at 31 December 2023, the Group held the following financial instruments measured at fair value:

Asset	31 December 2023 EUR'000	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000
Interest rate swaps used for hedging	612	-	612	-

During 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The carrying amounts and fair values of the Group's financial instruments other than those whose carrying amount approximates their fair value:

	Carrying amount 31 December		Fair value 31 December	
	2024 EUR'000	2023 EUR'000	2024 EUR'000	2023 EUR'000
Financial liabilities Bank borrowings*	**167,570**	189,903	**163,414**	188,287

**Based on Level 2 inputs.*

i. Derivative financial instruments

The part of the Group's borrowings are at variable interest rates based on EURIBOR. To limit its exposure to changes in the rates of EURIBOR on its cash flows and xqinterest expense, the Group has entered into various interest rate swaps, as described above. The Company meets the relevant criteria in IAS 39 to apply hedge accounting and the fair value changes of swaps in the hedge relationship that are determined to be effective are recorded in other comprehensive income. All fair value movements that are determined to be ineffective are recorded in profit and loss.

Financial statements

Note 27 Subsequent events

There were no events after the balance sheet date that would have had a significant impact on the financial statements as of or for the period then ended.

Note 28 Approval of financial statements

These financial statements are approved and signed by the Management board of the Company and the Group on 26 February 2025.

R. Slonim

Reuel Israel Gavriel Slonim
President of the Management Board

Manuela Kraljević
Member of the Management Board & Marketing and Sales Director

Devansh Bakshi
Member of the Management Board & Chief Financial Officer

E. Pinto

Edmond Pinto
Member of the Management Board & Chief Operating Officer

05

Appendices

Subsidiaries included in the Group

Name of Group	Principal activity	Country of incorporation	Functional currency	Direct and indirect holdings %
Ulika d.o.o.	Hotel Operation	Croatia	EUR	100
Mažurana d.o.o.	Holding Company	Croatia	EUR	100
Germany Real Estate B.V.	Holding Company	The Netherlands	EUR	100
ACO Hotel Holding B.V.	Holding Company	The Netherlands	EUR	100
ABK Hotel Holding B.V.	Holding Company	The Netherlands	EUR	100
Sugarhill Investments B.V.	Holding Company	The Netherlands	EUR	100
Arena Hospitality Management d.o.o.	Management Company	Croatia	EUR	100
Park Plaza Hotels (Germany) Services GmbH	Management Company	Germany	EUR	100
PPHE Germany Holdings GmbH	Holding Company	Germany	EUR	100
PPHE Nürnberg Operator Hotelbetriebsgesellschaft mbH	Hotel Operation	Germany	EUR	100
Park Plaza Germany Holdings GmbH	Holding Company	Germany	EUR	100
Park Plaza Nürnberg GmbH	Hotel Operation	Germany	EUR	100
Park Plaza Hotels Berlin Wallstrasse GmbH	Hotel Operation	Germany	EUR	100
art'otel berlin city center west GmbH	Hotel Operation	Germany	EUR	100
art'otel Köln Betriebsgesellschaft mbH	Hotel Operation	Germany	EUR	100
SW Szállodaüzemeltető Kft.	Hotel Operation	Hungary	HUF	100
ARENA FRANZ ferdinand GmbH	Hotel Operation	Austria	EUR	100
Arena 88 rooms d.o.o.	Hotel Operation	Serbia	RSD	100

Jointly controlled entities

Name of Group	Principal activity	Country of incorporation	Functional currency	Direct and indirect holdings %
art otel Berlin Mitte /Park Plaza betriebsgesellschaft mbH	Hotel Operation	Germany	EUR	50
Park Plaza betriebsgesellschaft mbH	Hotel Operation	Germany	EUR	50
PPBK Hotel Holding B.V.	Holding Company	The Netherlands	EUR	50
ABM Hotel Holding B.V.	Holding Company	The Netherlands	EUR	50

Turnover

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (Does not Significantly Harm)										
Economic Activity (1)	Code (2)	Absolute Turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water & Marine Resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and Ecosystem (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water & Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and Ecosystem (16)	Minimum Safeguards (17)	Taxonomy-aligned proportion of turnover Year N (18)	Taxonomy-aligned proportion of turnover Year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		EUR '000	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY - ELIGIBLE ACTIVITY (A.1 + A.2.)		131.550	92,5%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%					Y		Y	0,0%	n/a	n/a	n/a
A.1 Environmentally sustainable activities (Taxonomy - aligned)																				
A																				
B																				
C																				
D																				
Turnover of environmentally sustainable activities (Taxonomy-aligned)		n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	n/a	-	-
A.2. Elligible but not environmentally sustainable activities (not Taxonomy - aligned)																				
A 2.1. Hotels, holiday, camping grounds and similar accommodation		131.550	92,5%																	
B																				
C																				
D																				
Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		n/a															n/a	n/a	-	-

B. TAXONOMY - NON - ELIGIBLE ACTIVITIES			
Turnover of Taxonomy-non-eligible activities		10.733	7,5%
Total (A+B)		142.284	100,00%

CAPEX

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (Does not Significantly Harm)										
Economic Activity (1)	Code (2)	Absolute CAPEX (3)	Proportion of CAPEX (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water & Marine Resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and Ecosystem (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water & Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and Ecosystem (16)	Minimum Safeguards (17)	Taxonomy-aligned proportion of CAPEX Year N (18)	Taxonomy-aligned proportion of CAPEX Year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		EUR thousand	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY - ELIGIBLE ACTIVITY (A.1 + A.2.)		3.898	43,27%																	
A.1 Environmentally sustainable activities (Taxonomy - aligned)																				
CAPEX of environmentally sustainable activities (Taxonomy-aligned)			0,00%	0,00%	0,00%	-	-	-	-	Y	-	-	-	-	-	-	0,00%		E	
CAPEX of environmentally sustainable activities (Taxonomy-aligned)			0,00%	0,00%	0,00%	-	-	-	-	Y	-	-	-	-	-	-	0,00%	0,03%		
A.2. Elligible but not environmentally sustainable activities (not Taxonomy - aligned)																				
A 4.16. Installation and operation of electric heat pumps	F43	609	6,76%																	
B 7.2. Renovation of existing buildings	F41, F43	2.904	32,24%																	
C 7.3. Energy efficiency equipement	F41, F43	341	3,79%																E	
D 7.5 Energy performance of buildings	E36, F42.9	44	0,49%																	
Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		3.899	43,27%														43,3%	79,00%		

B. Taxonomy - non - eligible activities			
CAPEX of Taxonomy-non-eligible activities		5.111	56,73%
Total (A+B)		9.010	100,00%

OPEX

Economic Activity (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water & Marine Resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and Ecosystem (10)	DNSH CRITERIA (Does not Significantly Harm): Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water & Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and Ecosystem (16)	Minimum Safeguards (17)	Taxonomy-aligned proportion of CAPEX Year N (18)	Taxonomy-aligned proportion of CAPEX Year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		EUR thousand	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY - ELIGIBLE ACTIVITY (A.1 + A.2.)		1.057	15,69%																	
A.1 Environmentally sustainable activities (Taxonomy - aligned)																				
			0,00%	0,00%	0,00%	-	-	-	-	Y	-	-	-	-	-	Y	0,00%	0,37%		
OpEx of environmentally sustainable activities (Taxonomy-aligned)			0,00%	0,00%	0,00%	-	-	-	-	Y	-	-	-	-	-	Y	0,00%	0,37%		
A.2. Elligible but not environmentally sustainable activities (not Taxonomy - aligned)																				
A 4.15. Didtrict heating/cooling distribution	F43	186	2,76%	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
B 6.5. Transport by motorbikes, passanger cars and light commercial vehicles	H49	107	1,58%	-	-	-	-	-	-	-	-	-	-	-	-	-			E	
C 7.3. Installation, maintenance and repair of energy efficiency equipment	F43	24	0,36%	-	-	-	-	-	-	-	-	-	-	-	-	-				
D 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buidings (and parking spaces attached to buildings)	F43	5	0,07%	-	-	-	-	-	-	-	-	-	-	-	-	-				
E 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F43	13	0,19%	-	-	-	-	-	-	-	-	-	-	-	-	-				
F 7.2 Renovation of existing buildings	F41, F43	107	1,59%	-	-															
G 7.7. Acquisition and ownership of buildings	L68	616	9,14%	-	-															
Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		1.057	15,69%	-	-	-	-	-	-	-	-	-	-	-	-	-	15,69%	0,62%		

B. Taxonomy - non - eligible activities			
OpEx of Taxonomy-non-eligible activities		5.680	84,31%
Total (A+B)		6.737	100,00%

Glossary

A

Arena Hospitality Group: Arena Hospitality Group d.d. is one of the most dynamic hospitality groups in Central and Eastern Europe, currently offering a portfolio of 29 owned, coowned, leased and managed properties with more than 10,000 rooms and accommodation units in Croatia, Germany, Hungary, Serbia and Austria. PPHE Hotel Group has a controlling ownership interest in Arena Hospitality Group.www. arenahospitalitygroup.com.
ADR: Average daily rate. Total room revenue divided by number of rooms sold.
art'otel®: A lifestyle collection of hotels that fuse exceptional architectural style with art-inspired interiors, located in cosmopolitan centres across Europe. PPHE Hotel Group is owner of the art'otel® brand worldwide www.artotels.com

C

CEE region: the Central and Eastern Europe region, which for the Company's reporting purposes only includes, inter alia, Austria, Hungary and Serbia.
Company: Arena Hospitality Group d.d., with registered seat in Pula, Smareglina ulica 3, Croatia, registered in the court register of the Commercial Court in Pazin under number (MBS) 040022901, personal identification number (OIB) 47625429199

D

Distribution: Encompasses all the electronic channels of distribution, which include GDS, brand websites and third party intermediaries. These distribution channels can be accessed through the Internet, an intranet or through an interfaced connection.
DSCR: debt service coverage ratio. Calculated as annual available cash flow (free cash flow before debt repayment toward banks and other financial institutions divided by annual/12-month period debt service toward banks and other financial institutions (principal payments and financing cost like interest expenses and other fees).
The difference between DSCR 1 and 2 is the beginning of the year cash balance which is included in the calculation of DSCR 1.
DSCRC: DSCRC including cash (it is amount of debt coverage in relation with certain period of time during a year, EBITDA decreased for CAPEX which is decreased for long-term loans used for financing of long-term fixed asset, which are taken during the current financial year taking into consideration changes of working capital, paid taxes, paid dividends, increased for cash and cash equivalents including deposits according to loan agreement (ZABA no 3275727104, party no 5100569172) at the beginning of period divided with sum of paid loan liabilities related to principal and interest).

E

Earnings (loss) per share: Basic earnings (loss) per share amounts are calculated by dividing the net profit (loss) for the year by the weighted average number of ordinary shares outstanding during the year. Diluted earnings (loss) per share amounts are calculated by dividing the net profit (loss) for the year by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.
EBITDA: Earnings before interest, tax, depreciation and amortization.
EBITDA margin: EBITDA divided by total revenue.
EBITDAR: Earnings before interest, tax, depreciation, amortization, impairment loss and rental expenses, share of associate and exceptional items presented as other income and tax (EBITDAR) correspond to revenue less cost of revenues (operating expenses). EBITDAR, together with EBITDA, is used as a key management indicator.
Equity ratio: defined as the ratio between equity and reserves, decreased for any goodwill, loans to shareholder and advance dividend payment, and the total liabilities.

F – O

GDPR: General Data Protection Regulation
Group: Company and its consolidated subsidiaries (companies subject of a requirement to consolidate their financial statements).
Interest cover ratio: defined as the ratio between EBITDA and the total amount of interest accrued during the corresponding period.
Like-for-like: Results achieved through operations that are comparable with the operations of the previous year. Current years' reported results are adjusted to have an equivalent comparison with previous years' results in the same period, with similar seasonality and the same set of hotels.
Management Board: Reuel ('Reli') Slonim (President of Management Board), Devansh Bakshi (Member of the Management Board and CFO), Manuela Kraljević (Member of the Management Board and Marketing and Sales Director) and Edmond Pinto (Member of the Management Board and Chief Operating Officer).
Net leverage ratio: defined as (Total Debt – Cash and cash equivalents)/EBITDA.
Occupancy: total occupied rooms divided by net available rooms or RevPAR divided by average room rate.

Glossary

P – Z

Park Plaza® Hotels & Resorts: upper upscale hotel brand. PPHE Hotel Group is master franchisee of the Park Plaza® Hotels & Resorts brand owned by Radisson Hotel Group. PPHE Hotel Group has the exclusive right to develop the brand across 56 countries in Europe, the Middle East and Africa. www.parkplaza.com.

PPHE Hotel Group: PPHE Hotel Group Limited is an international hospitality real estate company, with prime freehold and long leasehold assets in Europe.

The group benefits from having an exclusive and perpetual license from the Radisson Hotel Group, one of the world's largest hotel groups, to develop and operate Park Plaza® branded hotels and resorts in Europe, the Middle East and Africa. In addition, the group wholly owns, and operates under, the art'otel® brand. www.pphe.com

Radisson Rewards: The global hotel rewards programme from the Radisson Hotel Group which includes Park Plaza® Hotels & Resorts and art'otel®. The program is owned by Radisson Hotel Group. Gold Points® is the name of the currency earned through the Radisson Rewards program. www. radissonrewards.com

Responsible Business: Arena Hospitality Group has adopted PPHE Hotel Group's Responsible Business programme; which includes a dedicated mission statement and four pillars reflecting key areas of impact. We pride ourselves on our mission to be responsible in everything we do as a business through our pillars; inspiring our guests, creating centres of excellence, developing our people and being part of our communities. This new developed responsible business strategy builds on the corporate social responsibility (CSR) activity of previous years to create a long-term sustainable responsible business model.

RevPAR: Revenue per available room. Total rooms revenue divided by net available rooms or ADR x occupancy %.

Sugarhill: Sugarhill Investments B.V.

Sugarhill Group: Sugarhill and its subsidiaries.

Supervisory Board: Boris Ivesha (Chairman), Yoav Papouchado (Deputy Chairman), Kevin Michael McAuliffe (Member), Amra Pende (Member), Lorena Škuflić (Member), Ivana Matovina (Member),and Goran Nikolić (Member appointed by Worker's Council)

Contacts

SUPERVISORY BOARD
Boris Ivesha, Chairman
Yoav Papouchado, Deputy Chairman
Kevin McAuliffe, Member
Amra Pende, Member
Lorena Škuflić, Member
Ivana Matovina, Member
Goran Nikolić, Member appointed by Worker's Council

MANAGEMENT BOARD
Reuel ('Reli') Slonim, President of the Management Board
Manuela Kraljević, Member of the Management Board & Marketing and Sales Director
Devansh Bakshi, Member of the Management Board & Chief Financial Officer
Edmond Pinto, Member of the Management Board & Chief Operating Officer

KEY CONTACTS
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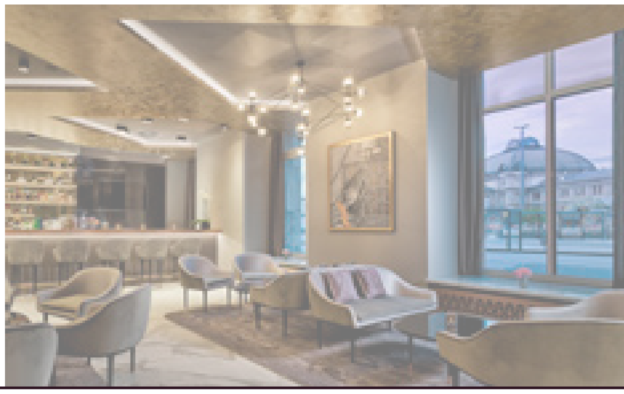
USEFUL LINKS
Corporate and reservation websites:
arenahospitalitygroup.com
arenacollection.com
arenahotels.com
arenacampsites.com
artotels.com
parkplaza.com
radissonhotels.com
franz-ferdinand.at

STRATEGIC PARTNERS:
PPHE Hotel Group
pphe.com
Radisson Hotel Group
radissonhotels.com/corporate



PARK PLAZA

art'otel

ARENA HOTELS & APARTMENTS

ARENA CAMPSITES

PARTNER BRANDS

RADISSON COLLECTION

RED Radisson