

Interim Financial Report For The Second Quarter and first half of 2023

27 JULY 2023



ARENA

HOSPITALITY GROUP

A MEMBER OF PPHE HOTEL GROUP



PARTNER BRANDS



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01 INTERIM PERFORMANCE REPORT FOR THE PERIOD JANUARY – JUNE 2023

Overview

We are hereby presenting our results for the first six months of 2023. The report presents the consolidated performance of Arena Hospitality Group d.d ('AHG' or the 'Company') and its subsidiaries (the 'Group') in all countries of operation including Croatia, Germany, Hungary, Serbia and Austria, and unconsolidated performance in Croatia.

The encouraging trading performance announced in our first quarter trading update has continued through Q2 across all market segments of leisure, corporate travel and meeting and events.

As a result, total Group revenue in the second quarter increased year-on-year by 40.5% to EUR 42.3 million. This improved performance was driven by 63.2% RevPAR growth in our German region, with average daily rates significantly improving year-on-year and by the improved performance in Croatia (42.4% RevPAR growth). The growth seen in Germany marks the revenue recovery of the Group's city centre operations. In June, the strongest month during the second quarter, our hotels in Germany achieved an occupancy of 75.8% and an average daily rate ('ADR') of EUR 145.7.

The Group is now entering its strongest trading period, in particular for its Croatian operations, with the onset of the summer leisure season.

Total revenue in Croatia during the second quarter was EUR 25.3 million, 31.1% more than in last year. Revenue generated during the first half of 2023 is the highest recorded revenue in the Company's history.

Our financial performance was negatively affected by a strong increase in utilities expenses (mostly in Croatia) and an increase in payroll expenses, with cost of labour increasing from 11 to 15 percent on average due to rising national minimum wage requirements and trade union negotiations.

As the Group is entering the second half of the year, we are preparing to launch our new property concepts scheduled to open between September 2023 and November 2023. We will be offering exciting new propositions for our customers, including our first Radisson RED property in Belgrade, Serbia as well as our new art'otel in Zagreb, Croatia.

Highlights

- Total consolidated revenue to date of EUR 42.3 million, representing 40.5% growth year-on-year indicating a continuation of gradual improvement in all our operating regions.
- Croatian operations performed well with total revenue to date of EUR 25.3 million representing 31.1% growth year-on-year, driven by growth in average room rate and occupancy.
- Encouraging rate-led recovery during Q1 and Q2 in Germany, with 34% growth year-on-year with further increases in occupancy.
- The Group does not benefit from government grants any more, which significantly impacts our year-on-year profitability comparison. For the period January – June 2022 the Group continued to utilise government support in our German and Austrian operations. Total Governments' grants in H1 2022 amounted to EUR 2.7 million.
- Increase in utility expenses in all regions, especially in Croatia where costs have doubled.
- Increase in payroll expenses in all regions, as the cost of labour increased from 11 to 15 percent on average due to rising minimum wage requirements and trade union negotiations.
- Consolidated cash position of EUR 44.7 million improving liquidity and supporting growth.
- Development works on the Group's much awaited iconic luxury hotel in Zagreb city centre are progressing on schedule with the hotel's soft opening planned in the third quarter of 2023.

- Our hotel in Belgrade is closed due to a refurbishment and rebranding programme and it is planned to reopen in the fourth quarter of 2023 as Radisson RED Belgrade.

CONSOLIDATED RESULTS

Reported revenue increased to EUR 42.3 million (six months of 2022: EUR 30.1 million). Accommodation revenue experienced a solid growth to EUR 33.7 million compared to last year (six months of 2022: EUR 23.0 million) as a result of both, improved occupancy by 759.4 bps, and higher average daily rates by 22.8% which amounted to EUR 96.7 (six months of 2022: EUR 78.7).

EBITDA amounted to EUR 0.4 million (2022: EUR 0.8 million) and was year-on-year negatively influenced by lack of Government grants and increased costs due to inflationary pressures, mostly in utilities expenses and payroll.

CROATIA

For this region, total revenues increased by 31.1% to EUR 25.3 million (2022: EUR 19.3 million). The increase in accommodation revenue by 34.0% is the result of a 14.1% increase in rooms sold as well as increase in average daily rate by 17.2% and amounted to EUR 78.4 (2022: EUR 66.9) while occupancy increased by 595.6 bps to 33.6%.

Despite the growth in revenue, the financial performance was adversely affected by inflation when compared to same time last year at the outset of the war in Ukraine. Increased operating expenses primarily refers to higher cost of utilities, food and other consumable commodities. Utilities cost was driven by increased electricity prices. During 2022 the Company benefited from having fixed electricity price contracts in place, which expired by last year's end. Several measures have been introduced to reduce energy consumption and the Company is considering implementing Solar plants to help further reduce its consumption.

EBITDA loss was reduced substantially year-on-year and amounted to EUR 0.5 million (2022: loss EUR 1.1 million).

GERMANY

Our H1 total revenues during the period increased significantly by 59.2% to EUR 12.1 million (2022: EUR 7.6 million). Accommodation revenues increased by 62.5% to EUR 10.4 million (2022: EUR 6.4 million) driven by a 22.1% increase in average daily rate to EUR 143.1 (2022: EUR 117.2) and an increase in occupancy of 1,412.8 bps to 56.1% (2022: 42.0%).

Generally, market conditions in Germany only continued to improve in the second quarter, with more positive booking trends. Our results in Q2 2023 were supported by various fairs and events in Cologne, Nuremberg, and in Berlin.

Notwithstanding the improved performance, our performance has been impacted by inflationary pressures, primarily from increased prices for food and service contracts, as well as payroll inflation.

Reported EBITDA during H1 was EUR 2.6 million which is a reduction year-on-year. However, our H1 2022 performance included a EUR 2.5 million government grant demonstrating the underlying strong performance in 2023.

CEE REGION (Hungary, Serbia, Austria)

Our CEE operating region, which consists of Hungary, Serbia and Austria, reported an increase in business activities in the six months.

After the first phase completion of our repositioning project last year at Park Plaza Budapest (formerly art'otel Budapest), which was focused on an extensive redesign and upgrade of all public areas, our property delivered an occupancy of 40.9% in H1.

The former Arena 88 Rooms hotel in Belgrade closed in March for a full refurbishment programme. The total planned cost of the refurbishment and repositioning is estimated at approximately EUR 3 million. The hotel is expected to reopen in the fourth quarter of 2023 as Radisson RED Belgrade.

The Arena Franz Ferdinand hotel in Nassfeld typically closes after the winter season and it has reopened for the summer season on June 02nd.

Total region revenues increased to EUR 4.3 million compared to EUR 2.8 million in the same period of last year. Average daily rate amounted to EUR 160.7, while occupancy was 36.3%. EBITDA was flat at EUR 0.2 million.

Development Pipeline

art'otel Zagreb – coming soon

The development of the premium lifestyle art'otel Zagreb commenced in autumn 2021. This project involves the conversion of an iconic building in a prime location in the historic heart of the city. Once completed, this 110-room hotel will include a destination restaurant and bar (Yezi), wellness and spa facilities, fitness centre, event space and parking. The hotel will also feature a roof top bar offering guests striking views of the city.

The project is on track with works expected to be completed this summer and a soft opening planned shortly thereafter. This hotel will be the Group's first city centre hotel in Croatia, and the first art'otel hotel in the Adriatic part of Europe.

Repositioning project in Belgrade

The former Arena 88 Rooms hotel in Belgrade closed in March for a full refurbishment programme. The hotel is expected to reopen in the fourth quarter of 2023 as Radisson RED Belgrade.

ESG and Sustainability Report

Celebrating our people

An outstanding recognition for Ms. Manuela Kraljević

Ms. Manuela Kraljević, a member of the Management Board of Arena Hospitality Group and Sales & Marketing Director, was declared Manager of the Year at the 5th National Conference of the Croatian Association of Business Women "Krug." The award ceremony took place on World Entrepreneurship Day, where successful businesswomen were recognized for their achievements in the business year 2022.

Her extensive experience in the tourism industry, combined with her continuous drive for development and dedication to sales and marketing, have positioned Arena Hospitality Group at the forefront of the domestic market.

AHG is fully committed to promoting equality of opportunity for all team members, making this recognition a testament to her successful female entrepreneurship. It serves as an inspiration for other businesswomen to pursue their dreams and achieve remarkable accomplishments.

"I sincerely thank the incredible team at AHG for their tireless efforts and teamwork; they are the foundation of our shared success. I also extend my gratitude to the Management Board of Arena Hospitality Group for their unwavering support, which has enabled me to achieve extraordinary results. I am also deeply grateful to my family, who have been an invaluable source of strength, motivation, and love. Their unwavering support and understanding have been instrumental in my journey. May my story inspire businesswomen to follow their dreams and achieve great success," concludes Mrs. Kraljević.

We support lifelong learning

Two members of the AHG team, the Assistant General Manager of Arena One99 Glamping and the Reception Manager of the Arena Grand Kažela Campsite, successfully completed the lifelong learning program in Camping Resort Management at the Faculty of Tourism and Hospitality Management in Opatija.

This comprehensive program consists of nine modules and is led by over 30 top-notch lecturers, including eminent professors and industry experts.

In addition, ten AHG team members from the Food & Beverage department have obtained the title of "Specialist in Food and Beverage Department" at the Faculty of Tourism and Hospitality Management. They successfully completed the program of the same name, which lasted for one academic year.

The goal of the "Specialist in Food and Beverage Department" program is to acquire practical knowledge, skills, and competencies necessary for the efficient operation of food and beverage departments in hotel establishments. Successfully mastering this program provides participants with the competencies for both independent work and effective teamwork in various hospitality establishments. These competencies enable them to organize, manage, and control processes in line with business policies in the dynamic tourism market.

Health Day in the German Region

Park Plaza Nuremberg together with the health insurance AOK held a health in April for their team including balance board, Yoga lesion and healthy smoothies.

In cooperation with the health insurance company BARMER, the Regional Office in Germany organized a health day for the team members of all Berlin hotels and Regional office at Park Plaza Wallstreet in Berlin. In addition to a stress, management workshop, sports sessions, and other health check-ups, the team was pleasantly surprised with delicious and healthy food.

Supporting our communities

Opening of the Jazz House at Park Plaza Histria

In collaboration with the Association of Jazz Musicians of Istria, Arena Hospitality Group opened a Jazz House in the former casino space at Park Plaza Histria.

This event signifies the beginning of a unique musical journey that provides a platform for talented local and international jazz artists to share their skills and performances with the audience.

This initiative by Arena Hospitality Group strongly supports the local art community and contributes to the cultural scene of Pula by providing artists with an inspiring space for expression and creation.

Partnership agreement with Sailing Club Uljanik

On May 4, 2023, Arena Hospitality Group and Uljanik Sailing Club (JKU) signed a partnership agreement. The signing ceremony was attended by the management and members of Uljanik Sailing Club, sailing enthusiasts, and representatives of Arena Hospitality Group, including the President of the Management Board, Mr. Reli Slonim, and the Member of the Management Board and Director of Marketing and Sales, Ms. Manuela Kraljević.

Mr. Slonim expressed satisfaction with the longstanding collaboration, emphasizing that Arena Hospitality Group will continue to be a partner of JKU in organizing sailing and related events, with the aim of promoting this beautiful sport and the region, which has the potential to become one of the most renowned sailing destinations.

The partnership between Arena Hospitality Group and Uljanik Sailing Club represents a significant step in promoting sailing and tourism in Pula and Istria, while the collaboration will further strengthen the existing and successful partnership between JKU and AHG on projects such as MAXI ON and CSC CUP, the international Easter regatta in Arena Medulin Campsite.

Partners of Let's Grow ICT conference

Arena Hospitality Group proudly partnered with and hosted the second edition of the annual technology conference, Let's Grow, which took place on May 25, 2023, at Park Plaza Histria.

Reli Slonim, President of the Management Board, delivered the opening speech alongside other esteemed speakers. Marko Cukon, Head of Group Digital Marketing & Technology, presented innovative services of Arena Hospitality Group based on modern technology.

Let's Grow is a crucial gathering and platform for showcasing leading ICT experts and enthusiasts from Istria and beyond. It promotes Istria as an ICT hub with career opportunities and a fulfilling life. The conference is organized by the non-profit association ICT Istra in collaboration with partners: Arena Hospitality Group, Istrian County, the City of Pula, and the Croatian Chamber of Commerce.

Our ongoing support

Arena Hospitality Group maintains its commitment to supporting the local community by endorsing various stakeholders crucial to community development and preserving the local heritage. This commitment encompasses a wide range of events and collaborations with diverse institutions and associations.

During Q2, AHG provided support to the Uljanik Sailing Club, whose talented sailor, Ema Grabar, won a bronze medal in the Optimist class at the World Sailing Championship held in Spain. Furthermore, AHG provided support for the Pula Sailing Week and the MAXI ON maxi sailboat regatta, both of which make significant contributions to establishing Pula as an authentic Mediterranean destination.

Our support also extended to cultural events in Pula and Medulin, including the highly regarded Pula Book Fair and Pula Cultural Summer, which takes place at the renovated Small Roman Theatre and the Pula Amphitheatre.

Additionally, the Group is a partner in the Rock&Stars project, hosted at the Vinkuran quarry - Cave Romane, in collaboration with the Municipality of Medulin and the Medulin Tourist Board.

Successful Renewal of the Travelife Gold Certificate

In Q2, following an independent audit against the Travelife Standards, TUI BLUE Medulin successfully renew and Park Plaza Histria successfully gained Travelife Gold Certificate for Accommodation Sustainability.

Travelife is a leading sustainability certification program for the travel and tourism industry. It provides a framework and guidelines for hotels, accommodations, and tour operators to operate in a socially responsible and environmentally friendly manner. It assesses businesses based on various criteria such as environmental management, human rights, fair business practices, community engagement, and cultural heritage preservation.

CURRENT TRADING AND OUTLOOK

Trading since 30 June 2023 is in line with our expectations across our three operating regions.

In Croatia we opened our properties for the 2023 summer season as planned and as per a similar schedule as in 2022. While we are optimistic for the summer season based on the demand seen and our current booking levels, we are still seeing that consumers are making last-minute booking decisions which impacts our overall visibility for the season ahead.

In Germany and Budapest we expect occupancy to continue to grow as more international travel opens up supported by growth in the aviation sector, coupled with new and rescheduled (international) trade fairs and events.

In Austria, we reopened our property in June, for the first summer season following our investment in a brand new outdoor and indoor pool, upgraded fitness facilities and air-conditioning throughout the hotel including all guestrooms. It is expected that these new facilities will positively impact the hotel's overall appeal and demand from customers, delivering an improved summer performance.

Our hotel in Belgrade is closed due to a refurbishment and rebranding programme and it is planned to be reopened in quarter four this year.

The opening of the new art'otel Zagreb is scheduled for quarter three 2023. This hotel is the first Group's city centre hotel in Croatia and the first art'otel hotel in the Adriatic part of Europe.

Notwithstanding the inflationary pressures and wider economic climate, the Group remains committed to further grow the Company through uplifting its property portfolio through investments, repositioning and rebranding and external growth opportunities in Croatia and Central and Eastern Europe.



RELI SLONIM, PRESIDENT OF THE MANAGEMENT BOARD

SIGNIFICANT EVENTS DURING SIX MONTHS OF 2023

The Group has refinanced the balloon instalment for the existing loan signed with Erste & Steiermärkische bank d.d. for Arena One 99 Glamping in Pomer, amounting to a total of EUR 2.5 million, with a fixed interest rate of 1.95% and maturing in 2027.

EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the Balance sheet date.

OPERATING REVIEW OF THE COMPANY AND ITS SUBSIDIARIES (THE “GROUP”)

The following table sets out the Group’s consolidated results of operations for the first six months of 2023.

Consolidated Key performance indicators

	Six months ended 30 June 2023	Six months ended 30 June 2022	Variance %
Total revenue (EUR million)	42.3	30.1	40.5
Accommodation revenue (EUR million)	33.7	23.0	46.5
EBITDAR (EUR million)	1.6	1.9	(15.8)
EBITDA (EUR million)	0.4	0.8	(50.0)
Loss before tax (EUR million)	(9.1)	(11.4)	(20.2)
Rooms available ¹	946,268	1,000,236	(5.4)
Occupancy % ¹	36.9	29.3	759.4 ³
Average daily rate (EUR) ²	96.7	78.7	22.8
RevPAR (EUR)	35.6	23.0	54.6

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).

Total revenues increased by 40.5% to EUR 42.3 million (2022: EUR 30.1 million). Accommodation revenue increased by 46.5% to EUR 33.7 million (2022: EUR 23.0 million) whereby occupancy increased by 759.4 bps to 36.9% and the average daily rate increased by 22.8% to EUR 96.7 (2022: EUR 78.7).

EBITDA profit decreased by 50% and amounted to EUR 0.4 million (2022: profit EUR 0.8 million) mainly due to higher operating expenses and lack of government grants received in Germany (received only EUR 0.01 million of payroll support and EUR 0.02 million of energy subsidy in Arena Franz Ferdinand), since for the period January – June 2022 the Group continued to utilise government support in our German and Austrian operations. Total Government’s support for payroll costs in the period Q2 2022 amounted to EUR 0.2 million while support for operating expenses amounted to EUR 2.5 million.

Moreover, the Group is focussed on preserving its liquidity and sustainability by further optimising its costs. Importantly, the Group’s cash position is liquid, and it has a cash position of EUR 44.7 million, which is providing an additional safety net in the current environment.

Croatian portfolio performance

The following table sets out the results for the Group's operations in Croatia for the first six months of 2023:

Key performance indicators

	Six months ended 30 June 2023	Six months ended 30 June 2022	Variance %
Total revenue (EUR million)	25.3	19.3	31.1
Accommodation revenue (EUR million)	20.1	15.0	34.0
EBITDAR (EUR million)	0.6	(0.1)	n/a
EBITDA (EUR million)	(0.5)	(1.1)	(54.5)
Rooms available ¹	760,997	810,548	(6.1)
Occupancy % ¹	33.6	27.7	595.6 ²
Average daily rate (EUR) ²	78.4	66.9	17.2
RevPAR (EUR)	26.4	18.5	42.4
FTE ⁴	637.8	605.3	5.4

¹ Rooms available and occupancy are based on operating days.

² In Basis Points (bps)

³ Average daily rate represents total accommodation revenues divided by the total number of paid units occupied by guests.

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 generated for the six months of 2023 was 31.1% higher than in last year. This increase is driven by increased RevPAR together with the increased occupancy.

Increased revenue mostly comes from hotels and apartments, where revenues in total increased by 36%, while increase in campsites was 19%.

EBITDA loss decreased to EUR 0.5 million (2022: loss EUR 1.1 million).

Doubled utility expenses (mostly referring to electricity costs), together with increased payroll expenses are main reason why recorded revenues did not have more positive impact on our EBITDA in the reported period.

German portfolio performance

The following table sets out the Group's results of operations in Germany for the first six months of 2023:

Key performance indicators

	Six months ended 30 June 2023	Six months ended 30 June 2022	Variance %
Total revenue (EUR million)	12.1	7.6	59.2
Accommodation revenue (EUR million)	10.4	6.4	62.5
EBITDAR (EUR million)	2.6	3.2	(18.8)
EBITDA (EUR million)	2.6	3.2	(18.8)
Rooms available ¹	129,234	129,234	0.0
Occupancy % ¹	56.1	42.0	1,412.8 ²
Average daily rate (EUR) ²	143.1	117.2	22.1
RevPAR (EUR)	80.3	49.2	63.2
FTE ⁴	121.5	81.2	49.6

¹ Rooms available and occupancy are based on operating days.

² In Basis Points (bps)

³ Average daily rate represents total accommodation revenues divided by the total number of paid units occupied by guests.

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.

In the first six months of 2023 the region realised an occupancy rate of 56.1%, compared to 42.0% in 2022. 2022 occupancy was still strongly subdued due to the Covid-19 restrictions. The region saw a strong increase in ADRs compared to 2022, with ADRs in 2023 being 22.1% higher at EUR 143.1 (2022: EUR 117.2).

Total reported revenue in the region increased significantly by 59.2% to EUR 12.1 million (2022: EUR 7.6 million). Accommodation revenue increased by 62.5% to EUR 10.4 million (2022: EUR 6.4 million). RevPAR increased by 63.2% to EUR 80.3 (2022: EUR 49.2).

Rising staff costs and inflationary increases in the cost of goods and services continued to impact profitability. The reported EBITDA for the first six months amounted to EUR 2.6 million (2022: EUR 3.2 million). EBITDA in 2022 was higher as it includes a non-recurring amount of EUR 2.5 million of government grants to support payroll and operating costs.

Other (CEE) portfolio performance

The following table sets out the Group's results of operations in Hungary, Serbia and Austria for the first six months of 2023:

Key performance indicators

	Six months ended 30 June 2023	Six months ended 30 June 2022	Variance %
Total revenue (EUR million)	4.3	2.8	53.6
Accommodation revenue (EUR million)	3.3	1.7	94.1
EBITDAR (EUR million)	0.2	0.2	0.0
EBITDA (EUR million)	0.2	0.2	0.0
Rooms available ¹	56,037	60,454	(7.3)
Occupancy % ¹	36.3	23.4	1,289.4 ²
Average daily rate (EUR) ²	160.7	118.5	35.6
RevPAR (EUR)	58.4	27.8	110.2
FTE ⁴	96.6	83.5	15.6

¹ Rooms available and occupancy are based on operating days.

² In Basis Points (bps)

³ Average daily rate represents total accommodation revenues divided by the total number of paid units occupied by guests.

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.

This operating region consisting of operations in Hungary, Serbia and Austria.

Our hotel in Serbia was closed on March 2nd due to refurbishment. Total estimated refurbishment costs are approximately EUR 3 million. Reopening of the hotel is expected in the fourth quarter of 2023.

Our property in Budapest was rebranded from art'otel into a Park Plaza Hotel in March 2023.

Our hotel in Austria was opened again beginning of June after the typically low demand period.

Total reported revenue increased by 53.6% to EUR 4.3 million (2022: EUR 2.8 million), mainly coming from the results reached in our hotel in Budapest having solid occupancy of 63% in June and operating at full capacity after refurbishment in last year.

Reported EBITDA was positive, amounting to EUR 0.2 million (2022: EUR 0.2 million).

Management and central service performance

The following table sets out the Group's results of management and central services operations for the first six months of 2023:

	Six months ended 30 June 2023	Six months ended 30 June 2022	Variance %
Total revenue before elimination (EUR million)	6.7	5.7	17.5
Elimination of intra group revenue (EUR million)	(6.1)	(5.2)	17.3
Total reported revenue (EUR million)	0.6	0.5	20.0
EBITDA (EUR million)	(2.0)	(1.4)	42.9
FTE ¹	287.6	269.9	6.6

¹The 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.

In line with the operations in Croatia and abroad, total reported revenue increased by 17.5% to EUR 6.7 million (2022: EUR 5.7 million). External revenues increased from EUR 0.5 million to EUR 0.6 million. EBITDA was negative and amounted to EUR 2.0 million (2022: loss EUR 1.4 million).

02 Financial statements

Interim condensed statement of financial position (unaudited)

	Group		Company	
	30 June 2023 EUR'000	31 December 2022 EUR'000	30 June 2023 EUR'000	31 December 2022 EUR'000
Assets				
Non-current assets:				
Intangible fixed assets	464	548	388	458
Property, plant and equipment	351,789	337,401	226,416	221,862
Right-of-use assets	34,015	32,240	-	-
Inventories	1,872	2,131	1,795	2,051
Interest in joint ventures	6,658	5,602	-	-
Other non-current financial assets	1,477	1,530	117,849	116,359
Deferred tax asset	10,046	10,046	9,931	9,931
Restricted deposits and cash	8,850	8,747	8,850	8,747
	415,171	398,245	365,229	359,408
Current assets:				
Inventories	1,220	590	1,081	433
Trade receivables	9,156	2,079	8,040	925
Other receivables and prepayments	3,055	2,882	4,303	2,187
Income tax receivable	446	320	-	-
Cash and cash equivalents	44,733	70,437	35,806	55,583
	58,610	76,308	49,230	59,128
Total assets	473,781	474,553	414,459	418,536
Equity and liabilities				
Equity:				
Issued capital	13,614	13,614	13,614	13,614
Share premium	151,668	151,668	151,668	151,668
Hedging reserve	965	1,142	-	-
Other reserves	41,738	42,144	73,486	73,610
Accumulated earnings/(losses)	(6,610)	6,197	17,967	30,092
Total equity	201,375	214,765	256,736	268,984
Non-current liabilities:				
Bank borrowings	170,739	174,517	106,386	113,069
Lease liability	34,885	34,880	116	35
Provisions	6,020	6,020	6,020	6,020
Other liabilities	777	631	770	624
	212,421	216,048	113,292	119,748
Current liabilities:				
Trade payables	7,457	4,582	4,824	1,027
Current lease liability	4,802	4,501	4	11
Other payables and accruals	24,242	11,983	19,509	9,207
Liabilities towards related parties	1,267	1,264	1,356	1,132
Bank borrowings	22,217	21,410	18,738	18,427
	59,985	43,740	44,431	29,804
Total liabilities	272,406	259,788	157,723	149,552
Total equity and liabilities	473,781	474,553	414,459	418,536

Interim condensed income statement (unaudited)

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	EUR'000	EUR'000	EUR'000	EUR'000
Total operating income	42,318	30,059	26,019	19,943
Total operating expenses	(41,949)	(29,213)	(28,027)	(21,989)
EBITDA	369	846	(2,008)	(2,046)
Depreciation	(8,690)	(7,287)	(5,947)	(4,844)
EBIT	(8,321)	(6,441)	(7,955)	(6,890)
Financial revenues	2,163	95	820	514
Financial expenses	(2,550)	(3,773)	(1,429)	(928)
Other expense	(394)	(1,199)	(79)	(831)
Other revenue	93	9	55	-
Share in result of joint ventures	(57)	(113)	-	-
Profit (loss) before tax	(9,068)	(11,422)	(8,588)	(8,135)
Income tax	(344)	(262)	-	-
Profit (loss) after tax	(9,412)	(11,684)	(8,588)	(8,135)
EPS	(1.85)	(2.30)	(1.69)	(1.60)

Interim condensed statements of other comprehensive income (unaudited)

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	EUR'000	EUR'000	EUR'000	EUR'000
Profit (loss) after tax	(9,412)	(11,684)	(8,588)	(8,135)
Other comprehensive income (loss) to be recycled through profit and loss in subsequent periods:				
Profit (loss) from cash flow hedges	(177)	1,192	-	-
Foreign currency translation adjustments of foreign operations	(284)	458	-	-
Other comprehensive income /(loss), net	(461)	1,650	-	-
Total comprehensive income /(loss)	(9,873)	(10,034)	(8,588)	(8,135)

Interim consolidated condensed statement of changes in equity (unaudited)

Group	Issued capital EUR'000	Share premium EUR'000	Hedging reserves EUR'000	Other reserve EUR'000	Accumulated profit/ (loss) EUR'000	Total EUR'000
Balance as at 31 December 2021	13,645	152,018	(715)	42,384	1,391	208,723
Profit/(loss) for the year	-	-	-	-	4,809	4,809
Other comprehensive income	-	-	1,855	430	-	2,285
Total comprehensive income	13,645	152,018	1,140	42,814	6,200	215,817
Treasury shares	-	-	-	(787)	-	(787)
Share based payments	-	-	-	215	-	215
Exchange rate differences	(31)	(350)	2	(97)	(3)	(479)
Balance as at 31 December 2022	13,614	151,668	1,142	42,145	6,197	214,766
Profit/(loss) for the year	-	-	-	-	(9,412)	(9,412)
Other comprehensive income	-	-	(177)	(284)	-	(461)
Total comprehensive income	13,614	151,668	965	41,861	(3,215)	204,893
Treasury shares	-	-	-	(231)	-	(231)
Correction of last year result	-	-	-	-	142	142
Dividend payment	-	-	-	-	(3,537)	(3,537)
Share based payments	-	-	-	108	-	108
Balance as at 30 June 2023	13,614	151,668	965	41,738	(6,610)	201,375

Interim standalone condensed statement of changes in equity (unaudited)

Company	Issued capital EUR'000	Share premium EUR'000	Other reserve EUR'000	Accumulated profit/ (loss) EUR'000	Total EUR'000
Balance as at 31 December 2021	13,645	152,018	74,367	23,106	263,136
Profit/(loss) for the year	-	-	-	7,038	7,038
Other comprehensive income	-	-	(14)	-	(14)
Total comprehensive income	13,645	152,018	74,353	30,144	270,160
Treasury shares	-	-	(787)	-	(787)
Share based payments	-	-	215	-	215
Exchange rate differences	(31)	(350)	(171)	(52)	(604)
Balance as at 31 December 2022	13,614	151,668	73,610	30,092	268,984
Profit/(loss) for the year	-	-	-	(8,588)	(8,588)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	13,614	151,668	73,610	21,504	260,396
Treasury shares	-	-	(231)	-	(231)
Dividend payment	-	-	-	(3,537)	(3,537)
Share based payments	-	-	108	-	108
Balance as at 30 June 2023	13,614	151,668	73,487	17,967	256,736

Interim condensed statement of cash flows (unaudited)

	Group		Company	
	Q2 2023 EUR'000	Q2 2022 EUR'000	Q2 2023 EUR'000	Q2 2022 EUR'000
Cash flows from operating activities:				
Profit for the year	(9,412)	(11,684)	(8,588)	(8,135)
Adjustment to reconcile profit to cash provided by operating activities:				
Interest expenses	2,550	1,919	1,417	875
Interest revenue	(512)	(95)	(820)	(510)
Unrealised foreign exchange gains/(losses)	(1,618)	1,732	-	90
Income tax (benefit)/charge	344	262	-	-
Share in results of joint ventures	57	113	-	-
Depreciation, amortisation and impairment	8,690	7,287	5,947	4,844
Disposal of property, plant and equipment	-	51	-	51
Share-based payments	108	108	108	108
	9,619	11,377	6,652	5,458
Changes in operating assets and liabilities:				
Decrease/(increase) in inventories	(369)	(1,102)	(391)	(1,135)
Decrease/(increase) in trade and other receivables	(7,160)	1,236	(9,103)	(4,603)
Increase/(decrease) in trade and other payables	13,981	6,698	13,388	8,924
	6,452	6,832	3,894	3,186
Cash paid and received during the period for:				
Interest paid	(2,489)	(2,286)	(1,389)	(1,194)
Interest received	319	38	694	29
Taxes paid	(277)	(199)	-	-
	(2,447)	(2,447)	(695)	(1,165)
Net cash provided by operating activities	4,212	4,078	1,263	(656)
Cash flows from investing activities:				
Investments in property, plant and equipment	(20,205)	(18,486)	(8,980)	(12,160)
Loans to related party	-	-	(2,420)	(6,118)
Loans to joint ventures	(1,100)	(1,000)	-	-
Proceeds from repayment of loans given to joint ventures	56	-	-	-
Proceeds from given group loan	-	-	930	-
Decrease/ (increase) in restricted and rent deposits	(103)	12	(103)	-
Investment in subsidiary	-	-	-	(448)
Net cash used in investing activities	(21,352)	(19,474)	(10,573)	(18,726)
Cash flows from financing activities:				
Proceeds from bank borrowings	7,310	1,751	2,500	1,751
Proceeds from finance lease	81	35	81	35
Payment of principal portion of lease liabilities	(1,551)	(1,416)	(3)	-
Dividend payment	(3,537)	-	(3,537)	-
Repayment of bank borrowings	(10,624)	(4,473)	(9,277)	(3,226)
Purchase of treasury shares	(231)	-	(231)	-
Other financing activities	-	-	-	(3)
Net cash provided by financing activities	(8,552)	(4,103)	(10,467)	(1,443)
(Decrease)/increase in cash and cash equivalents	(25,692)	(19,499)	(19,777)	(20,825)
Net foreign exchange differences	(12)	70	-	(101)
Cash and cash equivalents at beginning of year	70,437	45,350	55,583	37,979
Cash and cash equivalents at end of year	44,733	25,921	35,806	17,052

Note 1 General

The interim financial statements of Arena Hospitality Group d.d. (the Company) and its subsidiaries (together the Group) for the period ended 30 June 2023 were established by a decision of the Management Board dated 26 July 2023.

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 53.28% (excluding treasury shares) of the registered share capital in the Company.

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 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.

These financial statements have been prepared in a condensed format as at 30 June 2023 and for the six months then ended ("interim financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as at 31 December 2022 and for the year then ended and the accompanying notes ("annual financial statements").

Going concern:

The Management Board continues to monitor the Group's cash flow forecasts for a period of at least 12 months from the date of approval of the financial statements, including compliance with loan covenants and liquidity risks arising from the maturities of the Group's loans. The Board believes that the Group has adequate resources and will generate sufficient funds in the future to serve its financial obligations and continue its operations as a going concern in the foreseeable future.

Note 2 Basis of Preparation and Changes in Accounting Treatment

Basis of preparation:

The interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted in the European Union. The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements as of 31 December 2022.

There are no new accounting pronouncements that were issued after the issuance of annual report, and no new standards were applied in preparation of these interim condensed consolidated financial statements.

Critical accounting estimates:

There were no changes in critical accounting estimates used for preparation of condensed financial statements for the period ended 30 June 2023 comparing to those used for the preparation of the Group's annual financial statements for the year ended 31 December 2022.

Note 3 Property, plant and equipment

Movements in Property, plant and equipment during the reported period are shown below:

Group	Land and buildings	Furniture and equipment	Property and assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Cost:				
Balance as at 1 January 2023	440,741	61,519	20,747	523,007
Additions during the year	1,255	1,391	18,930	21,576
Disposals during the year	(480)	(212)	-	(692)
Reclassification	3,469	(49)	(3,379)	41
Foreign exchange translation	4	210	165	379
Balance as at 30 June 2023	444,989	62,859	36,463	544,311
Accumulated depreciation:				
Balance as at 1 January 2023	150,448	35,157	-	185,605
Depreciation charge	4,932	2,512	-	7,444
Disposals during the year	(480)	(214)	-	(694)
Reclassification	938	(892)	-	46
Foreign exchange translation	-	121	-	121
Balance as at 30 June 2023	155,838	36,684	-	192,522
Net book value as at 30 June 2023	289,151	26,175	36,463	351,789

Company	Land and buildings	Furniture and equipment	Property and assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Cost:				
Balance as at 1 January 2023	336,985	44,098	11,032	392,115
Additions during the year	276	325	9,808	10,409
Reclassification	3,023	(559)	(2,399)	65
Disposals during the year	(480)	(212)	-	(692)
Balance as at 30 June 2023	339,804	43,652	18,441	401,897
Accumulated depreciation:				
Balance as at 1 January 2023	143,786	26,466	-	170,252
Depreciation charge	4,168	1,688	-	5,856
Reclassification	944	(878)	-	66
Disposals during the year	(479)	(214)	-	(693)
Balance as at 30 June 2023	148,419	27,062	-	175,481
Net book value as at 30 June 2023	191,385	16,590	18,441	226,416

Note 4 Segments

For management purposes, the Group's activities are divided into Hotel Operations, Self-catering holiday apartment complexes Operation, Campsite Operations and Central Services Operations.

The operating results of each of the aforementioned segments are monitored separately for the purpose of resource allocations 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.

30 June 2023

Group	Hotels	Self-catering apartment complexes	Campsite	Central Services	Elimination	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Revenue						
Third party	31,566	3,458	6,672	622	-	42,318
Inter segment				6,124	(6,124)	-
Total revenue	31,566	3,458	6,672	6,746	(6,124)	42,318
Segment EBITDA	3,282	(848)	(98)	(1,967)	-	369
Depreciation and amortisation	(5,447)	(934)	(1,907)	(402)	-	(8,690)
Financial expenses						(2,550)
Financial income						2,163
Other expenses						(394)
Other income						93
Share in result of joint venture						(57)
Profit/(loss) before tax						(9,068)

30 June 2022

Group	Hotels	Self-catering apartment complexes	Campsite	Central Services	Elimination	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Revenue						
Third party	21,333	2,616	5,593	517	-	30,059
Inter segment				5,221	(5,221)	-
Total revenue	21,333	2,616	5,593	5,738	(5,221)	30,059
Segment EBITDA	3,199	(762)	(204)	(1,387)		846
Depreciation and amortisation	(4,363)	(994)	(1,610)	(320)		(7,287)
Financial expenses						(3,773)
Financial income						95
Other expenses						(1,199)
Other income						9
Share in result of joint venture						(113)
Profit/(loss) before tax						(11,422)

Interim Financial Report
For The Second Quarter and first half of 2023

30 June 2023

Company	Hotels EUR'000	Self- catering apartment complexes EUR'000	Campsite EUR'000	Central Services EUR'000	Elimination EUR'000	Total EUR'000
Revenue						
Third party	15,131	3,458	6,672	758	-	26,019
Inter segment				4,355	(4,355)	-
Total revenue	15,131	3,458	6,672	5,113	(4,355)	26,019
Segment EBITDA	486	(848)	(98)	(1,548)		(2,008)
Depreciation and amortisation	(2,777)	(934)	(1,907)	(329)	-	(5,947)
Financial expenses						(1,429)
Financial income						820
Other expenses						(79)
Other income						55
Profit/(loss) before tax						(8,588)

30 June 2022

Company	Hotels EUR'000	Self- catering apartment complexes EUR'000	Campsite EUR'000	Central Services EUR'000	Elimination EUR'000	Total EUR'000
Revenue						
Third party	11,024	2,616	5,593	710	-	19,943
Inter segment				4,056	(4,056)	-
Total revenue	11,024	2,616	5,593	4,766	(4,056)	19,943
Segment EBITDA	(152)	(762)	(204)	(928)	-	(2,046)
Depreciation and amortisation	(1,993)	(994)	(1,610)	(247)	-	(4,844)
Financial expenses						(928)
Financial income						514
Other expenses						(831)
Other income						-
Profit/(loss) before tax						(8,135)

Note 5 Earnings per share

The following reflects the income and number of shares data used in the basic earnings per share computations:

	Group		Company	
	30 June 2023 EUR'000	30 June 2022 EUR'000	30 June 2023 EUR'000	30 June 2022 EUR'000
Profit/ (loss) for the year	(9,412)	(11,684)	(8,588)	(8,135)
Weighted average number of ordinary shares outstanding	5,074,777	5,083,552	5,074,777	5,083,552
Basic and diluted earnings per share	(1.85)	(2.30)	(1.69)	(1.60)

Note 6 Other Disclosures

Seasonality

The Company operates in Croatia in an industry with seasonal variations. Sales and profits vary by quarter and the second half of the year is generally the strongest trading period.

Most of the Company's revenues are realised in the second and third quarter of the year (during the summer period).

In contrast to the above, the strongest period in our ski resort in Nassfeld is the first quarter. In our other (city) hotels, the variation in operations during the year is not so significant and revenues are generated throughout the year.

Note 7 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 and/or operational decisions. The Company is controlled by Dvadeset Osam d.o.o., which owns 52.48% of the Company's shares (53.28% excluding treasury shares) as at 30 June 2023. The Company's ultimate parent is PPHE Hotel Group Limited which indirectly owns 100% of the shares of Dvadeset Osam d.o.o. All other subsidiaries of PPHE Hotel Group Limited are also treated as related parties. For a detailed list of all subsidiaries included in the Group, please refer to page 202 of the Group's 2022 annual report.

a. Balances with related parties

	Group		Company	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	EUR'000	EUR'000	EUR'000	EUR'000
Assets				
Short-term receivables:				
Park Plaza Hotels Europe B.V.	1,003	6	1,003	4
Joint ventures	64	31	-	-
PPHE (Germany) B.V.	6	3	-	-
PPHE Nuernberg Operator	-	-	-	4
Arena Hospitality Management d.o.o.	-	-	1,281	98
Park Plaza Germany Holdings GmbH	-	-	2	-
Germany Real Estate B.V.	-	-	382	575
Arena 88 rooms d.o.o.	-	-	30	30
Arena Franz Ferdinand GmbH	-	-	-	19
SW Szállodaüzemeltető Kft	-	-	72	-
Sugarhill Investments B.V.	-	-	920	665
Ulika d.o.o.	-	-	174	105
Mažurana d.o.o.	-	-	81	47
Long-term loans:				
Joint ventures	7,531	6,294	-	-
Sugarhill Investments B.V.	-	-	22,754	20,754
Ulika d.o.o.	-	-	5,483	5,803
Mažurana d.o.o.	-	-	36	16
Germany Real Estate B.V.	-	-	17,017	17,946
Liabilities				
Trade payables:				
Arena Hospitality Management d.o.o.	-	-	998	666
PPHE (Germany) B.V.	934	823	-	-
PPHE Nuernberg Operator	-	-	25	25
Park Plaza Hotels Europe B.V.	333	441	333	441

b. Transactions with related parties

	Group		Company	
	As at 30 June 2023 EUR'000	As at 30 June 2022 EUR'000	As at 30 June 2023 EUR'000	As at 30 June 2022 EUR'000
Revenues:				
Management fee revenue from joint ventures	166	116	-	-
Reimbursement of employees expenses:				
– Arena Hospitality Management d.o.o.	-	-	467	466
– Park Plaza Hotels Europe B.V.	-	-	10	-
– PPHE Nuernberg Operator Hotelbetriebsgesellschaft mbh	-	-	1	-
– Ulika d.o.o.	-	-	12	-
– Arena Franz Ferdinand GmbH	-	-	58	-
Service charge revenue- joint ventures	181	157	-	-
Expenses:				
Management fees expense – Arena Hospitality Management d.o.o.	-	-	506	386
Sales and marketing fees – Park Plaza Hotels Europe B.V.	1,011	771	1,011	771
Sales and marketing fees – PPHE (Germany) B.V.	565	303	-	-
Interest income:				
Sugarhill Investments B.V.	-	-	255	218
Ulika d.o.o.	-	-	63	34
Germany Real Estate B.V.	-	-	212	241
Joint ventures	193	70	-	-

03 PRINCIPAL RISKS OF THE GROUP AND THE COMPANY

Our principal risks and uncertainties are set out in the Company's financial statements for the year ended 31 December 2022. We continually assess and monitor our changing risk management environment.

We are aware of the emerging threats associated with unusually high inflation, fluctuations in currency rates and the conflict in Ukraine.

High inflation is impacting the current cost of procuring goods and services, which is difficult to mitigate. The recent event in Eastern Europe is also increasing the price of fuel and energy. All of these are putting pressure on financial performance. These changes are being viewed in short to medium term, however difficult to assess the lasting effects of these economic developments. These cost increases are being recouped and reflected in customer pricing for the foreseeable future.

The group continues to procure and spend in the currency of its income as much as possible therefore the impact of currency fluctuations is minimised to a great deal.

Whilst the supply chain disruption continues, we are not experiencing any major issues that impact our ability to serve our customers effectively and we are able to deliver quality service as usual.

The two financing loans taken in 2022 were at a very competitive fixed interest rates in line with our expectations therefore we have not experienced adverse interest rates situation as majority of our interest rates are fixed rates.

The most significant of these risks at the moment relate to factors that are common to the hotel industry and beyond the Company's control. Notwithstanding the limited control the Company has over these risks, continuous efforts are taken to ensure the Company can utilise resources and assets to act with agility and continue to attract revenue sources under strained market conditions. Additionally, the Company is well positioned to weather these risks in a socially responsible manner through cost rationalisation and prioritising commercial activities which benefit the long-term interests of the Company and its stakeholders.

For a detailed discussion of the risks facing the Group, please refer to pages from 34 to 43 of the Company's 2022 annual report.

04 CORPORATE GOVERNANCE REPORT

Corporate Governance code

The Company applies the Corporate Governance Code of the Zagreb Stock Exchange 2020 (the New 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 published its annual corporate governance questionnaires for 2022 (compliance questionnaire) in which it provided the details on its application of the New 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.

General Assembly meeting

The General Assembly of the Company took place on 27th April 2023. On that General Assembly:

- the Company's Annual Report for 2022 (consolidated and non-consolidated), the Report of the Supervisory Board for its work in 2022, 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 2022 was adopted;
- the decision on distribution of profits realised in 2022 was adopted;
- the decisions on granting discharge to the members of the Supervisory Board and the Management Board for their work in 2022 were adopted;
- the decision on the adjustment of share capital and the decision on Amendments to the Company's Statute were adopted;
- the decision of the dividend payout in the amount of 0,70 EUR per share was adopted;
- the auditor of the Company for consolidated and non-consolidated reports for 2023 was appointed.

Supervisory Board Meetings

The members of the Supervisory Board are: Boris Ernest Ivesha (Chairman), Yoav Arie Papouchado (Vice-Chairman), Kevin Michael McAuliffe, Ivana Matovina, Amra Pende, Lorena Škuflić and Goran Nikolić.

The Supervisory Board of the Company held three meetings in the first six months of 2023:

- on 27 February 2023, whereat, inter alia, the Annual Report and the annual financial statements of the Company for the year 2022 (audited, consolidated and non-consolidated) were approved, the Company's ESG Strategy was adopted and the proposal on the payment of dividends to the Company's shareholders was supported;
- on 22 March 2023, whereat, inter alia, the Supervisory Board adopted a decisions related to the Annual General Assembly of the Company and the Report on the remuneration of members of the Management Board and the Supervisory Board in 2022;

- on 26 April 2023, whereat, inter alia, unaudited consolidated and non-consolidated quarterly report of the Company for the first quarter of 2023 was considered.

Supervisory Board Committees

In the first six months of 2023 the following Supervisory Board Committees' meetings were held:

- the Audit Committee held a meeting on 27 February 2023, whereat, inter alia, the Audit Committee Report for 2022 was adopted, the Deputy President of the Audit Committee was appointed, as well as and the recommendation to the Supervisory Board to propose to the General Assembly the adoption of the decision on the payment of dividends to the Company's shareholders was adopted. It also held the meeting on 22 March 2023 whereat the recommendation for the appointment of Company's auditor for the year 2023 was adopted;
- the Sustainability Committee held a meeting on 27 February 2023, whereat, inter alia, it recommended the adoption of the ESG Strategy of the Company and it considered the Sustainability Report for 2022. was considered.

Management Board meetings

The Management Board primarily adopts its decisions in meetings and by correspondence in accordance with the applicable laws and the Company's Articles of Association. The Management Board has regular monthly (and more often, if needed) meetings to review operational activities in the Group. The minutes from such meetings are kept for the purposes of future needs and analyses.

The most important Management Board meeting in the first six months of 2023 were:

- on 27 February 2023, whereat, inter alia, the interim report for the fourth quarter of 2022 (unaudited, consolidated and non-consolidated) and the Annual Report of the Company for 2022 (audited, consolidated and non-consolidated) as well as the proposal on the payment of dividends in the amount of 0,70 EUR per share were adopted;
- on 26 April 2023, whereat, inter alia, the unaudited consolidated and non-consolidated quarterly report of the Company for the first quarter of 2023 was adopted.

Major shareholders

The share capital of the Company is HRK 102,574,420.00 / EUR 13,613,965.09 and is divided into 5,128,721 ordinary shares under the ticker ARNT-R-A, each without nominal value. As of 30 June 2023, 76,229 shares were held as treasury shares. Shareholders with holdings of 3% or more of the Company's registered capital are listed below:

		Percentage holding of Share Capital including treasury shares	Percentage holding of Share Capital excluding treasury shares
1	DVADESET OSAM D.O.O. (a member of the PPHE Hotel Group)	52.48%	53.28%
2	OTP BANKA D.D./ AZ OMF kategorije B	11.93%	12.11%
3	ERSTE & STEIERMARKISCHE BANK D.D./ PBZ CO OMF - KATEGORIJA B	8.61%	8.74%
4	OTP BANKA D.D./ ERSTE PLAVI OMF kategorije B	7.35%	7.46%

Valuation

In EUR	Twelve months ending 30 June 2023		
	High	Low	Last
Share price	38.80	28.67	37.00
Market capitalisation ¹	196,036,690	144,854,946	186,942,204
Net debt ²	187,910,125	187,910,125	187,910,125
EV ³	383,946,815	332,765,071	374,852,329
EV/EBITDA⁴	12,50X	10,84X	12,21X

Note: High and Low related to the price in the period for the twelve months ending 30 June 2023. Last refers to the share price as at 30 June 2023

¹ Number of shares outstanding as at 30 June 2023 was 5,128,721 of which 76,229 were held as treasury shares.

² Net debt calculated as current and non-current bank borrowings and other current and non-current loans less cash and cash equivalents. Finance lease obligations are included.

³ EV represents the enterprise value calculated as the sum of market capitalisation and net debt.

⁴ EBITDA for the twelve months ended 30 June 2023.

05 MANAGEMENT BOARD'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Article 468. of the Capital Market Act (NN 65/18, 17/20) the Company's Management Board makes the following statement:

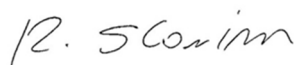
To the best of our knowledge:

- The interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted in the European Union. The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements as of 31 December 2022.
- The Financial Statements and Consolidated Financial Statements have not been audited; and
- The Management Board's Interim Report for the period from 1 January to 30 June 2023 contains a true presentation of the business results and financial position and operations of the Company and the companies included in the consolidation, with a description of the most significant risks and uncertainties to which the Company and the companies included in the consolidation are exposed as a whole.

Signed by the Management Board: Reuel Israel Gavriel Slonim (President of the Management Board), Devansh Bakshi (Member of the Management Board & Chief Financial Officer), Manuela Kraljević (Member of the Management Board & Marketing and Sales Director) and Edmond Pinto (Member of the Management Board & Chief Operation Officer).

MANAGEMENT BOARD:

President:



Reuel Israel Gavriel Slonim

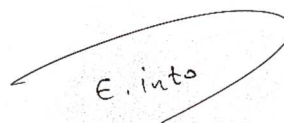
Members:



Devansh Bakshi



Manuela Kraljević



Edmond Pinto

06 APPENDIX 1 FINANCIAL STATEMENTS (UNAUDITED)

- **Consolidated balance sheet**

- **Consolidated profit and loss statement**

- **Consolidated cash flow statement**

- **Consolidated statement of changes in equity**

- **Notes to the consolidated financial statement**

- **Company balance sheet**

- **Company profit and loss statement**

- **Company cash flow statement**

- **Company statement of changes in equity**

- **Notes to the financial statement for Company**

Annex 1

ISSUER'S GENERAL DATA

Reporting period:

1.1.2023

to

30.6.2023

Year:

2023

Quarter:

2.

Quarterly financial statements

Registration number (MB):

03203263

Issuer's home Member
State code:

HR

Entity's registration
number (MBS):

040022901

Personal identification
number (OIB):

47625429199

LEI:

74780000Z0PH7TFW3185

Institution
code:

1665

Name of the issuer: **Arena Hospitality Group d.d.**

Postcode and town:

52100

Street and house number:

Smareglina ulica 3

E-mail address:

uprava@arenahospitalitygroup.com

Web address:

www.arenahospitalitygroup.com

Number of employees
(end of the reporting

1527

Consolidated report:

KD

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Mažurana d.o.o.

Zagreb, Radnička cesta 80 | 80662589

Ulika d.o.o.

Pula, Smareglina ulica 3 | 80662845

Sugarhill Investments B.V.

Nizozemska, Amesterdam, Radarweg 60 | 320830051

Germany Real Estate B.V.

Nizozemska, Amesterdam, Radarweg 60 | 67278027

Bookkeeping firm:

No

(Yes/No)

(name of the bookkeeping firm)

Contact person: **Čale Neven**

(only name and surname of the contact person)

Telephone: **052/223-811**E-mail address: **ncale@arenahospitalitygroup.com**

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

BALANCE SHEET
balance as at 30.06.2023

in EUR

Submitter: Arena Hospitality Group d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	398.244.997	415.170.569
I INTANGIBLE ASSETS (ADP 004 to 009)	003	548.171	463.774
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	548.171	463.774
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	371.771.563	387.676.115
1 Land	011	47.398.238	47.398.577
2 Buildings	012	242.893.975	241.751.176
3 Plant and equipment	013	26.001.024	25.856.913
4 Tools, working inventory and transportation assets	014	360.697	318.875
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	798.228	863.741
7 Tangible assets in preparation	017	19.949.158	35.600.215
8 Other tangible assets	018	34.370.243	35.886.618
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	15.879.222	16.984.672
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	5.602.104	6.657.657
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	9.150.708	9.254.124
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	1.126.410	1.072.891
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	10.046.041	10.046.008
C) CURRENT ASSETS (ADP 038+046+053+063)	037	76.308.834	58.611.177
I INVENTORIES (ADP 039 to 045)	038	593.544	1.220.473
1 Raw materials and consumables	039	563.101	1.175.540
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	26.947	44.933
5 Advances for inventories	043	3.496	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0

II RECEIVABLES (ADP 047 to 052)	046	5.278.368	12.657.309
1 Receivables from undertakings within the group	047	9.095	1.009.060
2 Receivables from companies linked by virtue of participating interests	048	31.194	64.340
3 Customer receivables	049	2.048.195	9.156.217
4 Receivables from employees and members of the undertaking	050	0	0
5 Receivables from government and other institutions	051	1.228.455	811.893
6 Other receivables	052	1.961.429	1.615.799
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	0	0
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	0	0
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	70.436.922	44.733.395
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065	474.553.831	473.781.746
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	214.765.541	201.373.706
I INITIAL (SUBSCRIBED) CAPITAL	068	13.613.965	13.613.965
II CAPITAL RESERVES	069	151.667.929	151.667.929
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	41.737.047	41.613.465
1 Legal reserves	071	680.698	680.698
2 Reserves for treasury shares	072	3.026.752	3.257.879
3 Treasury shares and holdings (deductible item)	073	-3.026.752	-3.257.879
4 Statutory reserves	074	0	0
5 Other reserves	075	41.056.349	40.932.767
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	1.549.294	1.087.478
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	1.142.056	964.606
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	407.238	122.872
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	1.387.794	2.802.843
1 Retained profit	084	1.387.794	2.802.843
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	4.809.512	-9.411.974
1 Profit for the business year	087	4.809.512	0
2 Loss for the business year	088	0	9.411.974
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	6.651.208	6.797.200
1 Provisions for pensions, termination benefits and similar obligations	091	631.199	777.191
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	0	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	6.020.009	6.020.009
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	209.397.106	205.624.233

1 Liabilities to undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	099	0	0
3 Liabilities to companies linked by virtue of participating interests	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities to banks and other financial institutions	103	209.397.106	205.624.233
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	0	0
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	43.739.976	59.986.607
1 Liabilities to undertakings within the group	110	1.264.172	1.267.193
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	0	0
3 Liabilities to companies linked by virtue of participating interests	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities to banks and other financial institutions	115	25.910.660	27.019.287
7 Liabilities for advance payments	116	1.779.727	7.767.602
8 Liabilities to suppliers	117	4.582.012	7.457.379
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	2.422.463	3.372.073
11 Taxes, contributions and similar liabilities	120	947.462	2.273.853
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	6.833.480	10.829.220
E) ACCRUALS AND DEFERRED INCOME	124	0	0
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	474.553.831	473.781.746
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2023 to 30.06.2023

in EUR

Submitter: Arena Hospitality Group d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	30.068.430	24.271.574	42.411.519	31.803.301
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	29.579.805	23.972.840	41.773.363	31.400.248
3 Income from the use of own products, goods and services	004	0	0	0	0
4 Other operating income with undertakings within the group	005	0	0	0	0
5 Other operating income (outside the group)	006	488.625	298.734	638.156	403.053
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	37.699.377	23.270.092	51.034.071	30.634.782
1 Changes in inventories of work in progress and finished goods	008	0	0	0	0
2 Material costs (ADP 010 to 012)	009	13.796.762	9.716.264	18.615.970	12.337.598
a) Costs of raw materials and consumables	010	8.169.281	5.736.499	10.989.178	7.257.937
b) Costs of goods sold	011	0	0	0	0
c) Other external costs	012	5.627.481	3.979.765	7.626.792	5.079.661
3 Staff costs (ADP 014 to 016)	013	14.713.428	9.186.593	19.152.171	11.542.479
a) Net salaries and wages	014	9.921.690	6.222.124	12.876.469	7.867.900
b) Tax and contributions from salary costs	015	3.107.887	1.920.038	4.097.083	2.389.533
c) Contributions on salaries	016	1.683.851	1.044.431	2.178.619	1.285.046
4 Depreciation	017	7.286.842	3.716.087	8.690.450	4.428.795
5 Other costs	018	0	0	0	0
6 Value adjustments (ADP 020+021)	019	0	0	0	0
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	0	0	0	0
7 Provisions (ADP 023 to 028)	022	0	0	0	0
a) Provisions for pensions, termination benefits and similar	023	0	0	0	0
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	0	0	0	0
d) Provisions for renewal of natural resources	026	0	0	0	0
e) Provisions for warranty obligations	027	0	0	0	0
f) Other provisions	028	0	0	0	0
8 Other operating expenses	029	1.902.345	651.148	4.575.480	2.325.910
III FINANCIAL INCOME (ADP 031 to 040)	030	95.409	57.362	2.162.515	946.168
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0	0	0
4 Other interest income from operations with undertakings within the group	034	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0	0	0
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	78.430	40.383	511.781	287.972
8 Exchange rate differences and other financial income	038	0	0	1.650.734	658.196
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	16.979	16.979	0	0
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	3.773.436	2.316.237	2.550.261	1.292.242
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	0	0
3 Interest expenses and similar expenses	044	1.919.391	961.536	2.488.395	1.241.893
4 Exchange rate differences and other expenses	045	1.830.284	1.342.757	0	0
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	23.761	11.944	61.866	50.349
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0	0	-186.686
VIII SHARE IN LOSS OF JOINT VENTURES	052	113.058	210.458	57.241	57.241
IX TOTAL INCOME (ADP 001+030+049 +050)	053	30.163.839	24.328.936	44.574.034	32.749.469
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	41.585.871	25.796.787	53.641.573	31.797.579
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-11.422.032	-1.467.851	-9.067.539	951.890
1 Pre-tax profit (ADP 053-054)	056	0	0	0	951.890
2 Pre-tax loss (ADP 054-053)	057	-11.422.032	-1.467.851	-9.067.539	0
XII INCOME TAX	058	261.856	173.260	344.435	249.051
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-11.683.888	-1.641.111	-9.411.974	702.839
1 Profit for the period (ADP 055-059)	060	0	0	0	702.839
2 Loss for the period (ADP 059-055)	061	-11.683.888	-1.641.111	-9.411.974	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					

XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 055-+062)	068	0	0	0	0
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	-11.683.888	-1.641.111	-9.411.974	702.839
1 Attributable to owners of the parent	076	-11.683.888	-1.641.111	-9.411.974	702.839
2 Attributable to minority (non-controlling) interest	077	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	-11.683.888	-1.641.111	-9.411.974	702.839
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	1.650.234	841.002	-461.816	-166.666
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0	0	0
5 Other items that will not be reclassified	085	0	0	0	0
6 Income tax relating to items that will not be reclassified	086	0	0	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	1.650.234	841.002	-461.816	-166.666
1 Exchange rate differences from translation of foreign operations	088	457.736	318.848	-284.366	-81.509
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	1.192.498	522.154	-177.450	-85.157
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0	0	0
6 Changes in fair value of the time value of option	093	0	0	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0	0	0
8 Other items that may be reclassified to profit or loss	095	0	0	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086 - 096)	097	1.650.234	841.002	-461.816	-166.666
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-10.033.654	-800.109	-9.873.790	536.173
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	-10.033.654	-800.109	-9.873.790	536.173
1 Attributable to owners of the parent	100	-10.033.654	-800.109	-9.873.790	536.173
2 Attributable to minority (non-controlling) interest	101	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2023 to 30.06.2023

in EUR

Submitter: Arena Hospitality Group d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	-11.422.032	-9.067.539
2 Adjustments (ADP 003 to 010):	002	11.114.406	9.276.200
a) Depreciation	003	7.286.842	8.690.450
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	51.033	0
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-95.409	-511.781
e) Interest expenses	007	1.919.391	2.550.261
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	1.731.920	-1.617.516
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	220.629	164.786
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	-307.626	208.661
3 Changes in the working capital (ADP 013 to 016)	012	6.832.053	6.452.358
a) Increase or decrease in short-term liabilities	013	6.698.115	13.981.046
b) Increase or decrease in short-term receivables	014	1.236.280	-7.160.096
c) Increase or decrease in inventories	015	-1.102.342	-368.592
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	6.524.427	6.661.019
4 Interest paid	018	-2.286.104	-2.488.997
5 Income tax paid	019	-198.668	-276.520
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	4.039.655	3.895.502
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	38.105	318.697
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	56.368
6 Other cash receipts from investment activities	026	0	-103.403
III Total cash receipts from investment activities (ADP 021 to 026)	027	38.105	271.662
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-18.486.495	-20.204.889
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-1.000.000	-1.100.000
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	11.654	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-19.474.841	-21.304.889
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-19.436.736	-21.033.227
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	1.751.026	7.309.558
4 Other cash receipts from financing activities	038	35.227	81.000
V Total cash receipts from financing activities (ADP 035 to 038)	039	1.786.253	7.390.558

1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-4.472.656	-10.624.184
2 Cash payments for dividends	041	0	-3.536.744
3 Cash payments for finance lease	042	-1.415.524	-1.551.056
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	-231.127
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-5.888.180	-15.943.111
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-4.101.927	-8.552.553
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	69.725	-13.249
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-19.429.283	-25.703.527
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	45.350.051	70.436.922
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	25.920.768	44.733.395

NOTES TO FINANCIAL STATEMENTS - TFI
(drawn up for quarterly reporting periods)

Name of the issuer: Arena Hospitality Group d.d.

Personal identification number (OIB): 47625429199

Reporting period: 01.01.2023. do 30.06.2023.

Notes to financial statements for quarterly periods include:

- a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (Items 15 to 15C IAS 34 - Interim financial reporting)
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (Item 16.A (a) IAS 34 - Interim financial reporting)
- d) a description of the financial performance in the case of the issuer whose business is seasonal (Items 37 and 38 IAS 34 - Interim financial reporting)
- e) other comments prescribed by IAS 34 - Interim financial reporting
- f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:
1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration
- see General data
 2. adopted accounting policies (only an indication of whether there has been a change from the previous period)
- no changes
 3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately
- no change from the data published in the Annual Report for 2022 published in Notes 12 and 13
 4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence
- see explanations in the text where the business results in the period are commented
 5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security
- no change from the data published in the Annual Report for 2022 published in Notes 12 and 13
 6. average number of employees during the financial year
- 1.143 employees
 7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries - Total capitalised cost amounted 46,282 eur (net salaries 29,425 eur, 11,193 eur taxes and contributions from salaries and 5,664 eur contributions on salaries)
 8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year
- N/D
 9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking
- data on entrepreneurs in which the Company holds a participating share in the capital are published in the Annual Report for 2022 on page 202. The results of operations of these companies are included in the consolidated report of the Company in accordance with the applied reporting framework.
 10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital - N/D
 11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer - N/D
 12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability - N/D
 13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member - The largest group of entrepreneurs is Park Plaza Hotel Europe. In accordance with the legal framework, the company does not publish quarterly reports, but only semi-annual and annual ones, which can be found at <https://www.pphe.com/investors>
 14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13
- same as point 13
 15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available
- N/D
 16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking
- N/D
 17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet - N/D

Annex 1**ISSUER'S GENERAL DATA**

Reporting period:

1.1.2023

to

30.6.2023

Year:

2023

Quarter:

2.

Quarterly financial statements

Registration number (MB):

03203263

Issuer's home Member

State code:

HR

Entity's registration
number (MBS):

040022901

Personal identification
number (OIB):

47625429199

LEI:

74780000Z0PH7TFW3185

Institution
code:

1665

Name of the issuer: **Arena Hospitality Group d.d.**

Postcode and town:

52100

Pula

Street and house number:

Smareglina ulica 3

E-mail address:

uprava@arenahospitalitygroup.com

Web address:

www.arenahospitalitygroup.com

Number of employees
(end of the reporting

1286

Consolidated report:

KN

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Bookkeeping firm:

No

(Yes/No)

(name of the bookkeeping firm)

Contact person: **Čale Neven**

(only name and surname of the contact person)

Telephone: **052/223-811**

E-mail address:

ncale@arenahospitalitygroup.com

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

BALANCE SHEET
balance as at 30.06.2023

in EUR

Submitter: Arena Hospitality Group d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	359.409.149	365.228.989
I INTANGIBLE ASSETS (ADP 004 to 009)	003	458.182	388.417
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	458.182	388.417
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	223.913.998	228.210.067
1 Land	011	31.154.750	31.154.750
2 Buildings	012	162.044.085	160.230.152
3 Plant and equipment	013	19.602.939	16.271.233
4 Tools, working inventory and transportation assets	014	360.697	318.875
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	798.228	863.741
7 Tangible assets in preparation	017	7.901.914	17.576.790
8 Other tangible assets	018	2.051.385	1.794.526
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	125.105.863	126.699.399
1 Investments in holdings (shares) of undertakings within the group	021	72.559.666	72.559.666
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	43.799.442	45.289.562
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	8.746.755	8.850.171
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	9.931.106	9.931.106
C) CURRENT ASSETS (ADP 038+046+053+063)	037	59.128.752	49.229.864
I INVENTORIES (ADP 039 to 045)	038	433.126	1.081.689
1 Raw materials and consumables	039	402.683	1.036.756
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	26.947	44.933
5 Advances for inventories	043	3.496	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	3.107.507	12.337.036
1 Receivables from undertakings within the group	047	1.618.227	3.945.425
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	925.320	8.040.021
4 Receivables from employees and members of the undertaking	050	2.925	26.760
5 Receivables from government and other institutions	051	231.456	80.451
6 Other receivables	052	329.579	244.379

III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	5.309	5.309
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	5.309	5.309
8 Loans, deposits, etc. given	061	0	0
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	55.582.810	35.805.830
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065	418.537.901	414.458.853
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	268.983.962	256.735.039
I INITIAL (SUBSCRIBED) CAPITAL	068	13.613.965	13.613.965
II CAPITAL RESERVES	069	151.667.929	151.667.929
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	73.609.623	73.486.041
1 Legal reserves	071	680.698	680.698
2 Reserves for treasury shares	072	3.026.752	3.257.879
3 Treasury shares and holdings (deductible item)	073	-3.026.752	-3.257.879
4 Statutory reserves	074	0	0
5 Other reserves	075	72.928.925	72.805.343
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	23.052.651	26.555.701
1 Retained profit	084	23.052.651	26.555.701
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	7.039.794	-8.588.597
1 Profit for the business year	087	7.039.794	0
2 Loss for the business year	088	0	8.588.597
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	6.643.834	6.789.827
1 Provisions for pensions, termination benefits and similar obligations	091	623.826	769.818
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	0	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	6.020.008	6.020.009
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	113.104.669	106.502.594
1 Liabilities to undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	099	0	0
3 Liabilities to companies linked by virtue of participating interests	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities to banks and other financial institutions	103	113.104.669	106.502.594
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	0	0
11 Deferred tax liability	108	0	0

D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	29.805.436	44.431.393
1 Liabilities to undertakings within the group	110	1.131.562	1.355.385
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	0	0
3 Liabilities to companies linked by virtue of participating interests	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities to banks and other financial institutions	115	18.437.288	18.742.500
7 Liabilities for advance payments	116	910.843	7.171.301
8 Liabilities to suppliers	117	1.026.826	4.824.392
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	2.732.250	3.231.716
11 Taxes, contributions and similar liabilities	120	543.516	2.225.316
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	5.023.151	6.880.783
E) ACCRUALS AND DEFERRED INCOME	124	0	0
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	418.537.901	414.458.853
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2023 to 30.06.2023

in EUR

Submitter: Arena Hospitality Group d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	19.943.224	17.926.066	26.073.918	23.385.563
1 Income from sales with undertakings within the group	002	488.637	255.593	547.699	265.606
2 Income from sales (outside group)	003	19.246.034	17.575.679	25.295.620	23.046.472
3 Income from the use of own products, goods and services	004	0	0	0	0
4 Other operating income with undertakings within the group	005	0	0	0	0
5 Other operating income (outside the group)	006	208.553	94.794	230.599	73.485
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	27.664.508	18.404.055	34.054.252	22.517.881
1 Changes in inventories of work in progress and finished goods	008	0	0	0	0
2 Material costs (ADP 010 to 012)	009	10.416.200	8.056.829	13.258.581	10.048.533
a) Costs of raw materials and consumables	010	5.582.970	4.453.063	7.301.265	5.528.699
b) Costs of goods sold	011	9.083	8.509	14.070	13.152
c) Other external costs	012	4.824.147	3.595.257	5.943.246	4.506.682
3 Staff costs (ADP 014 to 016)	013	10.070.421	6.449.615	12.031.626	7.843.459
a) Net salaries and wages	014	6.644.629	4.248.976	7.649.487	5.053.243
b) Tax and contributions from salary costs	015	2.239.133	1.429.777	2.909.792	1.835.191
c) Contributions on salaries	016	1.186.659	770.862	1.472.347	955.025
4 Depreciation	017	4.844.325	2.502.183	5.947.497	3.002.112
5 Other costs	018	0	0	0	0
6 Value adjustments (ADP 020+021)	019	0	0	0	0
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	0	0	0	0
7 Provisions (ADP 023 to 028)	022	0	0	0	0
a) Provisions for pensions, termination benefits and similar	023	0	0	0	0
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	0	0	0	0
d) Provisions for renewal of natural resources	026	0	0	0	0
e) Provisions for warranty obligations	027	0	0	0	0
f) Other provisions	028	0	0	0	0
8 Other operating expenses	029	2.333.562	1.395.428	2.816.548	1.623.777
III FINANCIAL INCOME (ADP 031 to 040)	030	513.893	385.745	820.350	439.611
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0	0	0
4 Other interest income from operations with undertakings within the group	034	493.259	258.531	530.681	270.616
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0	0	0
6 Income from other long-term financial investments and loans	036	16.979	16.979	0	0
7 Other interest income	037	0	-1.850	289.669	168.049
8 Exchange rate differences and other financial income	038	0	108.430	0	946
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	3.655	3.655	0	0
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	928.249	436.688	1.428.613	731.400
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	0	0
3 Interest expenses and similar expenses	044	874.720	436.688	1.388.684	692.503
4 Exchange rate differences and other expenses	045	53.529	0	1.032	0
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	0	0	38.897	38.897
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0	0	0
IX TOTAL INCOME (ADP 001+030+049 +050)	053	20.457.117	18.311.811	26.894.268	23.825.174
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	28.592.757	18.840.743	35.482.865	23.249.281
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-8.135.640	-528.932	-8.588.597	575.893
1 Pre-tax profit (ADP 053-054)	056	0	0	0	575.893
2 Pre-tax loss (ADP 054-053)	057	-8.135.640	-528.932	-8.588.597	0
XII INCOME TAX	058	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-8.135.640	-528.932	-8.588.597	575.893
1 Profit for the period (ADP 055-059)	060	0	0	0	575.893
2 Loss for the period (ADP 059-055)	061	-8.135.640	-528.932	-8.588.597	0

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 055-+062)	068	0	0	0	0
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	0	0	0	0
1 Attributable to owners of the parent	076	0	0	0	0
2 Attributable to minority (non-controlling) interest	077	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	-8.135.640	-528.932	-8.588.597	575.893
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	0	0	0	0
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0	0	0
5 Other items that will not be reclassified	085	0	0	0	0
6 Income tax relating to items that will not be reclassified	086	0	0	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	0	0	0	0
1 Exchange rate differences from translation of foreign operations	088	0	0	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0	0	0
6 Changes in fair value of the time value of option	093	0	0	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0	0	0
8 Other items that may be reclassified to profit or loss	095	0	0	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086 - 096)	097	0	0	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-8.135.640	-528.932	-8.588.597	575.893
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	0	0	0	0
1 Attributable to owners of the parent	100	0	0	0	0
2 Attributable to minority (non-controlling) interest	101	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2023 to 30.06.2023

in EUR

Submitter: Arena Hospitality Group d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	-8.135.640	-8.588.597
2 Adjustments (ADP 003 to 010):	002	5.457.540	6.651.208
a) Depreciation	003	4.844.325	5.947.497
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	51.031	0
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-510.238	-820.350
e) Interest expenses	007	874.720	1.416.516
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	90.132	0
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	107.570	107.545
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	-2.678.100	-1.937.389
3 Changes in the working capital (ADP 013 to 016)	012	3.186.742	3.896.342
a) Increase or decrease in short-term liabilities	013	8.923.859	13.390.870
b) Increase or decrease in short-term receivables	014	-4.602.595	-9.103.065
c) Increase or decrease in inventories	015	-1.134.522	-391.463
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	508.642	1.958.953
4 Interest paid	018	-1.194.339	-1.388.684
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-685.697	570.269
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	29.391	693.665
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	929.879
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	29.391	1.623.544
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-12.159.653	-8.980.132
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-6.117.763	-2.420.000
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	-447.548	-103.403
IV Total cash payments from investment activities (ADP 028 to 032)	033	-18.724.964	-11.503.535
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-18.695.573	-9.879.991
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	1.751.026	2.500.000
4 Other cash receipts from financing activities	038	35.227	81.102
V Total cash receipts from financing activities (ADP 035 to 038)	039	1.786.253	2.581.102

1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-3.224.670	-9.277.489
2 Cash payments for dividends	041	0	-3.536.744
3 Cash payments for finance lease	042	0	-3.000
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	-231.127
5 Other cash payments from financing activities	044	-3.038	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-3.227.708	-13.048.360
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-1.441.455	-10.467.258
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	-103.465	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-20.926.190	-19.776.980
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	37.978.533	55.582.810
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	17.052.343	35.805.830

STATEMENT OF CHANGES IN EQUITY
for the period from **1.1.2023** to **30.6.2023**

in EUR

Item	ADP code	Attributable to owners of the parent																	
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
		3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	13.645.343	152.017.502	682.267	2.244.377	2.244.377	0	73.670.413	0	14.275	0	0	0	0	17.037.369	6.068.415	263.135.584	0	263.135.584
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	13.645.343	152.017.502	682.267	2.244.377	2.244.377	0	73.670.413	0	14.275	0	0	0	0	17.037.369	6.068.415	263.135.584	0	263.135.584
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	7.038.434	7.038.434	7.038.434	0	7.038.434
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	-14.240	0	0	0	0	0	0	-14.240	0	-14.240
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	-31.378	-349.573	-1.569	-5.008	-5.008	0	-189.550	0	36	0	0	0	0	-53.146	1.373	-603.846	0	-603.846
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	787.383	787.383	0	-787.383	0	0	0	0	0	0	0	0	-787.383	0	-787.383
19 Payments from members/shareholders	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	215.415	0	0	0	0	0	0	0	0	215.415	0	215.415
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	0	0	0	0	0	0	0	6.068.428	-6.068.428	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	13.613.965	151.667.929	680.698	3.026.752	3.026.752	0	72.928.925	0	0	0	0	0	23.052.651	7.039.794	268.983.982	0	268.983.982	
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	-31.378	-349.573	-1.569	-5.008	-5.008	0	-189.520	0	-14.275	0	0	0	0	-53.146	1.373	-618.088	0	-618.088
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	-31.378	-349.573	-1.569	-5.008	-5.008	0	-189.520	0	-14.275	0	0	0	0	-53.146	7.039.807	6.420.346	0	6.420.346
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	787.383	787.383	0	-571.968	0	0	0	0	0	6.068.428	-6.068.428	-571.968	0	-571.968	
Current period																			
1 Balance on the first day of the current business year	28	13.613.965	151.667.929	680.698	3.026.752	3.026.752	0	72.928.925	0	0	0	0	0	23.052.651	7.039.794	268.983.982	0	268.983.982	
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (ACP 28 to 30)	31	13.613.965	151.667.929	680.698	3.026.752	3.026.752	0	72.928.925	0	0	0	0	0	23.052.651	7.039.794	268.983.982	0	268.983.982	
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	-8.588.597	-8.588.597	0	-8.588.597	
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	231.127	231.127	0	-231.127	0	0	0	0	0	0	0	0	-231.127	0	-231.127
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	107.545	0	0	0	0	0	0	0	0	107.545	0	107.545
22 Carryforward per annual plan	49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0	0	0	0	7.039.794	-7.039.794	0	0	0	0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	13.613.965	151.667.929	680.698	3.257.879	3.257.879	0	72.805.343	0	0	0	0	0	26.555.701	-8.588.597	256.735.039	0	256.735.039	
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-8.588.597	-8.588.597	0	-8.588.597
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	231.127	231.127	0	-123.582	0	0	0	0	0	3.503.050	-7.039.794	-3.660.326	0	-3.660.326	

NOTES TO FINANCIAL STATEMENTS - TFI
(drawn up for quarterly reporting periods)

Name of the issuer: Arena Hospitality Group d.d.

Personal identification number (OIB): 47625429199

Reporting period: 01.01.2023. do 30.06.2023.

Notes to financial statements for quarterly periods include:

- a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (items 15 to 15C IAS 34 - Interim financial reporting)
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (item 16.A (a) IAS 34 - Interim financial reporting)
- d) a description of the financial performance in the case of the issuer whose business is seasonal (items 37 and 38 IAS 34 - Interim financial reporting)
- e) other comments prescribed by IAS 34 - Interim financial reporting
- f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:
1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration
- see General data
 2. adopted accounting policies (only an indication of whether there has been a change from the previous period)
- no changes
 3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately
- no change from the data published in the Annual Report for 2022 published in Notes 12 and 13
 4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence
- see explanations in the text where the business results in the period are commented
 5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security
- no change from the data published in the Annual Report for 2022 published in Notes 12 and 13
 6. average number of employees during the financial year
- 907 employees
 7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries - Total capitalised cost amounted 46,282 eur (net salaries 29,425 eur, 11,193 eur taxes and contributions from salaries and 5,664 eur contributions on salaries)
 8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year
- N/D
 9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking
- data on entrepreneurs in which the Company holds a participating share in the capital are published in the Annual Report for 2022 on page 202. The results of operations of these companies are included in the consolidated report of the Company in accordance with the applied reporting framework.
 10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital - N/D
 11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer - N/D
 12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability - N/D
 13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member - The largest group of entrepreneurs is Park Plaza Hotel Europe. In accordance with the legal framework, the company does not publish quarterly reports, but only semi-annual and annual ones, which can be found at <https://www.pphe.com/investors>
 14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13
- same as point 13
 15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available
- N/D
 16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking
- N/D
 17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet - N/D