



Annual Report on Corporate Social Responsibility for the year 2020

Biograd na Moru, June 2021





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I Statement by the President of the Management Board

I Statement by the President of the Management Board



Dear stakeholders,

In a year marked by a strong economic downturn due to the global health crisis caused by the COVID-19 pandemic, which had significant adverse effects on the tourism and hospitality industry, the Company managed to maintain stability of its business system, operations, liquidity and operating profitability.

On the day the pandemic was declared, the Company initiated the reorganisation and adjustment of its business processes to the new circumstances and simultaneously took operational, financial and marketing and sales measures with the aim of strengthening the resilience of its business system, efficient crisis management and mitigation of its effects. In the extraordinary circumstances, the Company's primary goals were preservation of health and life of its employees and guests, preservation of a diversified portfolio, job retention, fulfilment of obligations towards creditors and continuation of business activities where possible.

For the larger part of the business year, the Company performed its activities

in a limited scope (nautical, camping and real-estate sectors) or could not perform its business activities at all (hotel sector, destination management company and hospitality facilities), which significantly affected the business results achieved.

The operating revenue amounted to HRK 97,640,558.48, i.e. 58.25% of the revenue generated in 2019, of which the nautical sector generated a revenue of HRK 43,370,116.44. Despite the global crisis heavily disrupting the tourism and hospitality industry,



In such circumstances the Company achieved almost unique profitability indicators, i.e. generated an operating profit in the amount of HRK 21,197,695.74, profit in the amount of HRK 1,021,879.54 and EBITDA in the amount of HRK 21,294,901.08. The profitability indicators were achieved despite a significantly lower physical and financial turnover, whilst retaining full employment and successfully completing the planned investments, further emphasizing the significance of these results. The quality and standards in the nautical sector have been upgraded to a four-star rating.



the nautical sector demonstrated strong resilience by maintaining key business segments on the same or a slightly lower level compared to the previous year. Moreover, the volume of business activities in the camping and real-estate sectors was also significant.

In relation to corporate social responsibility, we would like to point out our relationship with our employees; despite the absence of business activities for the larger part of the business year, we have managed to retain full employment and preserve the material rights arising from employment.

We have successfully preserved the recognisability of our tourism destination, both of the Biograd Riviera, where we are the primary driver of tourism, in particular nautical tourism, and of the Zadar County region, where we are one of the pillars of it. Despite the pandemic, the traditional Biograd Boat Show, the largest international nautical fair, was held in line with all epidemiological measures and was one of only a few successfully held nautical fairs in the whole world. Despite the global pandemic, the quality and standard of the nautical sector considerably improved when the Ministry of Tourism and Sport raised Marina Kornati's category from a two- to a four-anchor (star) rating. In this manner, almost all tourism facilities of the Company in the hotel, camping and nautical sectors were awarded a high four-star rating.

Ilirija also contributed significantly through the corporate philanthropy system, by means of which we responded to the ad hoc needs of the community, primarily by providing our support to the efforts of the competent authorities and healthcare profes-

sionals devoted to preventing the spread of the pandemic and providing assistance to the population of the earthquake-affected areas.

Dear shareholders, in the extraordinary circumstances of the business year 2020, we managed to achieve profitability, retain full employment, increase the Company's resilience, create added value for the shareholders, improve the quality and standards of the nautical and camping sectors, additionally increasing the real-estate sector's capacities. We have also preserved the business operations and activities for the future, the total assets of the Company as well as retained full employment. Therefore, we are pleased with the achieved results that prove we are a company capable of achieving favourable physical and financial results in extremely unfavourable circumstances, allowing it to maintain business stability and profitability and fair treatment of all stakeholder groups.

Goran Ražnjević
President of the Management
Board

A handwritten signature in blue ink, appearing to read 'Goran Ražnjević', positioned below the printed name and title.



II Reorganization of Company's business activities, processes and operations, as well as implementation of measures and activities as a response to the global COVID-19 pandemic

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The travel, tourism and hospitality sectors are among the sectors most affected by the COVID-19 pandemic globally.

On 12 March 2020, the Company began adjusting its business processes to the new circumstances caused by the COVID-19 pandemic and implementing the new Organizational structure. In other words, the business reorganization and adjustment processes (organizational, staffing and operational-technical processes) were initiated in order to manage the crisis and mitigate its consequences, namely with the following priorities:

- I protection and preservation of health and life of the Company's employees and guests,
- II preservation of the Company's assets, i.e. facilities,
- III Job retention of the Company's existing employees and of their financial situation,
- IV securing funds for regular salary payments to the Company's employees,
- V fulfilment of obligations towards Company's creditors, i.e. suppliers, payment of tax liabilities and contributions, as well as liabilities towards the bank,
- VI continuation of business operations and activities in the Company's sectors and capacities, where possible.

In the period since the declaration of the pandemic, the Company has undertaken a number of activities and measures in order to adjust business operations to the new circumstances and, at the same time, mitigate the consequences of the COVID-19 pandemic on the Company:

I Protection and preservation of health and life of employees and guests

Before the pandemic, the Company had already established the Occupational Safety, Health and Environmental Protection Department, i.e. a professional and operational team led by educated and qualified persons in the field of health control and protection, occupational safety and hygiene and health standards as well as procedures in operational processes. Among others, the expert and operational team consists of leaders



from different Company's departments (Communications, Operational Business and Business Processes, Legal Sources and Human Resources) with the aim of quick and efficient implementation and coordination of Company's and competent authorities' measures and decisions in view of the COVID-19 pandemic.

All necessary measures to protect the health and life of the guests and employees through implementation and control of the implementation of recommendations issued by competent authorities (the Croatian Institute of Public Health and the Civil Protection Headquarters) are being implemented and undertaken. The already high standards of hygiene and cleanliness we have been applying so far have been further improved. In addition, we have taken the necessary measures to further improve all measures and procedures aimed at protecting the health and safety of our employees and guests.

II Preservation of the Company's assets, i.e. facilities and the four-star standard we have already achieved for future business activity and preservation of our diversified tourism portfolio, which ensures the stability of Company's business system, market competitiveness and more flexible response to market demands in the new circumstances.

III Continuation of business operations and activities in the Company's sectors and facilities, where possible

We have fully implemented the epidemiological measures in all facilities, our offer is fully in compliance with them and we have taken all necessary measures to protect the health and safety of our employees and guests. The company has closely monitored the current situation and has adjusted its business processes to measures and guidelines issued by the Croatian Institute of Public Health.

In accordance with the phases of relaxation of the measures, which restricted economic activity, the Company started engaging in business activities in fields and sectors which were completely inactive due to the COVID-19 pandemic (hotel sector, hospitality, sports and recreational amenities and destination management of companies). Therefore, the Company started initiating business activities according to the following phases:

1 Hotel sector, without major business activity in 2020, only a smaller part – the hotel Ilirija was opened on 29/05/2020, while the hotel Adriatic was opened in the period 01/08/2020- 31/08/2020, i.e. for a month.



2 Facilities within the destination management company (DMC) Ilirija Travel - no major business activity in 2020, given that these are facilities intended mainly for the event organization, MICE and incentive industry, which, in organizational terms, implies gatherings of a larger number of people.

3 Restaurant facilities in the nautical and camping sector were opened on 11 May 2020., while the restaurant facilities in the hotel sector and within the destination management company started operating on 29 May 2020, i.e. were active until the closure of facilities or the measure on banning the performance of activities coming into effect, not including the restaurant facility in the nautical sector performing its activities, or providing services only for the guests of Marina Kornati.

Other sectors of the Company in the observed period performed activities with an adjusted business volume:

4 Marina Kornati, continuation of regular business activities with an adjusted scope of business operation, which contributed to significant business security and stability of the entire Company as regards year-round business.

5 The “City Galleria” Business and Shopping Centre continuation of regular business activities with an adjusted business volume, which ensures additional business security and stability for the Company.

6 The Company’s camping sector performed its business activities with an adjusted business volume, focusing its business activities on only a few outbound outbound markets, just like the rest of the Croatian camping industry.

7 In addition, as the favourable epidemiological situation was maintained, the nautical fair “**Biograd Boat Show 2020**”, organized and hosted by the Company, was successfully held from 21 to 25 October 2020.

IV Job retention of existing employees and their financial situation at all levels to facilitate the Company’s future business activities after the pandemic ends. At the time of the declaration of the pandemic, on 12 March 2020, the Company had a total of 262 employees, of which 246 were actively working, while the rest were on maternity leave etc. The Company retained full employment, with 251 employees as at 31 December 2020, of which 234 are active and have an assigned job position.



Retention of full employment



Protection of material rights of employees



Redefined business plan

V **Securing funds for regular salary payments to the Company's employees**

Despite the considerably reduced volume of business activities or their complete suspension, the Company decided to adjust the amount of receipts, as well as the salary policy for employees at all levels in accordance with the new circumstances imposed by COVID-19 pandemic, while maintaining the social and material rights of its employees.

Therefore, net salary adjustments were made in the range from 15% to a maximum of 25%, with all salaries in the amount of HRK 5,000.00 net and less remaining the same. In other words, no salary amounts to less than HRK 4,750.00. The Company eased these measures by adjusting the receipt of salary by half, starting with 1 September 2020.

The Company is also a beneficiary of the package of business measures adopted by the Government of the Republic of Croatia aimed at job retention in business conditions affected by the COVID-19 pandemic for a period of seven months (March, April, May, June, October, November and December 2020) in the total amount of HRK 6,809,987.99 for the said period (net salaries and exemption from paying contributions).

VI The business plan for 2020 has been redefined with the aim of preservation of the Company's long-term economic viability and security, preservation of the Company's stable financial position, preservation of the Company's fixed assets and capital and preservation of the Company's business operations and activities.

VII Deferral of payments of all liabilities due in respect of the principal of the long-term loans for a one-year deferral period

In June 2020 the Company and Erste & Steiermärkische Bank d.d. signed an Annex to the Loan Agreement deferring payments of all liabilities due in respect of the principal of the long-term loans with a one-year deferral period, i.e. for the period 1 April 2020 – 30 April 2021 as one of the primary goals in order to preserve the Company's current liquidity.

VIII The conversion of an existing short-term loan in the amount of EUR 600,000.00 with repayment maturity in the summer of 2020 into a medium-term loan of the same amount with a three-year repayment period and a one-year grace period



The Company was the beneficiary of a short-term loan in the amount of EUR 600,000.00, which it repaid in advance in full in agreement with Erste & Steiermärkische Bank d.d. from its own current funds in June 2020, two months ahead of schedule.

At the same time, the Company requested a loan from Erste & Steiermärkische Bank d.d. for permanent working capital in the same amount, EUR 600,000.00, with a three-year repayment period and a one-year grace period. By concluding a loan agreement on 3 June 2020 between the Company, as the borrower, and Erste & Steiermärkische Bank d.d., as the lender, a new loan sub-account in the amount of EUR 600,000.00 was fully realized.

With such a credit arrangement, the Company, in agreement with Erste & Steiermärkische Bank d.d., essentially converted the loan from a short-term to a medium-term loan, which is much more favourable in terms of preserving the current liquidity of the Company. In addition, such a credit transaction did not increase the Company's credit liabilities, as they remained the same.

IX Deferral of payment of all liabilities due in respect of the lease for a one-year deferral period

Deferral of payment of all liabilities due in respect of the principal of the financial lease by the Company's commercial bank Erste & Steiermärkische Bank d.d. for the period from 1 April 2020 to 31/03/2021.

X Increasing the short-term limit with the commercial bank in order to retain the current liquidity of the Company

Short-term limit secured for the first three, i.e. six months of the crisis management period with Erste & Steiermärkische Bank d.d. has been increased from the amount of EUR 1,000,000.00 to EUR 2,000,000.00.

XI The Company did not plan for dividend distribution in 2020

At the Company's General Assembly held on 10 August 2020, the decision on dividend distribution, which was regular and continuous until now, was not adopted, by which the shareholders contributed to the preservation of the Company's financial stability, i.e. its overall stability in 2020.



Optimisation of all operating costs



Proper settlement of current trade payables



Implementation of measures for the collection in multiple monthly instalments

XII Maximum reduction, i.e. optimization of all operating costs to only necessary and indispensable costs

Adjustment, i.e. maximum and appropriate reduction, i.e. optimization of all operating costs that are not necessary and indispensable for current operations, given the Company's significantly reduced business activity.

XIII Cooperation with suppliers

The Company has been duly settling its current trade payables, including liabilities incurred upon the declaration of COVID-19 pandemic.

XIV Monitoring and management of trade receivables

Active monitoring and managing trade receivables, at the same time taking into account the especially difficult collection-related circumstances and, where possible, the implementation of measures for the collection in multiple monthly instalments, and eventually the undertaking of measures for enforced collection.

XV Exemption from obligations in whole or in part in respect of parafiscal charges

Requests have been submitted to the competent authorities and institutions for exemption from obligations and fees in respect of parafiscal charges in whole or in part due to the considerable decrease in business activities and generating income (membership fees, fees, contributions, utility fees, subscriptions, etc.), especially fees that are not directly connected with the core business of the Company.

Due to the special circumstances caused by the global COVID-19 pandemic, by 30 June 2020 the Company submitted requests to local self-government units for exemption from paying utility fees and fees for water management in full or in a reduced amount in accordance with the actual revenue in 2020; that is, it submitted requests for exemption from the payment of the water protection fee according to the provisional statement for 2020 or the reduction of the amount of the given fee in accordance with the real quantities in 2020, which will be determined at the end of the year.



Making of planned investments



Preservation of the system
and principles of corporate
social responsibility



Establishment of virtual
business operations

XVI Investments for the business year 2020

All planned investments for the business year 2020 have been successfully completed and realized mainly in the camping, nautical and real estate sector for the purpose of improving the quality and standards of the existing service, i.e. of maintaining it at the four-star rating level at the “Park Soline” camp and raising it to the four-anchor level at the Marina Kornati and increasing the capacity of the City Galleria Business and Shopping Centre.

The Company is benefiting from incentives in the form of exemption from paying corporation tax for the period of 2018 - 2020. This means the Company was required to complete its investments, especially the ones pertaining to the “Park Soline” camp and Marina Kornati under the 2020 Investment Plan, which were primarily aimed at maintaining the camp at a 4-star rating level as well as raising the category of the marina from a two- to a four-anchor (star) rating.

XVII Principles of corporate social responsibility (CSR)

Preserving the CSR system and principles in the circumstances which disrupted the Company's business operations as much as possible and acceptable. Considering the extraordinary circumstances and the business environment in 2020 that especially endangered the economic goals of the Company, these goals are considered the priority by the Company in order to ensure its long-term financial stability and business viability.

XVIII Digitalization and virtual business

Following the first day of reorganization of business activities and business processes due to COVID-19 pandemic, the Company ensured rapid digital transformation of most of the business processes. In other words, the Company established virtual business operations at the level of all sectors, especially the sales and marketing departments and corporate services department, with the aim of providing as many employees as possible with the possibility to work from home in order to protect their health and enable the smooth operation of the Company's key business processes during the global pandemic.



Adjustment of business processes and activities to the new circumstances



Using exclusively own funds



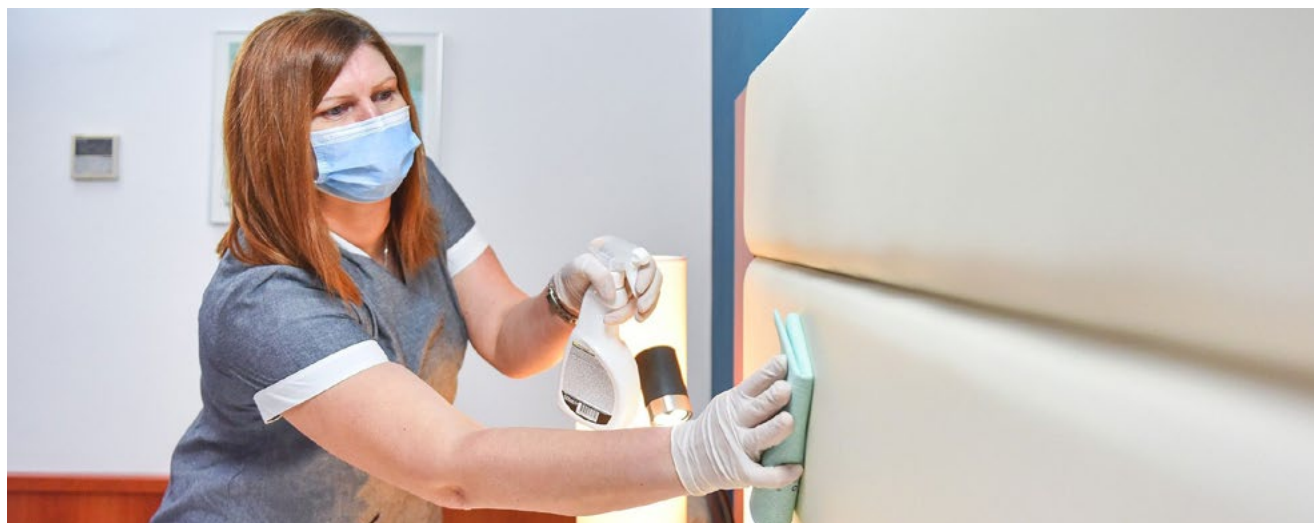
Elimination of all negative and unplanned risks

In conclusion:

By implementing the above mentioned measures and activities, pertaining to the period from the moment the pandemic was declared (12 March 2020) and to whole business year 2020, the business processes and activities have been adjusted to the new circumstances in order to: (I) maintain the long-term business stability of the Company, (II) ensure smooth operation of business processes in the sectors and profit centres in compliance with all health, epidemiological and sanitary measures and recommendations of the competent authorities, (III) preserve the Company's current liquidity, (IV) preserve the Company's assets and facilities, and (V) retain full employment and preserve the social and material rights of employees.

The Company achieved this by using exclusively its own funds - both its business and current funds from its own cash flow - without any additional foreign or loan funds, except for funds which were allocated to it by the Government of the Republic of Croatia in form of job retention grants, which are offered as assistance to the Croatian economy in the context of the COVID-19 pandemic.

By undertaking a series of the above-mentioned actions and procedures at the level of all sectors and business segments relating to the organization of its business activities and operations, the Company very successfully eliminated or neutralized all negative and unplanned risks to it.



Annual Report on Corporate Social Responsibility for the year 2020

The Annual Report on Corporate Social Responsibility for the year 2020 refers to the period from 1 January to 31 December 2020, and relies in part on the Annual Business Report for 2020, published in February 2021 in the Croatian and English language on the Company website, www.ilirijabiograd.com, as well as on the websites of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency (HANFA).

It is also the sixth non-financial report of Ilirija d.d. and represents the Company's continued strategic commitment to report on all of its business aspects, as well as all other activities in the areas of environmental protection, relationships with its employees and the community, in a transparent manner.

Please send your comments, as well as suggestions for improvement, to the following e-mail address: jasminak@ilirijabiograd.com.

Contact person: Jasmina Kulaš Stojanov, Expert Team Coordinator, Tina Ujevića 7, 23 210 Biograd na Moru.



Hotel sector



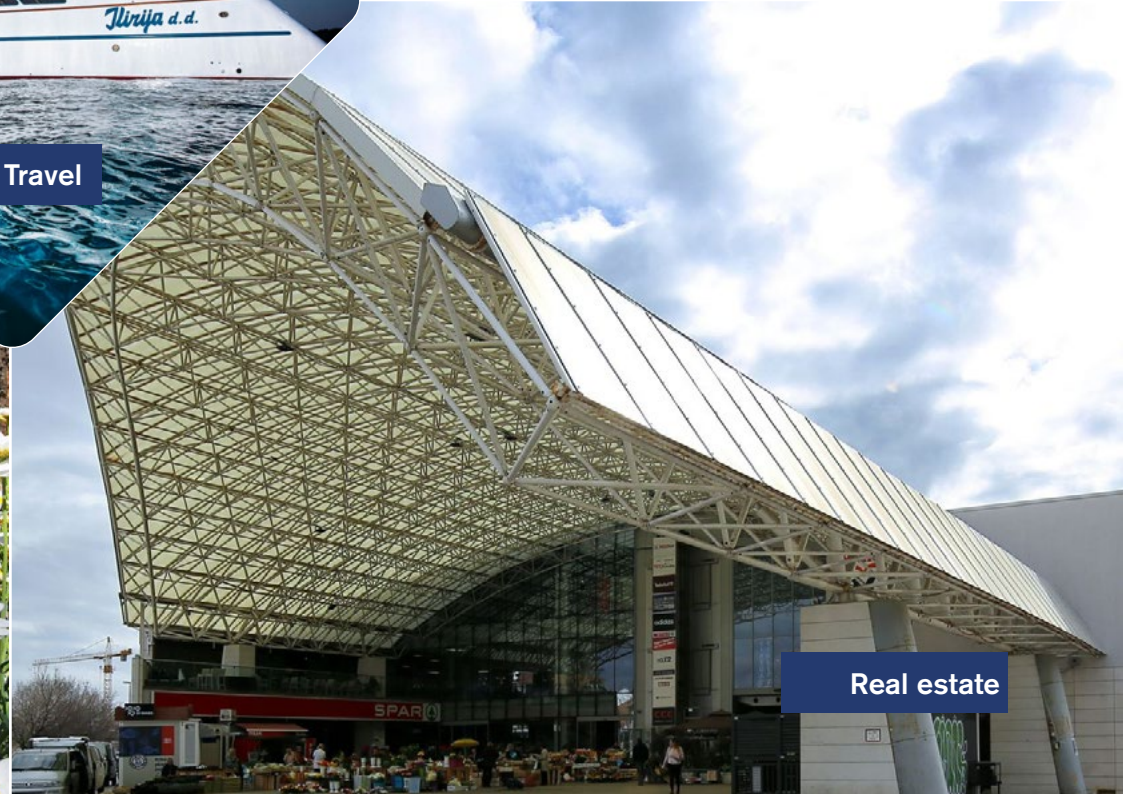
Nautic sector



Ilirija Travel



Camping



Real estate



III About Ilirija

III About Ilirija

1 Basic data



Company name: Ilirija, public limited company for hospitality and tourism

Location of the organization's registered office: Tina Ujevića 7, Biograd na Moru, Republic of Croatia

Phone number: +385 23/383 165

Fax: +385 23/384 564

Web: www.ilirijabiograd.com

OIB: 05951496767

Company registration number: 3311953

IBAN: HR5824020061100097324

Swift: ESBCHR 22

Share capital amount: 229,146,480.00

Total number of shares: 2,413,488, with no par value

Management Board: Goran Ražnjević, President

Supervisory Board: Goran Medić, President

2 Ilirija in figures

Ilirija is a tourism company that has already been doing business on the Croatian tourism market for **63 years**, and its facilities are located in Biograd na Moru, Zadar, Sv. Filip i Jakov i Polača, and does business **in five segments of offer**:



Hotel sector
922 beds
443 rooms



Nautical sector
805 berths
2,000 persons



Camping
1,208 pitches
3,624 persons



**Destination management
company / DMC Ilirija Travel**
106 events
9,658 participants



Real-estate segment
City Galleria Business and
Shopping Centre
28,500 m²

Business achievements in 2020, in the business environment defined by the COVID-19 pandemic:

Total revenue
HRK 97.737.763,82



Operating revenue
HRK 97.640.558,48



Profit
HRK 1.021.879,54



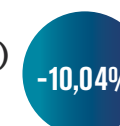
Value of assets
HRK 476.670.047,64



Capital
HRK 348.072.517,52



Number of employees (31/12)
251



EBITDA
HRK 21.294.901,08



Average share price
HRK 174,48



Overnights
315.923





3 Chronological overview of the historical development of Ilirija



1957

Ilirija d.d. was founded in Biograd na Moru, where it still does business, even though the company's beginnings date back to 1934, when the first hotel called ILIRIJA was built. Those were also the beginnings of organized tourism of the entire Biograd Riviera, making the Company the pioneer and leader of the entire tourist activity in the region around Biograd.



1969 - 1972

Construction of new hotel facilities (the Kornati Hotel**** and the Adriatic Hotel***), complete reconstruction, i.e. construction of the Ilirija Hotel**** and upgrading of Villa Donat****/** in Sv. Filip i Jakov.



1976

Start of construction of the first nautical tourism port in Croatia, the Ilirija-Kornati Hotel Port located in Biograd na Moru, with a total of 100 berths, and acquisition of the first charter fleet with 40 vessels, which made the company the pioneer of nautical tourism development.



1986

Extended nautical capacities following the construction of the Marina Kornati Nautical Tourism Port located in Biograd na Moru, with a total port surface area of 131,600 m² (waters) and a total capacity of 705 berths at sea and on land.

1988

Construction of the Aquatic Centre as a swimming, beach, sports, entertainment and restaurant facility, with stands having a capacity of 4,000 seats and with a 1,000 m² terrace, as the centre of almost all sports, entertainment and dance events of the destination. Construction of a 48,000 m² tennis centre with 20 tennis courts.

1991 - 1992

Completion of the remaining part of the port area, i.e. increasing the capacity of the Marina Kornati Nautical Tourism Port by building piers in the southern and western waters.

1999

Ilirija d.d. was privatized and is now majority-owned by Arsenal Holdings d.o.o. from Zadar, which is in majority ownership of Mr Davor Tudorović. The Biograd Boat Show nautical fair was launched, originally organized as spring Open Days, and then as the first autumn nautical fair in Croatia as of 2004.

2002

The State Audit Office audited the conversion and privatization of ILIRIJA d.d. and issued a positive Opinion on the conversion and privatization process in its entirety, emphasizing that the process was carried out in accordance with legal regulations and that no irregularities were identified, which would affect the lawful implementation of the transformation and privatization process.



1989

Construction of an annex to the Kornati Hotel**** and the Company's administrative building.

1993

The Croatian Privatization Fund adopts decisions on the conversion of HTP Ilirija into a public limited company.

1999 – 2020

An intensive investment cycle period when it comes to the construction, reconstruction, extension, upgrading, renovation and adaptation of the company's accommodation facilities and establishments, as well as the development of new products with the aim of creating a quality, recognizable and competitive tourism product and increasing the quality of the destination's offer. As at 31/12/2020, the Company invested HRK 630,987,481.99, which resulted in a significant increase in total revenues and a newly created value in the said period, namely in the amount of HRK 951,405,525.45.

2003

Ilirija's shares were listed on the Zagreb Stock Exchange, on the Listing of Public Limited Companies.





2005

The business system of Ilirija d.d. includes the multimedia centre Arsenal in Zadar, built in the 17th century, which started doing business following the implementation of the revitalization and renovation in accordance with the concept of the "indoor town square".



2014

The "Nada" event yacht, a multi-functional floating congress centre with a length of 36 m and capacity for 180 people, was presented. As part of the business system of the company, the first Croatian dispersed hotel Ražnjevića Dvori AD 1307, was opened in the town of Polača.

2015

Villa Primorje****, built in the second half of the 19th century, was renovated, luxuriously decorated and equipped in accordance with the latest standards for facilities of its kind and category.

Recapitalization of the company by Allianz ZB d.o.o., a mandatory pension fund management company established in Zagreb, which acquired 10% share in the company.

2015 - 2017

The investment cycle in Marina Kornati is mostly completed through the improvement of the quality of vessel accommodation by modernizing almost 70% of the Marina's superstructures and substructures, i.e. piers, which further strengthened the market position of Marina Kornati among the three leading nautical tourism ports on the Adriatic.



2009

Company shares are listed on the Regular Market of the Zagreb Stock Exchange

2015

The company's shares transferred from the Regular to the Official Market of the Zagreb Stock Exchange, which contributed to an even greater transparency and openness of the company to all its stakeholders, especially to the investment public, as well as the domestic and international capital markets.

2016

The second recapitalization was successfully realized by increasing the share capital by contributions in cash, namely through the issuing of new ordinary shares of the company by public offering. The main purpose of recapitalization was to raise funds for the purchase of the City Galleria Business and Shopping Centre in Zadar.

2018

Construction of an indoor swimming pool with a usable area of approximately 500 m², along with accompanying facilities.



4 Values, Principles, Standards and Norms of Behaviour

Ilirija d.d. operates in accordance with principles and practices of good corporate governance, providing a high level of transparency and accountability in relation to all of its stakeholders. In its operations, the Company applies the Corporate Governance Code jointly adopted by Zagreb Stock Exchange and HANFA, which is available on their websites. Each year, the Company completes and publishes the annual questionnaire prescribed by the Code, in which, when applicable and in line with the “act or explain” mechanism, it specifies the reasons

for possible deviations from the Code. Pursuant to the regulations, the annual questionnaire is published on the website of Zagreb Stock Exchange (www.zse.hr) and the Company (www.ilirijabiograd.com).

The corporate strategy of Ilirija d.d. is based on the fundamental principles of corporate social responsibility, which constitute an integral part of the Company's corporate values, and are embedded in the long-term business practice and processes towards its stakeholders.

Fundamental Values



Respect and integrity – equality of treatment and attitude towards all our stakeholders constitute the basic values of our company. Long-standing mutual trust, respect and legitimate operations are one of the keys to Ilirija d.d.'s success.



Quality – the quality of the services provided is continuously improved, and a top quality product, professional service, the introduction and implementation of standards aimed at achieving excellence in our services, as well as an individual approach to clients constitute the basis of our relationship towards our guests, who are at the heart of the Company's service.



Innovation – to be the initiator and creator of innovative tourism products and services which contribute to the future development of the Company, the destination and Croatian tourism.



Sustainability and responsibility – responsibility is demonstrated every day in relationships with our guests, employees, partners, the community and other stakeholders, while continually and systematically ensuring responsible use of resources for the purpose of protection of the environment, the fundamental tourism resource, with special focus on health protection as the foundation of the Company's success and sustainable development.



Transparency – in business and communication with all stakeholders of the company, while adhering to the principles of timely and true information as a prerequisite for the strengthening of its market position and promoting its further growth.



Corporate social responsibility – Application of the principles of corporate social responsibility, where the achieved business results enable creation of added value for all stakeholder groups. The Company put focus on creating added value for its employees, which was especially notable in the extraordinary business circumstances of 2020, when the Company retained full employment and preserved the jobs of the existing employees and their financial situation. The concept of corporate social responsibility also implies the conservation of the natural and environmental resources managed by the Company.

5 Company's Vision and Mission

The Company's **vision** is to keep its reputation of providing excellent services and to protect the interests of its guests, employees, stakeholders and all other partners by treating them fairly and investing in these relationships. **To permanently remain** among the **three** leading tourism companies in North Dalmatia and among the **15** leading tourism companies in the Republic of Croatia in key segments of the Croatian tourist offer (hotel sector, nautical sector and camping). To remain the leader in the sector of holiday tourism, a partner with tourism destinations when creating authentic experiences and a driver of tourism and economic development of our region and of the destinations of Biograd na Moru, Zadar and Sv. Filip i Jakov, along with the development of year-round business through complementary and selective tourist offer forms. To be a company which is a paragon of creating unique products and services which take into account the destination's uniqueness. To continue to achieve the common goals of all employees, loyal and happy guests, stakeholders, business partners and the community at large.

The Company's **mission** is to establish a long-term optimal level of quality and competitiveness in business at the level of the overall Croatian tourism offer by increasing the assets and achieving the financial results of the business operations which will ensure long-term business and financial stability. The Company's mission is to also continually invest in human resources and ensure an optimal employment level, stimulating the work environment and compliance with the principle of sustainable development, which is reflected in recognizing and meeting the needs of tourists, protecting and restoring natural and cultural heritage and preserving the environment, i.e. creating a responsible and sustainable tourism offer. By building our own product, we aim to stay recognisable as a company with high-quality content and services on the Croatian and European tourism markets, as well as to provide top-notch services in the field of experience tourism.

6 External Initiatives and Membership in Associations

A member of business and professional associations:



A member of 14 business and professional associations



An active promoter of the interests and development of the tourism industry by actively contributing to the regulations of special importance and interest to tourism



A promoter of activities pertaining to corporate social responsibility



4 codes/charters/initiatives

Business associations:

- Croatian Chamber of Commerce (HGK)
Association of Croatian Marinas
Community for corporate social responsibility
Community for Environmental Protection
Economic Council of the Croatian Chamber of Commerce
- Croatian Employers' Association (CEA)
- Croatian Business Council for Sustainable Development (HR BCSD)
- Croatian Association of Managers and Entrepreneurs (HUM-CROMA)

Professional associations:

- Association of Employers in Croatian Hospitality (UPUHH)
- Croatian Camping Union (CCU)
- Top Camping Pool
- Association of Croatian Travel Agencies (UHPA)
- Croatian Association of Independent Travel Agents (CAITA)
- Croatian Association of Congress Tourism Professionals
- Tourist boards at the regional and local level
- International Federation of Boat Show Organisers (IFSBO)
- Association Lijepa Naša
- LAG LAURA

The President of the Management Board of Ilirija, Mr. Goran Ražnjević is a member of the following bodies of business and professional associations:

- Assembly of the Croatian Chamber of Commerce
- Tourist Council of the Zadar County Tourist Board
- President of the General Assembly of the Croatian Business Council for Sustainable Development

Charters, codes and initiatives implemented by the company:

- Corporate Governance Code of the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange
- Code of Business Ethics of the Croatian Chamber of Commerce
- Diversity Charter Croatia
- Gender Equality Federation

7 Overview of Portfolios, Products and Services



The portfolio of Ilirija d.d. covers all key segments of the Adriatic Mediterranean tourist offer, that is: the **hotel sector** (hotels: Ilirija****, Kornati****, Adriatic**, Villa Donat****/**), the **nautical sector** (Marina Kornati and Ilirija-Kornati Hotel Port), **camping** ("Park Soline" camp****), the **destination management company / DMC Ilirija Travel** (Arsenal, diffuse hotel Ražnjevića Dvori AD 1307, event boat "Nada", Villa Primorje), the **sports-recreational and entertainment facilities** (Ilirija Tennis Centre with 20 tennis courts and the Aquatic Centre with a catering facility) and the **real-estate segment** (City Galleria Business and Shopping Centre in Zadar). An integral part of the offer within the tourism sector of the company are also restaurant facilities with food and beverage offers and services (restaurant "Marina Kornati", restaurant "Park Soline", Aquatic Centre, Lavender lounge bar and "Donat" beach bar).

The company's business is based on the provision of services by using its facilities (hotel, nautical and camping facilities), while also providing additional amenities and services, thus creating a high-quality integrated and complementary tourism product on the domestic and international tourism markets, presented under the Ilirija Travel brand. The destination management company was established as a response to the tourism demand of today, based on technological, social and market factors and trends, and aimed at meeting the needs of the increasingly demanding guests and the market.



Ražnjevića dvori
Polača

City Galleria
Zadar

Arsenal
Zadar

Villa Donat
Sv. Filip i Jakov

Villa
Primorje

Beach bar Donat
Sv. Filip i Jakov

Restoran "Marina Kornati" /
Restaurant "Marina Kornati"

Event brod Nada /
Event boat Nada

Marina
Kornati

Ilirija
Travel

Hotel
Kornati

Hotel
Ilirija

Hotel
Adriatic

Hotelska marina /
Hotel marina

Tenis centar Ilirija /
Tennis center Ilirija

Kamp "Park Soline" /
Camp "Park Soline"

Restoran "Park Soline" /
Restaurant "Park Soline"

Aquatic centar /
Aquatic center

 *Ilirija d.d.*



4 hotels



443 rooms



922 beds

Hotel Sector

The hotel sector of the company is operated under the brand ILIRIJA RESORT, and it consists of four hotels with a total capacity of 922 beds and 443 rooms:

The **Ilirija Hotel** is the largest four-star hotel of the Ilirija Resort, with a capacity of 165 rooms and 338 beds, equipped with a 200-seat restaurant, a terrace with 70 seats and an aperitif bar with 50 seats. It is located by the seashore, right next to the old town centre, and it is surrounded by beautiful nature, the sea and a pine forest, as well as numerous facilities offering various amenities. All nearby beaches have been awarded a Blue Flag, which certifies the quality of the sea and the associated beaches.

The design and atmosphere of the four-star **Kornati Hotel**, with a capacity of 106 rooms and 230 beds, also featuring a restaurant having a capacity for 220 people, a terrace for 50 and a bar for 40 people, is linked to and evokes the images of the most beautiful Croatian national park The Kornati Hotel is also unique for its connection with the hotel marina, which is located in the very center of Biograd, with a beach right next to the hotel – which makes this hotel absolutely unique on the Adriatic coast.

The three-star **Adriatic Hotel** has a capacity of 100 rooms and 210 beds, a restaurant with a capacity for 230 people, a terrace with a capacity for 300 people and a bar with a capacity for 110 people. It is located in a pine forest, almost on the beach, and right next to the hotel is the Aquatic Centre, ideal for family fun and for various attractive summer sea activities. The Adriatic Hotel boasts a modern design inspired by the ancient medicinal herb lavender, which is characteristic for Mediterranean landscapes.

The **Villa Donat Hotel** is located in the picturesque town of Sv. Filip i Jakov, and it consists of a villa with 16 superbly and modernly furnished rooms. It is a four-star hotel, and it has a three-star annexe. Its total capacity includes 72 rooms and 144 beds, a restaurant with a capacity of 120 seats, a terrace for 50 and an aperitif bar for 20 people, and as of 2017, it has an outdoor pool. The hotel is located near the main beach and the town centre, and it is reminiscent of the rich history of the area. Boasting a modernly furnished villa and an atmosphere reminiscent of the old times, a restaurant and a bar with a terrace surrounded by Mediterranean vegetation, this hotel is perfect for a real family holiday.

Within the Ilirija Resort there is a conference centre consisting of 8 halls, with a total capacity for 30 to 250 people, and there is also a luxurious garden with terraces ideal for banquets, receptions and entertainment, as well as outdoor swimming pools, a beach and an indoor pool.





Pioneers of nautical tourism
development in Croatia



805 berths



Up to 2000 boaters
per day



More than 60,000
boaters per year

Nautical Sector

In 1976 Ilirija d.d. built the first nautical port in Croatia, the current hotel port, from which nautical tourism began to develop all over the Adriatic, and the first charter fleet consisting of 40 Elan vessels, which is why the Company fully deserves its title of pioneer of nautical tourism, whereas Biograd became the cradle of nautical tourism.

The Company's current nautical sector consists of Marina Kornati and the Ilirija-Kornati Hotel Port, with a total of **805** berths at sea and on land, which can accommodate up to **2000** boaters in one day, and its number of berths, modern technical equipment, quality of service, cleanliness and neatness make Marina Kornati one of the three leading Croatian marinas, visited by over 60,000 boaters a year.

The **Marina Kornati** is one of the largest nautical ports in Croatia with a total sea surface area (waters) of 91,912 m² and a land surface area of 39,688 m². The Marina Kornati waters consist of: (I) the central waters with 365 berths at sea and 70 berths on land, (II) the western waters with 190 berths at sea and (III) the southern waters with 80 berths at sea.

In addition to its own service zone for repairs, vessel maintenance and dry docking, the marina offers a 24-hour navy-guard service, a guarded parking with 500 parking spaces, as well as restaurant facilities. There are about thirty external companies operating within the marina, which, within the framework of business cooperation, offer servicing and supply the boaters with the necessary equipment.

Due to the COVID-19 pandemic in 2020 regattas were not held since they were categorised as sports competitions and events in which a larger number of yachtspersons, participates, and were postponed or cancelled, like most events that otherwise take place in the Marina Kornati.

The **Ilirija-Kornati Hotel Port**, located in the very heart of Biograd na Moru, in front of the Kornati and the Ilirija hotels, was constructed as the first nautical tourism port forty years ago. It has a total of 100 berths for the reception of vessels of up to 8.50 m, as well as additional facilities within the hotel resort.



Marina Kornati – a marina with a four-anchor rating



Marina Kornati – the regatta centre



Biograd Boat Show - the largest international nautical fair in Croatia and South East Europe

The Biograd Boat Show has also continuously been held at Marina Kornati for 22 years, as the leading Croatian nautical fair organised by Ilirija d.d.

Thanks to investments made in recent years regarding modern technical equipment, servicing and ecosystems, with a particular focus on the fitting-out of the ship-cleaning facility, building a technological water purifier, as well as building an eco-warehouse, it can be stated that Marina Kornati has not only fulfilled the highest international environmental standards, but also that environmental protection is one of its main priorities, which has also been demonstrated by the Blue Flag, a symbol of high standards in the protection of the sea and coast.

In 2020 the Ministry of Tourism and Sport carried out the procedure of recategorisation of the Marina Kornati Nautical Tourism Port in which it established that Marina Kornati meets the requirements prescribed for the four-anchor category. Subsequently, the Marina Kornati Nautical Tourism Port received the **four-anchor** category rating.







Park Soline camp –
a four-star campsite



Surface area: 20,00 ha



Number of accommodation
units: 1208



Capacity for 3,624 persons

Camping

The four-star “Park Soline” campsite is located in Biograd na Moru within the borders of the populated area, but as a separate physical planning-urban and economic entity in the south-east part of the town of Biograd na Moru, right by the main beach in the coastal length of approx. 1.5 km, with a 450-meter beach positioned right in front of the campsite.

The campsite covers an area of 20.00 ha and includes 1,208 accommodation units with a total capacity for up to 3,624 persons. It is situated in an outstanding natural environment of a predominantly high pine forest which provides shade to 90% of the campsite. By adhering to the principles of sustainability and environmental protection and considering the natural features of the area by using indigenous plant species, the horticultural landscaping of the campsite has been completed to the level of an arboretum, which is a remarkable and rare example in Croatia of creating added value for a tourism camping product.

In addition to fully equipped pitches (standard mare and comfort pitches), the camp also offers pitches with the basic infrastructure (standard pitches), as well as 32 m² mobile home zones Dalmatia, Premium, Comfort Plus, Dalmatia Plus and Comfort Family and a zone with glamping tents.

Within the camp, guests have at their disposal modernly equipped sanitary facilities, laundry washers and driers, an exchange office, an internet café, a supermarket and restaurant facilities.

The camp offers unlimited possibilities for an active holiday in its immediate vicinity: tennis courts, table tennis, indoor soccer, water skiing, snorkelling, sailing, bike rental, jogging, roller blading, beach volleyball, bowling, hiking and excursions to attractive national and nature parks (Krka National Park, Kornati National Park, Paklenica National Park, Telašćica Nature Park, Vransko Lake Nature Park) or historical towns (Zadar, Šibenik, Split).





An innovative and comprehensive
tourism product



Development of a year-round
tourist offer



4 own facilities

Ilirija Travel

The destination management company Ilirija Travel combines appealing products and services of the parent company into a unique tourism offer. The company built an innovative and comprehensive platform based on expertise and social responsibility, which is adapted to the demands of modern guests and the highest standards of the hospitality industry. While it includes a wide variety of services of its partner companies, Ilirija Travel also conducts business in its own additional facilities, such as:

Arsenal a multifunctional space and one of only seven preserved buildings of its kind, which has been adapted according to the concept of an “indoor city square”. The revitalisation of Arsenal created a perfect combination of business and culture tourism, which provided added value not only for Ilirija's tourist offer, but also for the destination as a whole. Arsenal is the centre of the region's public life, culture and entertainment, holding more than 100 public and private events each year.

The diffuse hotel Ražnjevića Dvori AD 1307 is located in the old town of Polača, in the historically agricultural region of Ravni Kotari in North Dalmatia, and represents a unit consisting of five functionally connected buildings, which makes it the first facility of this kind in the Republic of Croatia. This set-up is a great example of an innovative tourism product conceived as a combination of the traditional and the contemporary. In six independently decorated apartments, authentic Dalmatian stone houses have been converted into a tavern and a restaurant, and guests can also enjoy the outdoor swimming pool, stone terraces, and a wine bar. The space is also designed and equipped as a venue for meetings, seminars, team buildings, gala dinners and banquets, which can take place outdoors or in covered areas with a capacity for up to 200 people, as well as in indoor spaces for a minimum of six to about one hundred persons.

Villa Primorje, built in the second half of the 19th century, is a typical traditional Dalmatian stone manor house with an outbuilding. Newly renovated, luxuriously decorated and equipped according to the latest standards for facilities of this type and category, it has its own restaurant offering the opportunity to organize a number of events, a Mediterranean garden with a promenade and an outdoor swimming pool.

The “Nada” event boat, a 36-metre multifunctional yacht with a capacity for 180 persons, with a restaurant, kitchen and bar provides guests with excellent services pertaining to food and beverages during navigation. Business event organisers have access to a number of “tailor made” programmes adapted to their wishes, from the route, to the menus on offer, additional entertainment and conference room equipment, including beamers.



Arsenal



Ražnjevića dvori A.D. 1307.



Villa Primorje



Event boat "Nada"

Real-estate segment - City Galleria



Surface area of more than
28,500 m²



6 floors



An outdoor city market



The only multiplex cinema in
the Zadar County

The City Galleria Business and Shopping Centre was opened to the public in October 2008, with a total gross surface area of more than 28,500 m² spread over a total of six floors (two underground garages and four retail floors). It is one of the two largest shopping centres in the City of Zadar and the wider Zadar region. In 2020, the net rentable area of the centre equalled 9,924.60 m² due to an increase in the net rentable area on the third floor and connecting this area with the existing business premises, while the remaining area is occupied by communications, technical and common areas. The centre's underground garage, with a total surface area of 10,863.50 m² and 410 designated parking spaces, is available to all of the centre's tenants and visitors 24/7, with employees on call and a video surveillance system.

Due to the good location of the building in a heavily residential area near the old town and the bus station and the fact that it is surrounded by some of the main city roads, the City Galleria Business and Shopping Centre is exceptionally easy to spot and access by a large number of local residents and foreign visitors. A large number of new housing and commercial projects, as well as new development and cultural projects of the local community have turned this whole city area into a new hub, which will have a positive effect on the number of visitors to the shopping centre.

The centre's offer of stores and services consists of a large number of various facilities, including an open and an indoor market, specialised food and beverage stores, a supermarket, clothing, footwear and sportswear boutiques, service and repair activities, sports facilities, catering facilities, and the city's first and only multiplex cinema with 6 auditoriums. The offer is conceptually divided into floors, with the underground garage open for all customers at levels -2 and -1, shopping and service facilities on the ground floor and the first floor, sports and entertainment facilities on the second floor, and office spaces on the third floor.

Thanks to its unique architectural concept and location, the City Galleria centre has established itself as a place of citizens' day-to-day activities, as its varied offer can easily meet most of the visitors' everyday needs, and as such it represents a departure from the offer of traditional shopping centres.





Capacity for 420 persons
The Captain's Club



Capacity for 280 persons
A Dalmatian tavern, a wine cellar



The first lounge bar on the Biograd Riviera
Lavender-inspired Mediterranean design



Capacity for 140 persons
A building entered in the Register
of Cultural Property

Hospitality

The restaurant “Marina Kornati” is located in the eponymous marina, just a few walking minutes away from the centre of Biograd. With a capacity for over 350 persons, which along with the recently renovated Captain's Club having a capacity for 70 people can receive up to 420 persons, it meets the needs of boaters when it comes to hosting various and numerous events in the Marina Kornati.





The restaurant “Park Soline” is located within the “Park Soline” camp, right next to the beach, with a terrace offering a view of the Pašman Canal. This restaurant, with a capacity for 280 persons, offers the possibility of organizing various events - soirées, banquets, family festivities as well as business meetings. Within the restaurant, there is also a Dalmatian tavern with a fireplace, a coffee shop and a wine bar arranged as a wine cellar, which provides you with the opportunity to buy and taste the highest quality red and white wine made from indigenous Croatian grape varieties.

The Lavender lounge bar, located within the Adriatic Hotel right by the beach, is known for its lavender-inspired Mediterranean design and fully adapted for relaxation in the comfortable loungers in the shade of the pine trees. Many different events can be organised here - MICE events, weddings, banquets, and there is also a cocktail bar, a night club etc.

The Donat beach bar is located in the unique building within the protected cultural and historical unit of the town of Sv. Filip i Jakov, which is also entered in the Register of Cultural Goods of the Republic of Croatia. It is categorized as a beach bar/cocktail bar with a capacity of 140 persons.



The conference facilities of Ilirija d.d. are intended for clients who are looking for a complete event organisation service (logistical, technical, restaurant, etc.) in an authentic environment reflecting the history, culture and tradition of the place, destination and region. All Company sectors include these facilities, starting from conference facilities in the Ilirija Resort and the Captain's Club in the Marina Kornati. For clients wanting a special, unforgettable experience, we offer organisation of M.I.C.E. events on the "Nada" event boat, a floating conference centre, in the first Croatian scattered hotel Ražnjevića Dvori AD 1307, or in the historical ambience of Arsenal, a zero-category cultural monument located in the heart of the old Zadar city centre. Each hall is equipped with modern audio-visual equipment for organization of presentations, seminars and conferences, along with the constant support of our expert team and a full restaurant service. Ilirija Resort offers various service packages to event organisers, tailored to the needs of the businesspeople of today, with an individual approach to every event. The provision of such service packages puts Ilirija Resort among the leading Croatian congress destinations.

Facility	Room	Maximum capacity	Surface area m ²	THEATRE	LECTURE HALL	U-SHAPE	CONFERENCE	BANQUET	COCKTAIL
									
HOTEL ILIRIJA	RESTAURANT	300	350				70	200	300
	ILIRIJA	100	215	100	80	30	30	50	100
KORNATI HOTEL	RESTAURANT	220	300			60	70	220	300
	KORNATI	30	45	30	20	20	20		
ADRIATIC HOTEL	ADRIATIC 1	230	250	230	160	70	70	180	250
	ADRIATIC 2	60	80	60	40	30	30	40	50
	ADRIATIC 3	30	45	30	20	20	20		
	ADRIATIC 4	20	30	20	12	10	10		
	ADRIATIC 5	60	100	60	30	30	30	50	100
	LAVENDER	90	200	90	50	20	20	40	100
AGROTOURISM ILIRIJA	CONFERENCE ROOM	50	50	50	35	30	30	65	70
	TAVERN A	20	40	40	15		16	20	25
	TAVERN B	14	30				14	14	14
	TAVERN C	18	35	18	12	12	12	18	20
ARSENAL ZADAR		1000	1000	500	200	150	150	700	1000
EVENT BOAT "NADA"	DECK 1	150	50	30	40			90	90
	DECK 2		60	60	35			46	60
MARINA KORNATI	CAPTAIN'S CLUB	100	120	100	60	60	60	80	100





Facility with a capacity for 4,000 persons
Sports, hospitality and entertainment amenities



One of the leading tennis centres in Dalmatia
A surface area of 48,000 m², 20 tennis courts,
accompanying facilities



Among the 36 most significant nautical fairs in the world
The largest international nautical fair
in Croatia and South East Europe
Croatian Nautical Industry and Tourism Congress

BBS
in numbers

240 exhibitors with 250 vessels
Croatia Charter Expo with 1600 charter vessels

Sports-recreational and entertainment amenities:

Aquatic centre - built as a sports, entertainment and restaurant facility with an outdoor Olympic swimming pool, the centre is located on the main town beach, and it proudly displays the Blue Flag. The Centre also features a coffee shop and a fast food restaurant with a capacity for 350 people, and as such offers the possibility of organizing numerous public and private events. With its stands with 4,000 seats and its 1,000m² terrace, it is the centre where almost all sports, entertainment and music events are held in the destination. The Aquatic Centre is also ideal for other events, such as weddings, team-buildings, banquets, MICE events and others.

The "Ilirija" tennis centre located in a pine forest has a surface area of 48,000 m² and consists of 20 tennis courts and multi-purpose courts (14 ground and 6 colour-set courts) with night lighting. A restaurant, dressing rooms and auxiliary facilities are located within the centre.

Events:

Biograd Boat Show - is the largest international autumn nautical fair in the Republic of Croatia and the largest nautical fair in South East Europe. Each year the show attracts visitors and exhibitors from the neighbouring countries and beyond, including many foreign boat owners in Croatia, but also thousands of participants in the multiple regattas held in Biograd throughout the year. In 2020 the 22nd Biograd Boat Show, one of the few nautical fairs that was held, which had 240 exhibitors with 250 vessels.

The **Biograd B2B platform** for business networking in the nautical sector enabled nautical companies to participate in the fair online if they were not able to do come to the fair, which resulted in more than 300 business contacts held on the platform.

The two-day 2nd **Croatia Charter Expo** enabled charter companies, which manage 1,600 charter vessels, to present themselves and come into contact with agents and owners of around 30 other charter companies.

Capacities of the Hotel Sector - Ilirija Resort



	Number of rooms				Number of beds			
	2018	2019	2020	Index 2020/2019	2018	2019	2020	Index 2020/2019
Hotel ILIRIJA	165	165	165	1,00	337	337	338	1,00
Hotel KORNATI	106	106	106	1,00	216	230	230	1,00
Hotel ADRIATIC	100	100	100	1,00	210	210	210	1,00
Hotel Villa DONAT	72	72	72	1,00	144	144	144	1,00
Total	443	443	443	1,00	907	922	922	1,00



Capacities of the nautical sector - Marina Kornati

	Length of piers/m	Number of berths	Dry berth	Total number of berths
Central marina	923	365	70	435
Western marina	262	190	0	190
Southern marina	180	80	0	80
Hotel marina	450	100	0	100
Total	1.815	735	70	805

Capacities of the camping sector - "Park Soline" camp

		2016	2017	2018	2019	2020
I	Extra zone					
	Pitch	81	81	81	81	81
	Camp plot	0	0	0	0	0
	Total	81	81	81	81	81
II	First zone					
	Pitch	326	326	303	303	303
	Camp plot	0	0	0	0	0
	Total	326	326	303	303	303
III	Second zone					
	Pitch	182	182	198	198	208
	Camp plot	0	0	0	0	0
	Total	182	182	198	198	208
IV	Third zone					
	Pitch	347	347	638	638	616
	Camp plot	194	194	0	0	0
	Total	541	541	638	638	616
Σ	Total					
	Pitch	936	936	1220	1220	1208
	Camp plot	194	194	0	0	0
	Total	1130	1130	1220	1220	1208



Overview of the capacity of Ilirija d.d.



Hotels

443 rooms/922 beds



Camping

1208 plots/3624 persons



Nautical sector

805 berths



Real-estate

gross surface area of
28.500m²/
six floors



Catering facilities

4 facilities with a capacity of
1,120 persons



Congress facilities

total maximum capacity of
2,492 persons for all facilities



DMC Ilirija Travel

accommodation, catering
and multi-functional facilities
enable year-round business
(Arsenal, dispersed hotel Ra-
žnjevića Dvori, "Nada" event
boat and Villa Primorje)



Sports-recreational and entertainment facilities

A tennis centre with 20 tennis
courts and an area of 48,000m²,
and the Aquatic Centre with an
Olympic swimming pool and
catering facilities, with a capacity
of 4,000 persons



Aquatic centre



Tennis center "Ilirija"



Biograd Boat Show

Tourism sector



Overnight stays: 315.923



Hotel sector: 31.738



Camping sector: 139.052



Nautical sector: 145.133



DMC Ilirija Travel: 9.658 persons

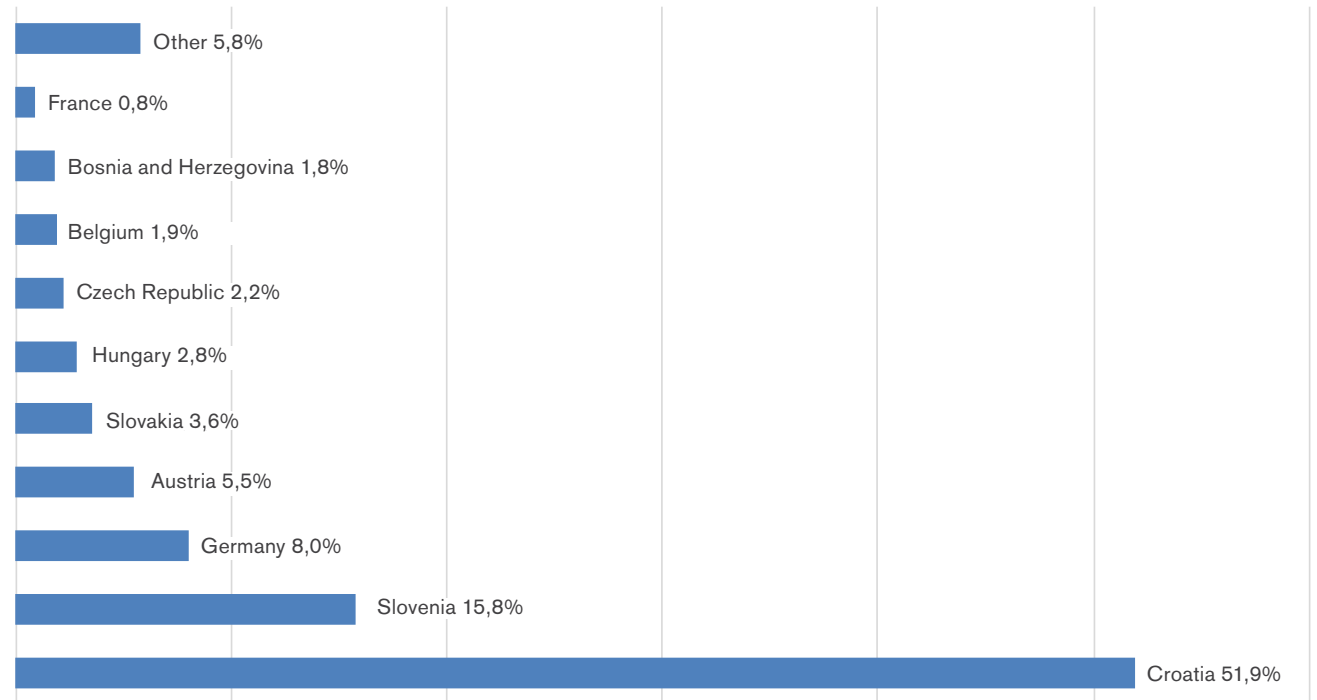
8 Overview of the Market, Customers and Suppliers

Considering the company's diversified and complex offer, the market and customers are divided into two key segments:

- **the market and customers of the tourism sector** (hotel sector, nautical sector, camping and destination management company DMC Ilirija Travel)

- **market and customers or tenants of the real estate sector**

Top 10 outbound markets in the hotel and camping sector



Real-estate sector



Tenants: 36



Leased surface area: 97,57%



Number of vehicles: 410

Despite the decision to completely ban or to limit its tenants' performance of business activities, or the subsequent decision of limiting the number of visitors to the centre, as well as other epidemiological measures, the real-estate sector generated 89% of the previous year's revenue, maintained its profitability and a high occupancy rate, thus significantly contributing to the Company's current liquidity as regards the year-round business of both sectors (nautical and real-estate).



Market and customer analysis by sector

Hotel sector:

The global COVID-19 pandemic and the measures taken to prevent its spread in the country and across the globe lead to drastic changes, especially in the hotel sector, which recorded the most drastic decrease of all types of accommodation in 2020. All of this resulted in the reduction of arrivals to 16% in comparison to 2019 (7,515); that is, to 22% of previous overnight stays (31,738). Business activities were only performed in the first quarter of the business year, before the pandemic outbreak, and in the high season, in July and first half of August.

Consequently, the market segments also underwent significant changes, with most of the revenue generated in the individual segment, which increased from 18.2% of realised revenue in the previous business year to 43.6% in 2020. In the sales channels, the fixed-lease segment was entirely lacking and group sales and allotments were extremely reduced, with the business segment – i.e. conferences, seminars, team-building programmes – almost entirely lacking. This is in dire contrast to previous years in which special attention was paid to and significant results were achieved in the business segment, which was in line with development of year-round tourism.

The proximity of destinations also affected the share of other markets apart from the domestic market, which was absolutely dominant, i.e. most guests were from Slovenia, south of Germany, Austria, Slovakia, Hungary and Czech Republic.

Characteristics of the hotel market:



Key markets:



Nautical sector:

The Company's nautical sector has been a driver of nautical tourism in Croatia for 43 years now. Marina Kornati, which has, since being built, primarily owing to its capacities, location in the immediate vicinity of the best known nautical destinations, technical and infrastructural equipment and achieved standards of service, has become one of the three leading nautical tourism ports on the national level. The nautical sector, unlike other tourism sectors, is characterised by year-round business activities, which is reflected in the business results of 2020 despite the fact that its business activities were performed in a limited scope; the results achieved in the extraordinary business circumstances prove the sector's extreme resilience.

Key nautical market segments are the following:

(I) Contractual berths are classified as:

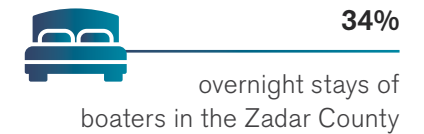
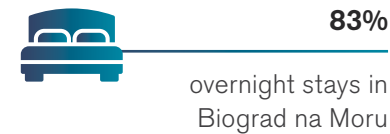
Contractual berths are the most significant business segment in the nautical sector considering their direct share in the nautical sector's operating revenue, and thus also in the revenue of other marina services.



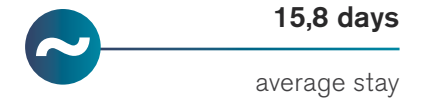
Individual contractual berth – consists of users/owners of vessels who enter into annual or seasonal berth use contracts.



b) Charter berth - consists of charter companies that rent vessels. In 2020, 16 charter companies operated as part of the Marina Kornati, with a total of 311 vessels, making the Marina Kornati one of the leading charter bases in Croatia with multiple monotype fleets (Bavaria/Elan).



(II) The transit market



The transit market is divided into:

a) the transit servicing market - it refers to users with vessels that sail into or arrive at the marina by land for the purpose of servicing their vessels and for other technical services provided at the marina.

b) the sports/regatta market - consists of the vessels participating in different nautical events (regattas, flotillas, etc.), which as a rule sail into the marina with prior announcement, usually with an organizer or club/association acting on their behalf. In addition to the berthing service, the participants also use the services of the restaurant "Marina Kornati" or some of the facilities or other services of the Company. Unfortunately, due to the pandemic-related measures, regattas were cancelled and there just a few smaller ones were held, which is confirmed by the fact that only 84 vessels which took part in a regatta sailed into the marina and resulted in an insignificant number of overnight stays.

c) holiday - recreational market - consists of users/owners who come into the marina with or without prior announcement. They are divided into users of private vessels and users of charter vessels. The users of charter vessels who stay for a day usually sail into the marina unannounced, namely at the beginning or end of their trip, i.e. before they return to nearby base marinas. In accordance with the Foreigners Act (OG 74/13), the Ministry of the Interior no longer needs to report EU nationals, and we therefore do not have data on overnight stays except for non-European countries, which account to a negligible number of overnight stays.



240

registered exhibitors



250

vessels



More than 1600

charter vessels



More than 300

business contacts

Nautical Fair – Biograd Boat Show

Biograd Boat Show was one of the few larger nautical fairs held during the COVID-19 pandemic. The fair was held in the period of five days, from 21 to 25 October 2020, with implementation of and compliance with all epidemiological measures introduced by the authorities. All segments of the nautical industry and tourism were presented at the fair. Two more events also took place: Croatia Charter Expo, an event in which around 30 representatives of charter companies with a fleet of 1600 vessels and more than 60 charter agents took part and the Nautical Days organised by the Croatian Chamber of Commerce.

The organisation of the Show demonstrated the resilience of the nautical industry, additional optimism in challenging circumstances, and confirmed the Company's ability to maintain the continuity of its activities under difficult business conditions.



Camping sector

The Company's camping sector comprises the "Park Soline" as the largest and the only high-quality four-star campsite in Biograd na Moru, which accounts for 77% of the total campsite accommodation capacities and sets the highest standards of equipment and landscaping in the destination.

The "Park Soline" camp, with almost 60 years of tradition, spans across a surface area of 20.08 acres and includes 1,208 accommodation units.

It is situated in an outstanding natural environment of a predominantly high pine forest which provides shade to 90 % of the campsite. By adhering to the principles of sustainability and environmental protection and considering the natural features of the area by using indigenous plant species, the horticultural landscaping of the campsite has been completed to the level of an arboretum, which is a remarkable and rare example in Croatia of creating added value for a tourism camping product.

Market segments of the camping sector are the following:



I Lump sum guests – it refers to the guests who set up a camper or a mobile home for a certain period of time. This segment accounts for 37% of total camp overnight stays, with the majority of overnight stays pertaining to guests from Slovenia and Croatia.

II Agencies – agencies with a fixed lease of a certain number of pitches where they place their own mobile homes or tents. This business segment accounts for 23% of the total number of overnight stays and is extremely important for the overall business of the camp.

III Mobile homes – as a market segment, they include mobile homes owned by Ilirija. Every year, this segment tends to grow significantly when it comes to overnight stays, accounting for 26% of total overnight stays.

IV Individual pitches - they pertain to guests who come with their own trailers, campers or tents and stay on 80-100 m² pitches with electricity, water and drainage. The share of individual guests in total overnight stays amounts to 14%.

In 2020, the most significant outbound markets at the level of all market segments were the following: Slovenia, Czechia, Germany, Netherlands, Croatia, Poland and Austria. At the same time, in the structure of overnight stays by market segments, guests in mobile homes prevailed with a share of 26%, agency guests had a share of 23%, individual guests accounted for 14% of overnight stays, and lump sum guests accounted for 37% of all overnight stays.

Guests:



Top three markets



In the circumstances of the COVID-19 pandemic, the German, Slovenian and Croatian market were especially significant for the business generated from mobile homes and individual pitches. Germans are number one when it comes to the number of overnight stays on individual pitches, Slovenians are number one when it comes to the number of overnight stays in mobile homes, and Croatians are number two when it comes to the number of overnight stays in mobile homes. In 2020, the sales and marketing activities were aimed at the combination of most important fairs (in Germany: Stuttgart, Munich), most important print media (ADAC and DCC Camping and Caravanning Guide, Avto dom magazine, Kamping i karavaning vodnik), online advertising (website, Google AdWords campaigns).

The changes brought about by the pandemic significantly reflected on the guests from Croatia as well, who were more free to move within the country. When it comes to camping in general, which also implies the Park Soline camp, the Croatian market relies mainly on lump sum guests, whose share recorded a 4.67% increase. In the same period, an increase was also recorded in the mobile homes segment, namely by 6.11%. For this reason, the camp is included in the promotional activities organized within the framework of the Croatian Camping Association and the Top Camping Association, as well as in online Google AdWords campaigns and social media campaigns.



A complementary
and integrated product



106
events



9.658
guests

DMC – Ilirija Travel

Destination Management Company / DMC Ilirija Travel is the most affected segment of the Company 's business in years of the pandemic. Complementary and integrated tourist product of all services and contents in the tourist and catering sector of the company with the aim of developing year-round business and especially strengthening the pre- and post-season tourism and the current combination of business and leisure facilities, remained almost without demand.

Additional facilities, such as Arsenal in Zadar, "Nada" event boat, scattered hotel Ražnjevića dvori, Villa Primorje, with vehicles and vessels, excursions offered, sports and event facilities within the Company, were partially unable to work or could only accommodate a limited number of guests. Apart from that, a significantly decreased number of guests prevented excursions, gatherings, shorter trips and experiences from taking place as focus was on keeping the distance. Thus, there were no events, ranging from simple trips to special programmes, incentives, events, conferences, congresses, weddings, excursions, regattas, etc. There was also no pre-season and post-season, when such events were mostly held.

A total of 106 events was held, while in 2019, 609 events were held. Services were provided to 9,658 persons, while in the previous year, they were provided to 54,749 persons. As a consequence, the expected absence of events as a direct consequence of the global pandemic and the decisions of the authorities about significant limitations of or complete bans on gatherings affected the realisation of financial performance indicators.



Real-estate sector – City Galleria Business and Shopping Centre

The real estate sector refers to the City Galleria Business and Shopping Centre in Zadar, one of the two largest shopping centres in the wider Zadar region. Completed and opened to the public in October 2008 with a total gross surface area of more than 28,500 m² spread over a total of six floors (two garage and four retail floors). The gross surface area of the centre consists of the associated underground garage with a total surface area of 10,863.50 m², 9.924,60 m² of net rentable area, as well as ancillary rooms and corridors.

The extraordinary global situation significantly affected the business activities of the City Galleria centre. There was a decrease in the number of visits to the centre, a decrease in the citizens' purchasing power and a decrease in the basket of goods as a direct consequence of performing business activities in a limited scope or of a complete ban on performing business activities for some tenants. From 31 March 2020, the lessees operating on the total of 57.4% of the net rentable centre area were unable to operate, while other lessees were able to operate in a very limited scope and with reduced working hours.

Despite the aforementioned poor indicators, the City Galleria centre retained its high rate of occupancy in 2020, which was one of the key goals of the Company in the extraordinary business conditions. The occupancy of the centre on 31 December 2020 amounted to 97.57% of all capacities, with 36 active contracts with tenants with a diverse business structure – from smaller local craftsmen to international market leaders in their respective business categories.

Revenue is generated from the following activities:



1 Lease of business premises



2 Common costs



3 Use of common areas



4 Garage parking spaces



5 Other operating revenues



Customers or tenants are divided into the following categories:



1 Local



2 National, and



3 International tenants

I Local tenants – include numerous small traders in domestic products and craftsmen, local companies operating as part of our outdoor and indoor market. One of the City Galleria centre's most important business partners is the city company Tržnica Zadar d.o.o., which does business in the mornings on an area covering more than 800 m² of the centre's outdoor covered square on a daily basis.

II National tenants - numerous local companies offering various types of products and services do business in the Centre, and we would like to note that the Company has been successfully cooperating with a large number of these businesses for more than ten years now, since the very opening of the City Galleria to the public. These businesses include, inter alia, Sport&Moda d.o.o., Monile d.o.o., Ghetaldus Optika d.d., in addition to which the Ghetaldus Polyclinic specializing in ophthalmic services does business in the centre, Posteljina. hr, Zagrebačka banka d.d. and Farmacia.

III International tenants – international retail chains are the largest tenants in the centre, whose total leased net area amounts to 48.91% of the total net rentable area of the centre. These include most famous European retail chains present on the domestic market and market leaders in their business activities, such as Müller trgovina Zagreb d.o.o., SPAR Hrvatska d.o.o., as well as a chain of fully digitized CineStar multiplex cinemas, the largest and leading cinema operator in the region.

International tenants in the centre also include PEPCO, CCC shoes&bags, Telemach Hrvatska d.o.o. and Ko-pitarna, a clothing and footwear store.



97,57%

Occupancy rate



36

Tenants

Overview of key customers by sectors:

Hotel sector



BTRAVEL



Nautical sector



Camping



Real - estate



Procurement organization is divided into procurement of:



food and beverages,



consumables



office supplies



technical material



services



energy sources



investments and investment maintenance

Procurement practices – suppliers

The procurement practice represents a material topic for the Company given its direct effects on business performance quality in terms of providing services in accordance with local and international standards of the tourism industry, and considering the economic effects it has on the local, regional and national economy, given the fact that most suppliers are from the Republic of Croatia.

All suppliers are expected to meet high parameters of quality and act in accordance with the corporate strategy and ethical business practices, while for food and beverage suppliers it is extremely important that they have a HACCP certificate.

The Procurement Service aims to ensure the supply of individual organizational units / points at appropriate times with appropriate quantities of goods/services, such as food, beverages, consumables, office supplies, spare parts, maintenance supplies, equipment, small tools and other services, namely on the basis of information on planned investments, physical volume of services, rates of consumption of basic and other materials, supplies, size of storage space and procurement possibilities, all for the purpose of maintaining service quality and reducing operating costs, while creating, preserving and nurturing good relationships with suppliers.

In order to avoid possible adverse impacts of unpredictable market changes, the standard practice is to have multiple suppliers (at least two) in each procurement area, thus mitigating possible risks and ensuring smooth business, while also achieving a more specific price, quality and delivery deadline ratio.

The process of procurement of food and beverages involves collection of preliminary tenders through a call for tenders. When choosing suppliers of food and beverages, they have to meet the following criteria: (1) They have to have a registered business, (2) They have to store, pack, transport and handle food/beverages in a way that preserves their health safety, (3) In addition to food, they have to deliver all the required documentation (delivery note, health safety certificate for the shipment), and for the food of animal origin shipped by a means of transport in domestic traffic, they shall submit the HVI 1-3 form or a certification by an authorized veterinarian on the delivery note, (4) They have to have a self-checking system, (5) They have to apply, comply with and implement the HACCP system.

Procurement for all other procurement segments, as in previous years, is organized by collecting bids directly from several different suppliers for the same type of service or goods. The bids were then analysed and the

selection of suppliers was carried out, which was followed by entering into a contract and order sending. Upon the realization of what was contracted, the goods/service and the overall business relationship with the individual supplier were verified.

The Company's suppliers are also its business partners, with which it shares values and principles of doing business. The Company strives for strategic, long-term and high-quality mutual relations with suppliers, with whom through many years of cooperation we work on creating additional value for both companies by (1) knowledge sharing, (2) improving the business process of both parties and (3) creating a quality product or service for both companies. Out of the total of 771 suppliers with whom we cooperated in 2020, we have cooperated for more than 30 years with 20 of them. With some of them, we have cooperated for our very foundation, that is, for more than 63 years.





771

Suppliers



97,69%

Transactions with Croatian suppliers



2,31%

Transactions with international suppliers

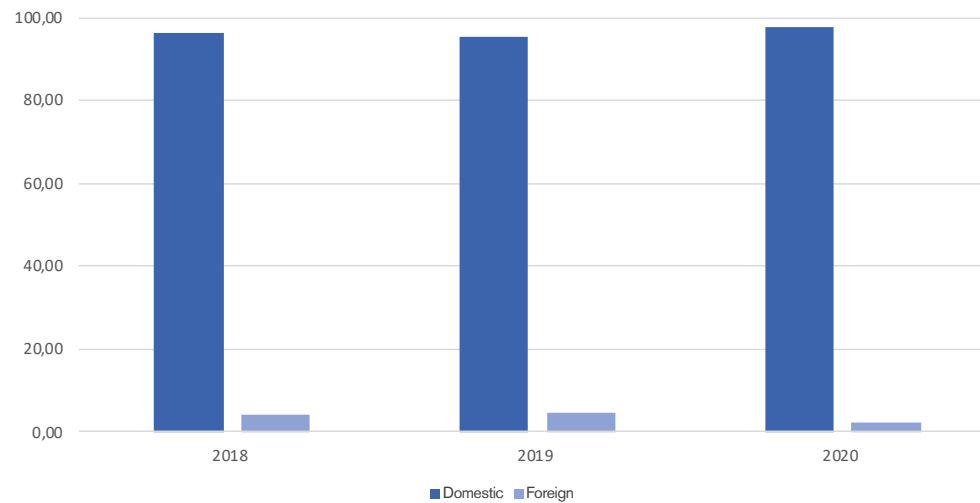
Procurement characteristics in 2020

Within the supply chain, we cooperate with producers, primary producers, distributors, wholesalers, contracted partners, brokers, consultants, small crafts and family owned farms. In 2020, there were no lawsuits against the Company brought by its suppliers.

In the business year, the Company carried out transactions with a total of 771 suppliers. Out of those suppliers, 36 have their registered office abroad, which equals 4.67% of the total number of suppliers, while 95.33% of the suppliers have their registered office in the Republic of Croatia. Foreign suppliers accounted for 2.31% of the total transactions, while domestic suppliers accounted for 97.69% of the total transactions.

The graph below shows that in 2020 the trend of a low share of foreign supplier turnover in the total realized turnover continued.

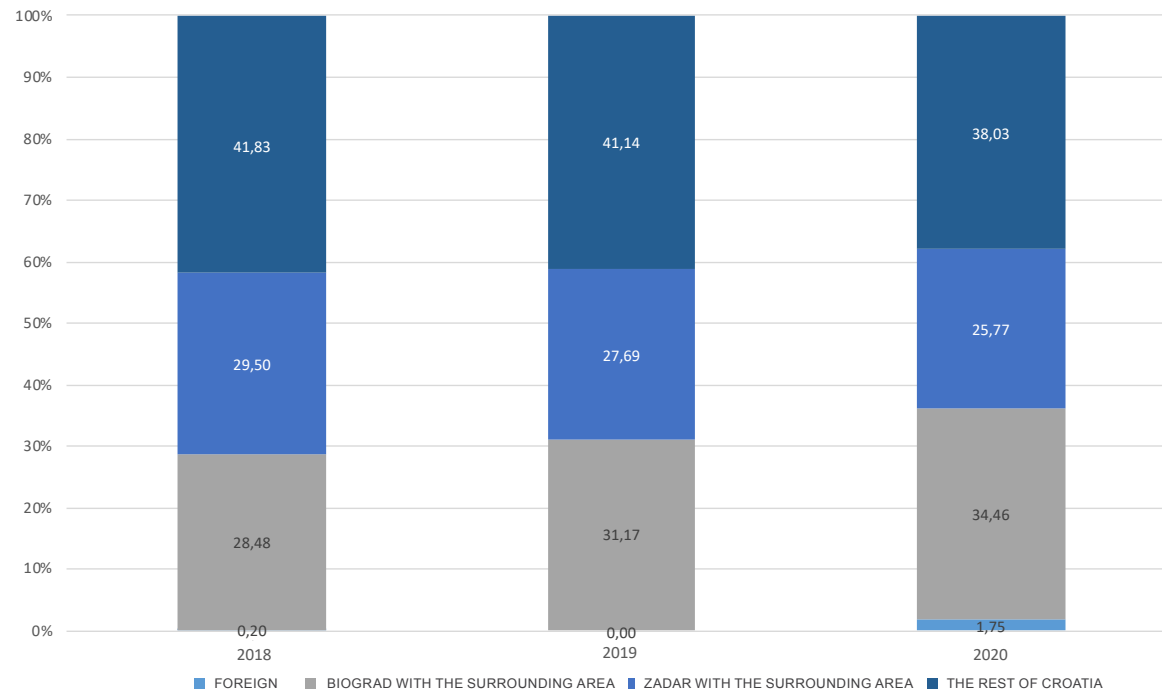
Overview of turnover of suppliers % by registered office



The transactions pertaining to the procurement of food and beverages, consumables, office supplies and technical material accounted for 16.51% of the total transactions in 2020. Cooperation with foreign suppliers in the aforementioned procurement category accounted for only 1.75% of the transactions, local suppliers accounted for 60.22% of the transactions, and the remaining 38.03% of the transactions pertained to suppliers from other parts of Croatia.

A high standard of quality of goods and services for our Company can in large part be found locally (in the town of Biograd na Moru, where the Company's registered office is located, and the municipalities in its immediate vicinity) and regionally (The City of Zadar and other towns and municipalities in Zadar County). While the local suppliers already account for a large share of the turnover, in our business activities, we always try to maintain and increase this share and thus increase our economic contribution to the local community.

Overview of turnover of suppliers of food and beverages, technical and office supplies by registered office



9 Significant events

In the reporting period, the Company disposed of 2,055 of its own shares, which represent 0.085% of the share capital, under the Share Transfer Agreement, concluded with the Company's employees in compliance with the Decision of the Company's Management Board on the allocation of treasury shares to the Company's employees free of charge as a reward for the business results achieved in 2019. Prior to disposing of the shares, the Company had 9,888 own shares, constituting 0.409% of the share capital, while, following the disposal, it has a total of 7,833 own shares, constituting 0.325% of its share capital.

The Company concluded a Memorandum of Understanding on the principles of accession to the reporting program on the study of listed medium and small enterprises of Southeast Europe with the Zagreb Stock Exchange. Consequently, the Company will participate in a two-year program of the Zagreb Stock Exchange and the European Bank for Reconstruction and Development, which aims to increase public availability of investment research reporting for listed SMEs, as well as to provide additional unexplored information on the said companies.

At the meeting held on 4 March 2020, the Company's Supervisory Board gave its consent to the Management Board for the conclusion of Annex 2 to the Loan Agreement concluded with Erste&Steiermarkische Bank d.d. pertaining to the reduction of the existing interest rate.

At the meeting held on 28/04/2020, the Company's Supervisory Board accepted the Management Board's Annual Report on the Company's Business and Situation for 2019, the Report on the Acquisition of Own Shares in 2019, the Audit Report on the Company's Business for 2019, and the Report of the Supervisory Board on Performed Supervision of Business Activities in 2019. In addition, annual financial statements for 2019 (Cash Flows, Financial Management and Condition Report), the proposal for the Decision on Profit Allocation, the proposal for the Decision on the Appointment of the Company's Auditor for 2020 and the Policy on the Admission of Members of the Management Board were established. The Supervisory Board suggested that realized profit for the financial year 2019, in the amount of HRK 31,333,914.00 after tax, be allocated as follows:

- HRK 9,400,000.00 into legal reserves, and
- HRK 21,933,914.00 into the retained profit.

At the meeting held on 15/06/2020, the Supervisory Board adopted the decision on the appointment of Mr. Goran Ražnjević as the only member of the Management Board for a new term in the duration of 5 years, namely from 18 June 2020 to 18 June 2025.

At the meeting held on 25/06/2020, the Supervisory Board gave its consent to the Management Board for the conclusion of Annexes to Long-Term Loan Agreements concluded with Erste&Steiermarkische Bank d.d., as well as for the conclusion of a Loan Agreement for Permanent Working Assets with Erste&Steiermarkische Bank d.d.

The Regular General Assembly was held on 10/08/2020, during which all decisions were adopted with the same contents as proposals contained in the Invitation to the General Assembly, while the agenda was as follows:

- the Management Board's Report on the Company's Business and Situation for 2019,
- the Management Board's Report on the Acquisition of Own Shares for 2019,
- the Supervisory Board's Report on Performed Supervision of Business Activities in 2019,
- the Auditor's Report on the Performed Audit of the Company's Business,
- taking note of the Decision on the Establishment of the Company's Basic Annual Financial Statements for 2019
- the Decision on the Allocation of Profit of Ilirija d.d. for the financial year 2019
- granting discharge to the Company's Management Board,
- granting discharge to the Members of the Supervisory Board for the performed supervision of the Company's business in the previous period,
- adoption of the Decision on the Approval of the Policy on the Admission of Members of the Management Board, and
- appointment of the Company's auditor for 2020.

In October, the Company signed agreements on deferral of payment of all monthly financial leasing instalments with the commercial bank Erste&Steiermarkische Bank d.d. until 31 March 2021.

10 Awarded Acknowledgements, Standards and Certificates

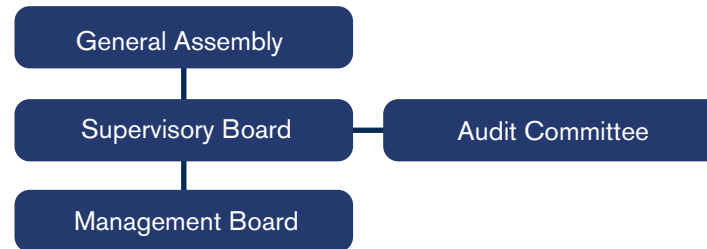
The Ministry of Tourism and Sport carried out the procedure of recategorisation of the Marina Kornati Nautical Tourism Port in which it established that Marina Kornati meets the requirements prescribed for the four-anchor category. Subsequently, the Marina Kornati Nautical Tourism Port received the four-anchor category rating. Apart from the Marina Kornati's four-anchor rating, all of the Company facilities were rated as providing high quality accommodation.

Ilirija d.d., as a socially responsible business system, joined the Gender Equality Federation at the forum held on 5 March 2020, and the president of the Management Board of Ilirija d.d. is one of the five ambassadors of the Croatian Diversity Charter. The values the Company cherishes most are equal opportunities in the workplace for all employees, both permanent and seasonal, as well as diversity of knowledge and experience and preservation of the personal and business integrity and dignity in the workplace, and the Company channels them towards the creation of a community, that is, of a motivating and stimulating business system that cares about its employees.



11 Corporate Governance

As a public limited company, Ilirija has a clearly defined dualistic management structure in accordance with the corporate governance practices and legal regulations of the Republic of Croatia, with clearly separated powers and the responsibilities of the following governing bodies of the Company:



The **General Assembly** consists of all shareholders (owners) of the company's securities. As at 31 December 2020, the Company had a total of 188 shareholders, who held a total of 2,413,488 shares. The shareholders exercise their rights at the General Assembly. All shareholders of the Company entered in the book of shares, who report their intention to participate in the General Assembly to the Company in person or by proxy shall have the right to participate. Whenever they intend to do so by proxy, they shall submit a written power of attorney no later than six days prior to the holding of the Assembly. In accordance with the provisions of the Company's Articles of Association and the Companies Act, the General Assembly adopts decisions on the following matters: appointment and dismissal of the Supervisory Board and the Management Board, increase or decrease in the share capital, decisions on the allocation of profit, decisions on dividend distribution, decisions completely or partially excluding the priority right of shareholders for the subscription of new shares, withdrawal or listing of shares from a regulated market, amendments to the Articles of Association, appointment of auditors, decisions on activity change and other matters defined by the law.

The Company **Supervisory Board** has five members, who are appointed for a term of four years. The Supervisory Board is responsible for supervising the management of the Company's business activities and appointment of the Management Board members; in addition, it decides on all other matters falling within its scope

of competence pursuant to the legal regulations and the Company's Articles of Association. The composition of the Supervisory Board is outlined in the chapter "The Company's Bodies". The Supervisory Board appoints the Audit Committee, which supervises the existence and functioning of internal controls, risk management and financial reporting, as well as independence of external auditors. Significant decisions adopted by the Supervisory Board in 2020 are indicated in the chapter "Significant Events".

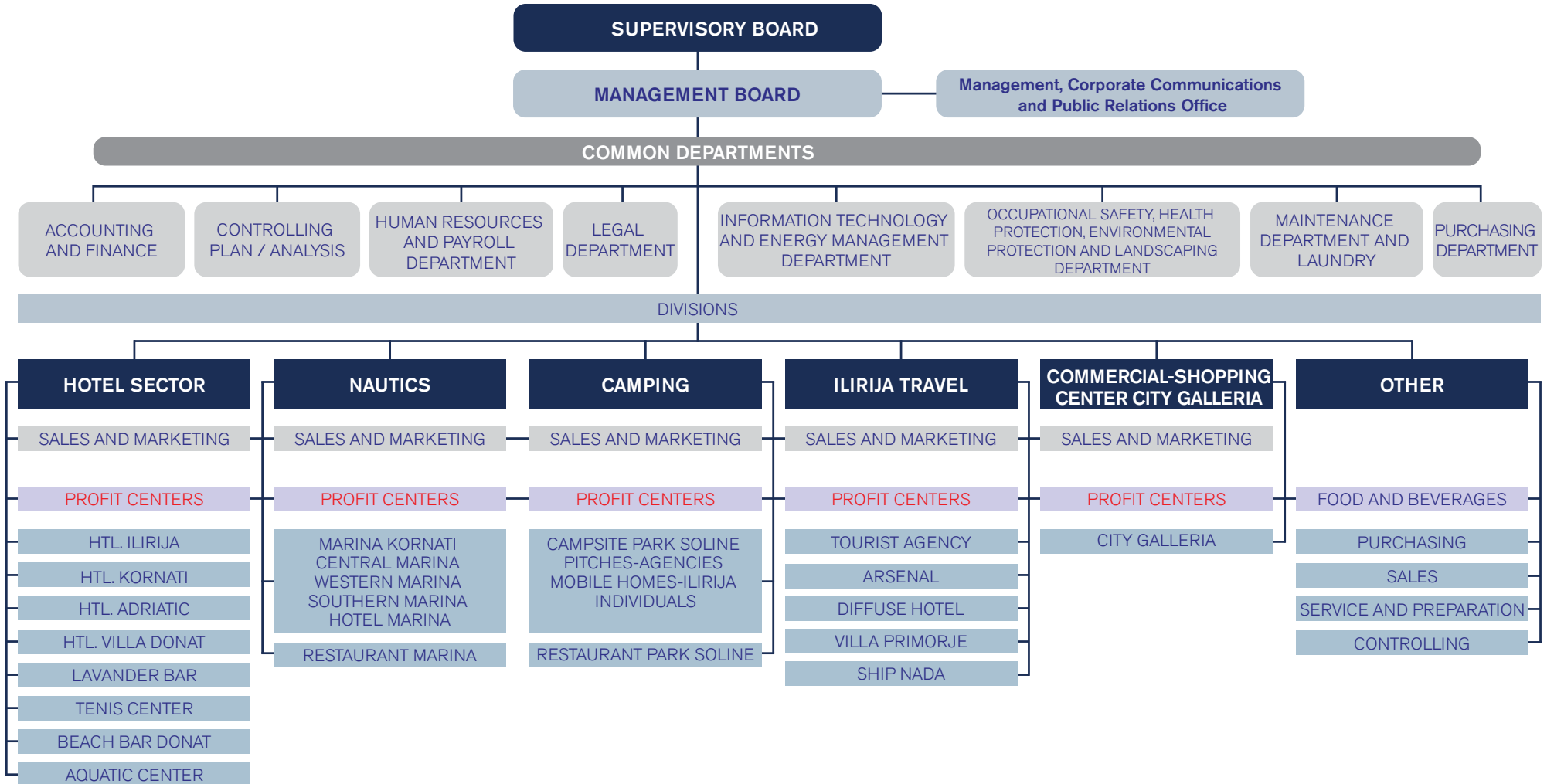


Supervisory Board	Function	Term of office	Committee
Goran Medić	Chairman	June 2017 – June 2021	Audit Committee
David Anthony Tudorović	Deputy Chairman	December 2017 – July 2021	Audit Committee
Davor Tudorović	Member of the Audit Committee	December 2017 – July 2021	
Siniša Petrović	Member of the Audit Committee	December 2017 – July 2021	
Darko Prebežac	Member of the Audit Committee	December 2017 – July 2021	Audit Committee

The Company **Management Board** is composed of one member appointed by the Supervisory Board for a five-year term. With the Decision of the Supervisory Board of 15 June 2020, Mr Goran Ražnjević was reappointed as the sole member of the Company's Management Board for a five-year term, starting from 18 June 2020. The Management Board represents the Company independently and individually and manages the Company's business activities in accordance with the Articles of Association and legal regulations.

There are no committees for decision-making regarding economic, environmental and social impacts within the Company, but the said tasks are performed by the Management Board in cooperation with the Company's management according to the business practice. Top management consists of 13 persons vested with special powers and responsibilities, a blend of youth and experience.

Organisational structure



Shareholders and the capital market

The share capital of the Company amounts to HRK 229,146,480.00, and it is divided into 2,413,488 no-par-value ordinary shares.

As at 31 December 2020, there were no significant changes in the ownership structure, while an overview of the major shareholders of the Company as at 31/12/2020 is provided below.

An overview of the major shareholders of the Company as at 31/12/2020

Owners – shareholders	Number of shares	Share in %
Arsenal Holdings d.o.o. Zadar	1.429.032	59,21
OTP banka d.d. / AZ B category mandatory pension fund	324.605	13,45
Goran Ražnjević	201.120	8,33
Davor Tudorović	95.744	3,97
RESTRUCTURING AND SALE CENTRE / Republic of Croatia	74.200	3,07
OTP banka d.d. / AZ A category mandatory pension fund	69.898	2,90
Zagrebačka banka d.d. / AZ Profit open voluntary pension fund	68.200	2,83
Goran Medić	40.000	1,66
Zoran Bogdanović	26.216	1,09
Ilirija d.d. (own shares)	7.833	0,32
Dražen Hrkač	7.224	0,30
Zagrebačka banka d.d. / ZABA closed voluntary pension fund	4.904	0,20
Other minor shareholders	64.512	2,67
TOTAL	2.413.488	100

Arsenal Holdings d.o.o., Perivoj Gospe od zdravlja 1, Zadar, PIN: 59794687464, owns 1,429,032 shares of the Company, accounting for 59.21% share in its share capital, as well as for the same proportion of votes in the Assembly.

The parent company Arsenal Holdings d.o.o. is registered with the Commercial Court in Zadar, company's court registration number (MBS): 060014554, and its share capital amounting to HRK 21,027,500.00 was paid in full.

The majority owner of Arsenal Holdings d.o.o. is Mr Davor Tudorović with a 75.25% share in its share capital, who also holds 95,744 shares of Ilirija d.d. accounting for 3.97% of its share capital.

Trading in company shares on the Zagreb Stock Exchange

Item (amounts in HRK)	2020	2019	% (change)
Total turnover	478.429,00	559.386,00	-14,47%
Average share price	174,48	187,78	-7,08%
Average turnover per transaction	12.930,51	7.878,68	64,12%
Average daily turnover	25.180,47	15.538,50	62,05%
Last share price	130,00	200,00	-35,00%
Market capitalization*	313.753.440,00	482.697.600,00	- 35,00%
Market capitalization**	421.105.386,24	453.204.776,64	-7,08%
Number of shares	2.413.488	2.413,488	

*Calculated by applying the methodology of multiplying the last achieved share price and the number of shares

** Calculated by applying the methodology of multiplying the average share price and the number of shares

On the capital market, 2,742 shares were traded, generating a turnover of HRK 478,429.00. Such a decrease was expected considering the business conditions caused by the COVID-19 pandemic, which had a particularly negative effect on companies whose core activity is hospitality and tourism. Almost the entire turnover, i.e. 96.85%, was effected in the first half of 2020. A significant decrease in the turnover of the ILRA share in the second half of 2020, compared to the first half of the year, can be attributed to market uncertainty caused by the second wave of the COVID-19 pandemic. In 2020, two thirds of the total turnover of shares at the Zagreb Stock Exchange were effected in the first half of the year, confirming the assessment of the negative impact of the coronavirus crisis on the turnover of shares on the capital market.

In 2020, the highest share price amounted to HRK 200.00, while the average share price amounted to HRK 174.48, which is a 7.08% decrease compared to the previous financial year when it amounted to HRK 187.78. The average turnover per transaction was achieved in the amount of HRK 12,930.51, representing a 64.12% increase, and the average daily turnover was achieved in the amount of HRK 25,180.47, representing a 62.05% increase compared to the previous business year.

Since a total of 0.11% of issued shares of the Company were traded, the ILRA share can be regarded as a low-liquidity share. The last share price amounted to HRK 130.00, which is a 35% decrease compared to the last share price in 2019, which amounted to HRK 200.00. The amount of market capitalization of the Company calculated by applying the methodology of the last achieved share price was proportionally reduced. Considering the low liquidity of the ILRA share, it is more relevant to express the amount of market capitalization calculated on the basis of an average share price. Based on this method, market capitalization of the Company in 2020 amounted to HRK 421,105,386.24, constituting a 7.08% decrease.

The movement of the share price designated as ILRA and comparison with CROBEX and CROBEXTURIST



12 Key Impacts, Risks and Opportunities

The Company assesses the risks at the macro and micro level for each of the business sectors, assessing them according to the criterion of likelihood of risk occurrence and consequences or impact of each individual risk on its business processes and system.

The Company's risk management process involves the following essential steps:

- I Identification of potential risks;
- II Assessment of the likelihood of occurrence of the Company's risk;
- III Assigning responsibilities and taking actions in order to eliminate and/or reduce risks;
- IV Monitoring and reassessment of risks in order to avoid their negative impacts;
- V Exchange of information on the activities undertaken and the results of actions between the business process managers and the Company's Management Board through the lines of communication established by the prescribed procedures.

(I) Financial risks:

As most entrepreneurs in the tourism sector, the Company is exposed to currency, price, credit and liquidity risks, environmental risks, the risk of the tourism industry, the risk of macroeconomic developments and the risk of changes in tax and other regulations.

The Company is exposed to the currency risk, even though it generates most of its revenue on the domestic market. The prices of accommodation services are linked to foreign currencies, predominantly to the euro, the value fluctuations of which may significantly affect business results. Exposure to the currency risk is also the result of borrowing based on loans, the agreed amounts of which are denominated in euros.

The repayment obligation regarding loans taken out with a currency clause, which the Company uses in proportion to its business load, depends on the movements of the exchange rate of the kuna against the euro. Negative aspects of exchange rate fluctuations with respect to loans are compensated by the fact that a significant portion of the Company's revenues are realised in the same currency (EUR).

Indebtedness of the Company with the commercial bank is mainly subject to fixed interest rates, so taking this into consideration, the Company is not exposed to interest rates based on that, but only due to exceptional circumstances and disturbance in the operations which are not attributable to the Company.



For the purpose of reducing credit risk, the Company strives to reduce its credit liabilities to an adequate, i.e. optimum level in order for them to be lower than its own source of funds. Financial assets that may potentially expose the Company to credit risk are cash and trade receivables. Trade receivables pertaining to certain customers may entail credit risk, depending on the level of turnover realised with certain customers and the general state of liquidity in the country. Trade receivables are reported with reference to real values. The Company actively monitors and manages trade receivables, at the same time taking especially into account the difficult collection-related circumstances caused by the COVID-19 pandemic; where possible, it applies the measures of collection in instalments; and, if necessary, eventually undertakes measures of enforced collection, including by activating security instruments for the purpose of collection of its claims. An adjustment of the value of trade receivables is indicated when there is objective evidence that the Company will not be able to collect all of its claims in accordance with the agreed terms. Apart from the aforementioned, the Company has no exposure to any other significant credit risk.

Liquidity management implies maintaining a sufficient amount of money in order to settle the Company's liabilities. One of the primary Company goals in the significantly changed business environment and in the absence of the hospitality and tourism industry activities caused by the global COVID-19 pandemic is to maintain its current liquidity for the duration of the global pandemic. The Company is, therefore, undertaking activities to diversify its existing and secure new financing sources to overcome this period, it is trying to minimize and optimize all of its operating costs, and is actively cooperating with all significant creditors by settling the liabilities they had at the moment of the declaration of the global pandemic.

Most of the Company's prices are expressed in Euro, and the Company recovers most of its claims in the said currency, thus hedging the price risk.

Bookkeeping values of the following items of financial assets and financial liabilities reflect their respective fair values: money, investments, account payables, other receivables and other liabilities, loans granted to employees, long-term liabilities.

(II) Regulatory risks:

The company is exposed to changes in tax and other regulations within the legal system of the Republic of Croatia. In particular, this applies to the regulations pertaining to the maritime domain and tourist land, in which domain the company has made significant long-term investments crucial for its business, while not all rights guaranteed by the Constitution from the field of vested rights before, during and after conversion, the pro-

tection of legal capital investments and legitimate expectations regarding legal investments have been fully realized under Art. 48 and 49 of the Constitution of the Republic of Croatia.

Pursuant to the Act on Tourism and Other Construction Land Not Evaluated in the Transformation and Privatization Process (hereinafter: the Act), the Company submitted to the Republic of Croatia a request for a concession on tourism land for the "Park Soline" Camp in Biograd na Moru for a period of 50 years. Due to unclear provisions of the Act, no decision has been rendered to date regarding the Company's request. According to the information available to the Company, no concession contract for tourism land plots in campsites has been concluded in the Republic of Croatia since the Act has come into force (1 January 2011). Until the issue of concession for tourism land in campsites is resolved, the Company timely pays its debts arising from using the said land in the campsite.

In the meantime, in May 2020 the new Act on non-evaluated construction land was adopted, and thus the Act on tourist and other construction land not evaluated in the transformation and privatization process ceased to have effect. The new Act provides for the possibility to submit an application for leasing construction tourist land for a period of 50 years, which the Company will certainly do, i.e. it will submit an appropriate application within the prescribed time period. Under the provisions of the Act on non-evaluated construction land, a company shall become the owner of buildings, land under buildings and land in camp-sites that were evaluated and entered into the value of social capital in the transformation and privatization process, while the Republic of Croatia shall become the owner of buildings and land in camp-sites that were not evaluated and entered into the value of social capital in the transformation and privatization process (so called Parts of camp-sites owned by the Republic of Croatia).

The Company is a concessionaire of the Kornati nautical tourism port in Biograd na Moru (hereinafter: Marina Kornati) for a period of 32 years, counting from January 13, 1999 and in accordance with Article 22 of the Act on Maritime Domain and Seaports (hereinafter: ZPDML) on 17 October 2017 the Company submitted to the Government of the Republic of Croatia, through the competent Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia, a request for modification and amendment of the Decision on Concession and the Concession Agreement, that is, for extending the term of the concession by a period of 50 years, i.e. until the year 2049 (extension of the concession term if new investments are economically feasible for it), primarily considering the same or similar cases from the recent Croatian practice where, according to the request for extension of the concession term submitted by other companies engaging in nautical tourism and which compete with Ilirija d.d., the concession term was extended to them in marinas by a period of 50 years.



(III) Environmental risks:

Climate change, which has a significant impact on the tourism industry globally, also poses a potential risk to the company in terms of significantly increasing the incidence of extreme weather conditions (storms, hurricanes, etc.), as well as strengthening their intensity and unpredictability, and can cause extraordinary and unpredictable damage and threats for its business. The Company pays maximum attention to overcoming such sudden and extreme climate and weather conditions by ensuring preventive, technical and spatial, as well as functional and organizational elimination of sudden and accidental risks of any nature to the highest degree possible.

(IV) Business risks:

In addition to the listed and described potential and possible risks in the Company's business operations, we believe that it is of the utmost importance to give a systematic review of other key obstacles or restrictions in the development of Croatian tourism in general, and thus of tourism companies and Ilirija d.d. as one of them.

The key obstacles or restrictions in development and investments in Croatian tourism are:

- (I) The unresolved issue of ownership since the moment of conversion, that is, property-legal, physical planning-urban and economic use and utilization of the construction tourism land in campsites and around hotels,
- (II) inadequately resolved or unresolved issue of conversion on the maritime domain, i.e. of acquired rights, legitimate investments and legitimate expectations in the maritime domain, having in mind, in particular, the contracted permanent right to utilization of the maritime domain, while companies which completed the conversion process, as is the case with our Company, carry out economic activity on the maritime domain,
- (III) VAT rate on services in tourism and hotel industry is much higher than in competitive countries, which consequently makes Croatian tourism less competitive, hinders and slows down further investments both in the construction of new accommodation facilities and in improvement of the existing services and standards, affects new employment and salaries in tourism and hospitality,
- (IV) bureaucracy, administrative barriers, frequent changes to regulations,
- (V) complex and time-consuming procedure of issuing spatial plans and issuing building and operating permits,



- (VI) inadequate management of the area by regional or local self-government, and
- (VII) fiscal and parafiscal benefits unsuitable to seasonal business activities with frequent changes in fiscal regulations.

(V) Other risks:

Other business risks, such as large-scale fires, epidemics of infectious and easily transmitted infectious diseases, accidental pollution of the coastal and marine aquarium, which are beyond the Company's control, but may potentially jeopardize the Company's business safety, are the circumstances which the Company attends to insofar as it can actively contribute to as low impact on the Company's long-term business viability as possible, being aware of the fact that the Company's impact here is reduced to measures which cannot be of key importance to the elimination of all the risks posed to the Company. In the business year 2020, the world faced an unpredictable, serious and extremely dynamic risk related to the epidemiological situation, i.e. the global COVID-19 pandemic, which has had an extremely negative impact on business entities in almost all industries, albeit the most severely affected ones are certainly the travel industry, tourism and hospitality, all of which form an integral part of the Company's core business. COVID-19 risk is also the biggest and most serious risk that the Company has faced so far, which it has successfully mitigated by implementing a series of measures and activities described in the chapter Reorganisation of Business Activities, Processes and Operations and Implementation of Measures and Activities as a Response to the Global Covid-19 Pandemic.

Precautionary approach

Striving to minimize possible environmental risks, the company applies the precautionary principle, namely by avoiding all actions that have or could have negative environmental impacts on the company, as well as on the local and regional community in which the company does business and on the society as a whole until the impact of said actions or technologies on the environment and the society as a whole is discovered. In addition to adhering to all applicable environmental regulations of the Republic of Croatia, the company has implemented additional international environmental standards (ISO 14001, Blue Flag, Green Key, Sustainable Hotel, Ecocamping) and adopted its own Environmental Policy.

Opportunities that the company recognizes as possibilities for further growth and development:

1

Croatia is globally recognized as a desirable and safe tourist destination,

2

differentiated offer of the company (hotel, nautical sector, camping, DMC Ilirija Travel, hospitality, real estate),

3

financial stability of the company,

4

sustainable and continuous investments,

5

location of facilities within the destination (on the very coast or in its immediate surroundings, close to the city centre),

6

further development of the offer and amenities that enable year-round business through the destination management system,

7

development of special interest tourism and complex tourism products,

8

years of experience and business tradition in the hospitality and tourism business,

9

preserved and pristine nature and environment, and

10

corporate social responsibility.



13 Stakeholders

Overview of key stakeholders in 2020:



1 Customers



2 Shareholders



3 Employees



4 State



5 Local community



6 Financial institutions



7 Suppliers

Taking into account that the circumstances of the business year 2020 were significantly changed due to the COVID-19 pandemic, this was partially reflected in the communication with the Company's stakeholders, as special focus was put on communication being digital/electronic:

1 Customers/guests – are the main focus of the services provided by our Company, which we classify as:



individual customers (guests)



tourist agencies,



tour operators and



corporate partners



Number of guests :
48.239



Number of overnight stays
315.923

Communication with guests/customers takes place through:



questionnaires on customer satisfaction,



regular communication with key customers (oral, electronic and online meetings, workshops, fairs, etc.)



newsletters,



company's websites, and



social media.

The Company relies on the principle that communication comprises all data, information, descriptions and representations of products and services in different forms of marketing communication, through advertising, publicity and sponsorship, must be credible, true, timely and up-to-date, without undermining competing products and services, and along with the protection of the consumers' privacy and their rights, as well as respect for human dignity and consumer rights.

2 Shareholders (owners) or holders of capital exercise their rights through the General Assembly.

The Company maintains regular communication with its shareholders through:



General Assembly – in 2020, one regular General Assembly was held



financial statements (quarterly, semi-annual and annual)



corporate notices



the Company's website



the Annual Report on Corporate Social Responsibility for 2019

3 Employees – considering that employees are the key to the success of every business system and the overall business process, the Company focused on retaining its able-bodied, highly-qualified and expert employees at all levels in the conditions of the global pandemic in 2020. In these extraordinary circumstances, the Company retained full employment despite the significantly limited scope of its business activities and had 251 employees as at 31 December 2020, and also hired additional personnel in the high season.

Communication with employees was done in compliance with epidemiological measures, by means of:



daily, weekly and monthly meetings held if necessary at the level of operating business activities, with compliance with epidemiological measures



meetings of the Board and Management,



email notifications,



notifications on the notice board, and



social media

4- 5 The State and the local community – the Company, as the leading economic entity at the local level, as well as one of the three leading companies in the region and 15 leading tourism companies in the Republic of Croatia, creates new values; that is, products and services, creates new jobs and employs locals and thus contributes to active development of tourism as one of the key industries in the Republic of Croatia, in accordance with the legal regulations and codes of conduct.

In 2020, communication with the national and local community took place through:



memberships in business and professional associations, as well as tourist board systems at the local, regional and national level,



corporate philanthropy



participation in legislative initiatives, both independently and through business and professional associations



participation in conferences and lectures (online),



publications and communications, and



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6 Financial institutions – In 2020, the Company continued its continual process of improving its reporting system, with an emphasis on transparency, comprehensiveness, completeness and timeliness of disclosure of all key financial and operational performance indicators, as well as corporate notifications and actions, with special focus on informing key stakeholders on the effect of the COVID-19 pandemic on the Company's business activities.



Timely disclosure of complete, transparent and full financial statements,



Since 2003, the Company has been listed on the Zagreb Stock Exchange



Cooperation is based on mutual trust and respect

The Company's stakeholders include financial institutions; a commercial bank and a leasing company with which Ilirija has a long-standing relationship based on mutual trust and cooperation aimed at encouraging its long-term responsible and sustainable development and growth, in the best interest of all its stakeholders. This was especially prominent in 2020, when they helped the Company by approving all of its requests related to a one-year deferral of repayment of all principals of loans and financial leases.

7 Suppliers – they influence the overall quality and the creation of additional value with their services and products, and consequently enhance the enjoyment for our end users – guests.



771

suppliers



97,69%

suppliers from the Republic of Croatia



The Company strives for strategic, long-term and quality mutual relationships with suppliers, with whom it has worked, through many years of cooperation, on creating additional value for both parties by:



knowledge sharing



improving the business process of both parties, and



creating a quality product or service for both parties.

In 2020, communication with suppliers took place through:



regular communication (oral and written, with focus on online communication),



contracts,



mutual visits, and



the exchange of knowledge



IV Economic Topics

1 Management of the Economic Aspect of Business

Economic sustainability for Ilirija as a business community is a fundamental pillar of corporate social responsibility, influencing the achievement of the planned operating results, and through their realization, influencing its other activities as well, with the limits of influence referring primarily to the local and regional level or to places where we do business as well as to the national level, considering the overall contribution to the development of the Croatian tourism industry.

The company manages the economic aspects of business by adopting a Business Plan, i.e. budget on a yearly basis, at the level of the company and each sector or profit centre individually, consolidated by the Accounting and Finance Department or the Controlling, Planning and Analysis Service, and drawn up following the basic financial goals of the company for the next financial year.

The Business Plan, i.e. budget and business reports are adopted by the Management Board, and they provide a true and fair overview of the situation in the company, as well as its operating results and cash flows as determined by the Supervisory Board and taken note of by the General Assembly.

2 Operating Results in 2020

The data related to the chapter Economic Topics were taken from the Annual Report for 2020 published on the website of the Zagreb Stock Exchange and HANFA as well as on the Company's website (<http://www.ilirijabiograd.com/>) as at 26 February 2021. Ilirija d.d. is not required to draw up consolidated financial statements.

The financial year 2020 was marked with a global pandemic, which was a major factor in the decline in economic activities, which in turn had a drastically negative effect on the travel, hospitality and tourism industries on a global scale due to the introduction of epidemiological measures. These measures included mandatory social distancing, bans on larger social gatherings, lockdowns with special emphasis on restrictions or bans on international and domestic travel, bans on performing activities in the hospitality and tourism sectors or their performance in a limited scope. The consequences

of the pandemic had an effect on all of the Company's business sectors, business process organisation and, in the end, its overall business results in 2020. From the moment the pandemic was declared, the reorganisation and adaptation of business activities was started in order to manage the crisis efficiently and mitigate its effects for the Company as a whole.

Considering the drastic decrease in tourism turnover due to the COVID-19 pandemic and the negative effects on the achieved results and the overall business activities of the whole tourism industry on a global scale, and thus also in the Republic of Croatia, the Company implemented measures and activities at the commercial, operational and financial levels in order to increase its resilience and minimise the effects of the pandemic, and thus achieved the following **primary goals**:

1

Protection and preservation of health and life of employees and guests,

2

preservation of the business and financial stability of the Company,

3

preservation of long-term business activities,

4

preservation of assets and capacities,

5

preservation of jobs and full employment,

6

performance of business activities in the Company's sectors and facilities, where possible,

7

fulfilment of obligations towards creditors, including suppliers, banks, tax liabilities and contributions

The Company founded its resilience on three key areas:



commercial resilience based on its ability to quickly and efficiently adapt to extraordinary market circumstances of doing business by adjusting its marketing and sales activities in all its sectors.



operational resilience – based on the ability to adjust operational business processes to extraordinary circumstances whilst maintaining maximum service and amenity quality and minimising possible negative effects of the COVID-19 pandemic on operational processes.



financial resilience – based on the Company's ability to maintain financial stability of the business system by maintaining liquidity, assets and business activity through realisation of revenue ensuring the Company's business stability until the end of the pandemic

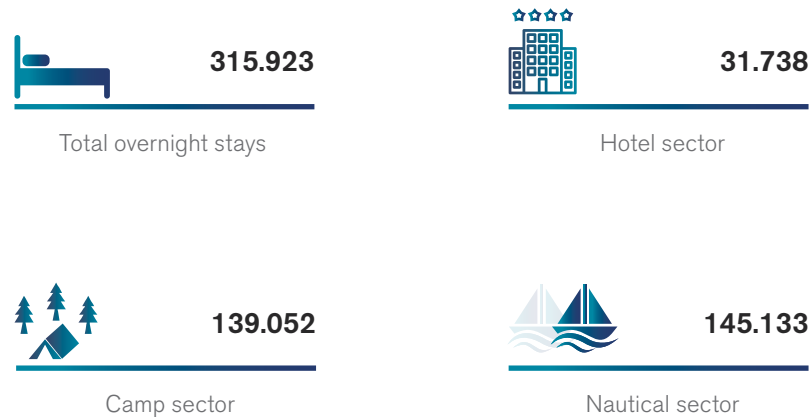


Physical Operating Results in 2020:

Since the declaration of the pandemic, business operations of the Company in the hotel sector, camping sector, and the destination management company were focused exclusively on peak season (period between mid-July and mid-August), with a complete lack of demand in the fourth quarter of the financial year, i.e. post-season, with a strong emphasis on last minute bookings, additional flexibility of the Company in booking cancellations, and stimulating demand through additional commercial benefits, which resulted in a significant decline in business activities and overall performance for the said sectors.

Despite the global crisis heavily disrupting the tourism and - industry, the nautical sector demonstrated strong resilience by maintaining key business segments on the same or a slightly lower level compared to the previous year.

Business activities in the real estate sector were carried out in a limited scope, since due to the pandemic most of the tenants were prohibited from carrying out their activities, while the tenants that were permitted to carry out their activities could only perform them in a limited scope.



Overview of key physical performance indicators in 2020

Physical indicators	2020	2019	Index 2020/2019
Hotel sector			
Number of accommodation units	443	443	100,00
Tourist overnight stays	31.738	146.815	21,62
Occupancy days	33	165	20,00
Annual occupancy	8,94%	45,30%	19,74
Nautical sector			
Number of berths	805	805	100,00
Contracted vessels	717	740	96,89
Transit berth, vessel overnight stays	9.799	11.227	87,28
Transit berth, vessel arrival	1.585	3.418	46,37
Port service – number of operations	2.831	3.688	76,76
Days of work	365	365	100,00
Camping sector			
Number of accommodation units	1.208	1.220	99,02
Days of work	275	275	100,00
Occupancy days	116,72	149,72	77,96
Mobile homes	40,87	94,45	43,27
Individuals	13,14	45,36	28,97
Fixed lease	275,00	275,00	100,00
Lump sum	275,00	275,00	100,00
Occupancy	42,44%	54,44%	77,96
Mobile homes	14,86%	34,35%	43,26
Individuals	4,78%	16,49%	28,99
Fixed lease	100,00%	100,00%	100,00
Lump sum	100,00%	100,00%	100,00
Tourist overnight stays	139.052	290.487	47,87

Overview of key physical indicators in 2020

Physical indicators	2020	2019	Index 2020/2019
Ilirija Travel			
Number of events	106	609	17,41
Number of persons (events)	9.658	54.749	17,64
Real-estate			
Number of tenants	36	37	97,30
Common costs	35	36	97,22
Use of common areas	22	21	104,76
Lease of advertising space	8	8	100,00
Garage parking spaces	410	410	100,00
Rented area (m ²)	9.924,60	9.897,60	100,27
Number of vehicles in the garage	599.329	763.982	78,45





Hotel sector

The global COVID-19 pandemic and the measures taken to prevent its spread in the country and across the globe lead to drastic changes, especially in the hotel sector, which recorded the most drastic decrease of all types of accommodation in 2020 compared to other forms of tourist accommodation. The results of the hotel sector up to the pandemic were at the level planned in the 2020 Business Plan. Following the declaration of the pandemic, the entire hotel sector of the Company (hotels, hospitality, and sports-recreational facilities) were not active for the better part of the year, that is, in the period starting from the beginning of the pandemic to 28 May 2020 and in the final quarter of the financial year, due to the implementation of strict epidemiological measures.

Along with one other hotel, the largest hotel, Ilirija****, was active during high season, unsurprisingly with significantly lower performance; specifically, there were 31,738 overnight stays generating HRK 13,317,286.13 of revenue, which represents 22% of the results from 2019.

Consequently, the market segments also underwent significant changes; in the sales channels, the fixed-lease segment was entirely lacking, group sales and allotments were extremely reduced and the largest share; that is, almost all business activities boiled down to individuals as the key market segment.

A drastic decline in the group segment from 40.4% to only 17.6% was the result of virtually non-existent business travel, conferences, seminars, team building, and the previously reinforced combination of business and holiday stays with which the Company managed to significantly prolong the season throughout the year.

Due to all of the above, there was no pre- or post-season, and the business segment – i.e. conferences, seminars, team-building programmes – was almost entirely lacking. This is in dire contrast to previous years in which special attention was paid to and significant results were achieved in the business segment.

All of the above significantly affected the key outbound markets of the hotel sector. Among the key outbound markets, domestic guests had absolute prevalence with a 51.9% share, in comparison to 19% in 2019, Slovenian guests had the second largest share of 15.8%, and German guests had an 8% share in the total guest structure.

HOTEL SECTOR - MARKET INDICATORS	2020	2019	Index 2020/2019
Average daily rate per accommodation unit (ADR)*	691,76 kn	675,59 kn	2,39%
Board services revenues per accommodation unit (RevPAR) on the 365-day basis **	61,68 kn	306,07 kn	-79,85%
Board services revenues per accommodation unit (RevPAR) on the basis of days of availability **	209,97 kn	486,98 kn	-56,88%
HOTEL SECTOR - FINANCIAL INDICATORS			
Operating revenues	13.317.286,13 kn	59.784.757,62 kn	-77,72%
Boarding income	10.000.761,78 kn	49.489.726,53 kn	-79,79%
TRevPAR***	30.061,59 kn	134.954,31 kn	-77,72%
Operating costs ****	15.899.206,79 kn	39.698.470,55 kn	-59,95%
GOP*****	-2.581.920,66 kn	20.086.287,07 kn	-112,85%
GOP per accommodation unit	-5.828,26 kn	45.341,51 kn	-112,85%
GOP margin *****	-19,40%	33,60%	-157,71%
Capital investments	1.035.669,03 kn	4.981.655,88 kn	-79,21%

Note: The hotel sector of Ilirija d.d. includes hotels (Ilirija Hotel, Kornati Hotel, Adriatic Hotel and Villa Donat) and selected profit centres operating within the hotel sector (Lavender bar, Aquatic Centre and "Ilirija" Tennis Centre).

* ADR – the average price per accommodation unit is calculated based on board services revenues (revenues from accommodation and food and beverage under board services).

** RevPAR - board services revenues per accommodation unit include board services revenues (revenues from accommodation and food and beverage under board services) divided by the number of available accommodation units in a given period (365 days; number of days of availability).

*** TRevPAR (total annual revenues per accommodation unit) means the total operating revenues of the hotel sector divided by the number of physical accommodation units.

**** The operating costs include the costs of raw materials and materials, costs of services, gross salaries and other operating costs, but they do not include depreciation, financial expenses and extraordinary expenses.

***** GOP indicates gross operating profit of the hotel industry before the allocation of common service costs, and it is calculated as follows: operating revenue - operating expenses (before allocation, excluding depreciation and fixed costs).

***** The GOP margin is calculated by relating the GOP amount before the allocation of common service costs and operating revenues.





Nautical sector

In view of the situation virtually throughout 2020, the performance of the Company nautical sector, i.e. Marina Kornati, was more than satisfactory, and the vessel accommodation segment of the nautical sector demonstrated significant stability, flexibility, and resilience, which reflected on the overall business of the Company. Nautical tourism is one of the safest forms of tourist offer, in view of the possibility of maintaining physical distance and facilitating the implementation epidemiological measures, which allowed successful performance of the core activity in the context of the pandemic and, ultimately, the achievement of physical and financial results, which support the stability and business sustainability of the nautical sector.

In 2020, the nautical sector generated revenue in the amount of HRK 43,370,116.

The revenue was generated in the nautical sector's profit centres:

- Marina Kornati – HRK 39,046,817
- "Marina Kornati" restaurant – HRK 1,894,504
- Nautical fair – HRK 2,428,795

The revenue of the nautical sector in the accommodation of vessels, i.e. Marina Kornati, amounted to HRK 39,046,817. The generation of this revenue contributed to the stability of the nautical sector as a whole since it comprises 90% of the revenue of the whole nautical sector.

In 2020, 717 berth use contracts were concluded, which is 97% compared to 2019, when 740 contracts were concluded. Of the total number of berth use contracts, 406 contracts referred to individual vessels, which is approximately 2% less compared to 2019, and 311 contracts for charter vessels, which is approximately 5% less compared to the same period in 2019. In the extraordinary business circumstances, in view of the year-round nature of business in the nautical sector, the Company directed its best efforts towards arranging and contracting vessels for individual guests, so the 3% decrease of the physical turnover from contractual berth in 2020 did not reflect on the contractual berth revenue.

The contracted berth revenue amounted to HRK 29,990,268; i.e. it was at the same level as in 2019, the best year for the nautical sector thus far, which is also the main reason why the achieved performance of the nautical sector in 2020 was more than satisfactory.



The consequences of the pandemic most strongly reflected on transit berth services pertaining to the arrival of vessels in transit, which, with 1,585 arrivals compared to 3,418 in 2019, equalled 46% of physical turnover generated in the same period of the previous financial year. Vessels in transit generated 13% less overnight stays, which can be seen as successful, since vessel overnight stays did not followed negative indicators, unlike vessel arrivals. Transit berth revenue was HRK 1,975,212 compared to 2019, when 30% less revenue was generated.

Key market and financial indicators for the nautical sector

NAUTICAL SECTOR *	2020	2019	Index 2020/2019
Operating revenues	43.370.116 kn	48.610.540	-10,78%
Operating revenues per berth	53.876 kn	60.386	-10,78%
Operating costs *	17.799.242 kn	21.369.247	-16,71%
GOP **	25.570.874 kn	27.241.293	-6,13%
GOP per berth	31.765 kn	33.840	-6,13%
GOP margin ***	59,00%	56,00%	5,21%
Capital investments	1.417.954 kn	1.441.883	-1,66%

* The operating costs include the costs of raw materials and materials, costs of services, gross salaries and other operating costs, but they do not include depreciation, financial expenses and extraordinary expenses.

** GOP indicates gross operating profit from camping / the campsite / the restaurant before the allocation of common service costs, and it is calculated as follows: operating revenue - operating expenses (before allocation, excluding depreciation and fixed costs).

*** The GOP margin is calculated by relating the GOP amount before the allocation of common service costs and operating revenue.

* There are three business units in the nautical sector: Marina Kornati, Nautical Fair (Biograd Boat Show) and the restaurant "Marina Kornati".





Camping

Until the beginning of March, business activities of the camping sector were conducted within the framework planned for 2020, but the declaration of the pandemic strongly affected planned and achieved business results in regards to both physical and financial indicators. In view of the generally seasonal nature of camping tourism in Croatia, significant business activities that only started in the second quarter of the financial year, in a year marked by the pandemic and with initial booking cancellations, the introduction of epidemiological measures and restrictions regarding travel, with significant business activities only in peak season. Business activities of the camping sector in the accommodation segment were focused on only a few outbound markets, while some of the Company's key camping markets have started introducing stricter measures regarding travel and movement of the population as early as high season (from late July to mid-August), after which similar measures were introduced in other outbound markets.

In 2020, the camping sector had 19,915 arrivals, which represents 47.98% compared to the same period in the previous year. In line with the above, a decreased number of arrivals also resulted in a decrease in the number of overnight stays, namely by 52.13% compared to the same period in 2019. 91% of the total number of overnight stays were realized in June, July and August, i.e. after European countries began to open their borders and allow free movement.

In 2020, the camping sector generated revenue in the amount of HRK 19,609,983.95, which is a 44.46% decrease compared to the previous year. The revenue was generated in the following profit centres:

- "Park Soline" campsite HRK 18,001,154.46, and
- Restaurant "Park Soline" HRK 1,608,829.49.

Revenue decreased in the case of individual guests, mobile homes and fixed leases, while the lump sum market segment realized a 3% revenue growth. Moreover, the ban on performing hospitality activities and fewer guests in the campsite also influenced the restaurant operating results and led to a 50.79% decrease in the restaurant revenue. The operating costs of the campsite as a whole decreased by 33.10%, as a result of the state of the global and European tourism markets, which resulted not only in fewer seasonal employees and the consequential decrease in labour costs, but also a decrease in all other related costs.

In 2020, capital investments in the amount of HRK 8,528,791.84 were made into improving competitiveness and the quality of services; thus, the camping sector persisted in its continual efforts to improve its services and facilities, in particular with respect to the accommodation services, despite the extraordinary services.

Key market and financial indicators for camping

"PARK SOLINE" CAMP – MARKET INDICATORS	2020	2019	2020/2019
Average daily rate per camp unit (ADR) *	126,42 kn	174,24 kn	-27,44%
Accommodation revenue per camp unit (RevPAR) on the 365-day basis **	40,32 kn	71,47 kn	-43,59%
Accommodation revenue per camp unit (RevPAR) on the basis of days of availability **	53,66 kn	94,86 kn	-43,44%
CAMPING (TOTAL) – FINANCIAL INDICATORS			
Operating revenues	19.609.983,95 kn	35.305.818,53 kn	-44,46%
TRevPAR ***	16.233,43 kn	28.939,20 kn	-43,91%
Operating costs ****	12.399.882,65 kn	18.534.768,73 kn	-33,10%
GOP *****	7.210.101,30 kn	16.771.049,80 kn	-57,01%
GOP per accommodation unit	5.968,63 kn	13.746,76 kn	-56,58%
GOP margin *****	36,80%	47,50%	-22,60%
Capital investments	8.528.791,84 kn	14.745.262,56 kn	-42,16%

* ADR – the average price per accommodation unit is calculated based on board services revenues (revenues from accommodation and food and drink under board services).

** RevPAR - board services revenues per accommodation unit include board services revenues (revenues from accommodation and food and drink under board services) divided by the number of available accommodation units in a given period (365 days; number of days of availability).

*** TRevPAR (total annual revenues per accommodation unit) means the total operating revenues of the hotel sector divided by the number of physical accommodation units.

**** The operating costs include the costs of raw materials and materials, costs of services, gross salaries and other operating costs, but they do not include depreciation, financial expenses and extraordinary expenses.

***** GOP indicates gross operating profit from camping / the campsite / the restaurant before the allocation of common service costs, and it is calculated as follows: operating revenue - operating expenses (before allocation, excluding depreciation and fixed costs).

***** The GOP margin is calculated by relating the GOP amount before the allocation of common service costs and operating revenues.



Ilirija Travel

The destination management company / DMC Ilirija Travel, as a company developing new services and amenities as a complementary tourist product by integrating all components of the Company and destination links, with a special emphasis on pre-season and post-season programmes, after expanding its offer and value-added service placement, and a record revenue generated in the previous year, experienced a discontinuity in 2020, as did the most of the travel agencies in Croatia and abroad.

In 2020, 106 events were organised through the DMC agency, which is an 83% decrease compared to 609 events in 2019. The services covered 9,658 people, with an 82.5% decrease compared to 54,749 people in the previous year. Individual events and excursions primarily intended for guests in the Ilirija facilities were significantly reduced due to a considerably lower number of guests and a short season.

All of this has been expressed in the total revenue of HRK 2,032,556.02, which is 18.4% compared to the revenue of HRK 11,037,358.48 in 2019. For the significant part of this period, group events, business group arrivals, seminars, conferences, and other events have either been prohibited or extremely limited.



Realized business events in 2020

Period	Realized events in 2020			Realized in 2019	Index 2020/2019
	Number of events	Number of people	Revenue		
January	6	2.447	447.108,99 kn	6.688,00 kn	6.685
February	10	3.280	635.118,12 kn	427.558,55 kn	149
March	4	1.349	78.699,48 kn	488.936,34 kn	16
April	0	0	0,00 kn	1.025.690,53 kn	0
May	1	68	23.617,44 kn	1.636.129,45 kn	1
June	6	391	166.316,90 kn	1.255.856,73 kn	13
July	10	100	94.320,85 kn	647.275,29 kn	15
August	28	952	336.265,19 kn	607.552,88 kn	55
September	33	652	149.728,31 kn	2.128.492,38 kn	7
October	8	419	101,380,74 kn	1.027.287,78 kn	10
November	0	0	0,00 kn	413.569,95 kn	0
December	0	0	0,00 kn	1.372.320,60 kn	0
Total	106	9.658	2.032.556,02 kn	11.037.358,48 kn	18



Real estate sector – City Galleria Business and Shopping Centre

Disruptions in business operations caused by the global coronavirus pandemic have greatly affected all tenants of the City Galleria Business and Shopping Centre. As a responsible business entity, the Company supported the tenants, that were unable to carry out their activities or that had a significantly reduced scope of business operations due to decisions of the competent authorities, in dealing with the situation caused by the pandemic through additional regulation of the collection of rent, taking into consideration the impact of the pandemic on business operations of the tenants, which ultimately helped maintain the existing lease agreements. Despite the listed negative indicators, the City Galleria business premises maintained a high occupancy rate in 2020. As at 31 December 2020, the occupancy of the centre amounted to 97.57% of all capacities, that is, 36 commercial lease agreements were active, with a surface area range from 9,80 m² to 1.836 m².

The operating revenue of the City Galleria Business and Shopping Centre generated through the lease of commercial premises, common costs, the use of common areas of the centre, the lease of advertising space and revenue from garage amount to HRK 12,679,525.37. When we include other operating revenue in the amount of HRK 98,508.95, total operating revenue of the Centre amount to HRK 12,778,034.32. The total operating revenue recorded a 10.36% decrease due to disturbances in the operations caused by the global coronavirus pandemic, which significantly affected all tenants in the City Galleria Business and Shopping Centre.



Overview of key market and physical performance indicators in 2020

KEY MARKET INDICATORS OF THE CITY GALLERIA	2020	2019	Index 2020/2019
FINANCIAL PERFORMANCE:			
Average monthly rent per m ² of commercial premises (AMR) *	69,74 kn	79,34 kn	-12,10%
Average yearly rent per m ² of commercial premises (AMR) *	836,88 kn	952,08 kn	-12,10%
Average annual garage revenue per parking space **	1.480,87 kn	2.148,90 kn	-31,09%
TURNOVER			
Commercial premises – number of active contracts	36	37	-2,70%
Common costs – number of active contracts	35	36	-2,78%
Common centre areas – number of active contracts	22	21	4,76%
Advertising space – number of active contracts	8	8	0,00%
Garage – number of parking spaces	410	410	0,00%
Garage – vehicles per annum	599.329	763.982	-21,55%
CITY GALLERIA - FINANCIAL INDICATORS			
Operating revenues	12.778.034,32 kn	14.255.205,21 kn	-10,36%
Operating costs ***	5.433.616,27 kn	6.068.418,99 kn	-10,46%
GOP **	7.344.418,05 kn	8.186.786,22 kn	-10,29%
GOP margin ****	57,5%	57,4%	0,08%
Capital investments	389.176,69 kn	407.143,91 kn	-4,41%

* AMR – Average Monthly Rent – the average monthly price per m² of commercial premises is calculated based on the revenues from the rent of commercial premises and the net available surface area of active premises.

** Average garage revenue per parking space is the annual garage revenue divided by the number of available parking spaces in a given period (365 days; number of days of availability).

*** The operating costs include the costs of raw materials and materials, costs of services, gross salaries and other operating costs, but they do not include depreciation, financial expenses and extraordinary expenses.

**** GOP (Gross Operating Profit) indicates gross operating profit from the real estate sector before the allocation of common service costs, and it is calculated as follows:
operating revenues – operating expenses (before allocation, excluding depreciation and fixed costs).

***** The GOP margin is calculated by relating the GOP from the real estate sector before the allocation of common service costs and operating revenue.

Financial operating results in 2020

The Company considers the achieved business results to be an extraordinary and important success – even though they were, as expected, poorer than in 2019 due to the aforementioned reasons, in particular the operating revenue, which amounted to 58.22% of the previous year's results, but with positive realization of all key indicators of the Company's operating profitability, that is, its operating profit in the amount HRK 21,197,695.74, that is, EBITDA in the amount of HRK 21,294,901.08 and profit in the amount of HRK 1,021,879.54. In the extraordinary business circumstances, the Company continued to create value for its shareholders by reducing its total liabilities, retaining full employment, successfully completing its ongoing investments and improving the quality and standard of its nautical sector, which was awarded a four-anchor (star) rating in October.

In 2020, total revenue amounted to HRK 97,737,763.82 and equalled 58.25% of the revenue generated in 2019, when it amounted to HRK 167,797,556.86, which is a consequence of a 45.48% decline in sales revenue in all Company sectors – in the domestic market, the sales decreased by 37%, accompanied by a 72% decrease in the foreign market.

With respect to operating profitability, all the key profitability indicators (operating profit, profit, EBITDA and EBIT) – which were poorer, as expected considering the conditions for doing business – were realised, but the sole fact that the Company realized them in the financial year which was by far the most challenging one for tourism and hospitality at the global level, with a 74% decrease in international arrivals, proves that the Company demonstrated resilience, sustainability and stability of its business activities.

Under significantly strained conditions of doing business, the Company managed to achieve results which ensured stability, liquidity and profitability of its operations by:

1

On 12 March 2020, the day the COVID-19 outbreak was declared a pandemic, the Company initiated the reorganisation and adjustment of its business processes to the new circumstances in order to manage the crisis efficiently and mitigate its effects

2

The Company's primary focus was the preservation and protection of health of its guests and employees through the strict implementation of epidemiological measures and recommendations set by the competent authorities, and continuous improvement of health and safety standards and protocols, which allowed for smooth performance of its business activities

3

A diversified tourism portfolio, which ensured the stability of the Company's business system, market competitiveness and a more flexible offer in line with the market demands in the new circumstances

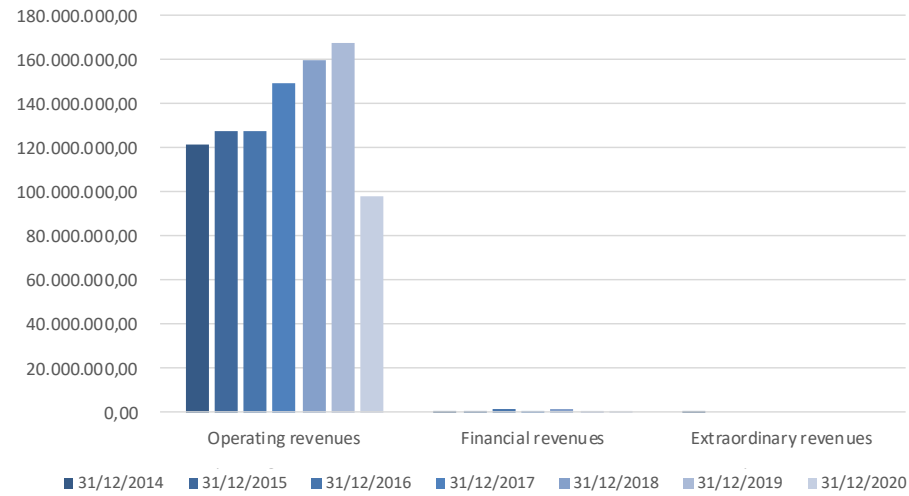
4

By creating added value for the shareholders, the quality and standards of the nautical and camping sector were improved and the real-estate sector's capacities were additionally increased

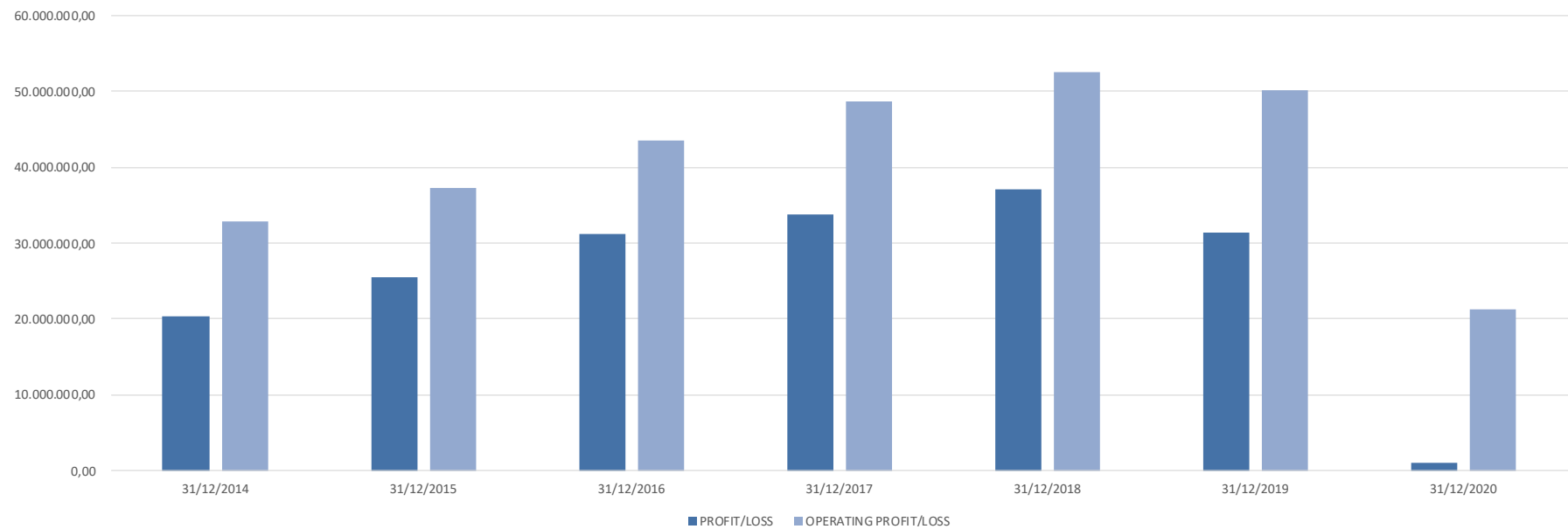
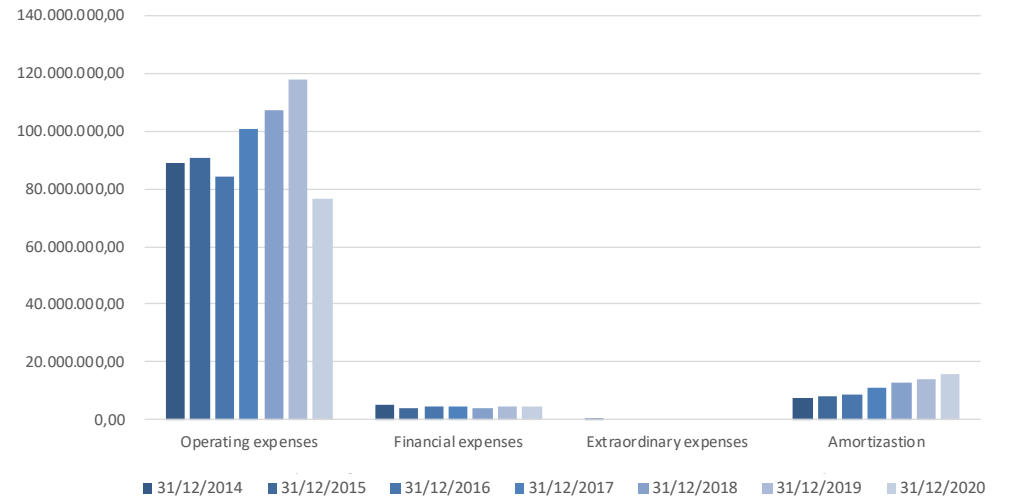
Review of financial performance for 2020 and comparison with 2014-2019:

DESCRIPTION	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	Index 2020/2019
Operating revenues	121.792.647,35	127.662.219,39	127.591.140,20	149.515.545,23	159.490.115,09	167.711.919,32	97.640.558,48	58,22
Financial revenues	136.259,45	484.269,24	1.427.867,11	961.132,18	1.558.764,96	85.637,54	97.205,34	113,51
Extraordinary revenues	944.845,32	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
TOTAL REVENUES	122.873.752,12	128.146.488,63	129.019.007,31	150.476.677,41	161.048.880,05	167.797.556,86	97.737.763,82	58,25
Operating expenses	88.837.309,12	90.379.281,57	83.991.877,85	100.879.406,31	106.832.625,88	117.487.302,65	76.442.862,74	65,06
Financial expenses	5.355.803,37	4.030.686,50	4.774.080,17	4.564.585,65	4.384.189,54	4.596.906,56	4.599.367,76	100,05
Extraordinary expenses	825.305,72	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	7.470.218,79	8.225.981,02	9.012.252,49	11.146.900,91	12.796.897,41	14.379.433,99	15.673.653,78	109,00
TOTAL EXPENSES	102.488.637,00	102.635.949,09	97.778.210,51	116.590.892,87	124.013.712,83	136.463.643,20	96.715.884,28	70,87
PROFIT/LOSS	20.385.115,12	25.510.539,54	31.240.796,80	33.885.784,54	37.035.167,22	31.333.913,66	1.021.879,54	3,26
OPERATING PROFIT/LOSS	32.955.338,23	37.282.937,82	43.599.262,35	48.636.138,92	52.657.489,21	50.224.616,67	21.197.695,74	42,21
EBITDA	33.211.137,28	37.767.207,06	45.027.129,46	49.597.271,10	54.216.254,17	50.310.254,21	21.294.901,08	42,33

REVENUES 2014-2020



EXPENSES 2014-2020



FINANCIAL OPERATIONS
reporting system according to the USALI standards
01/01/2020 – 31/12/2020

ILIRIJA d.d. TOTAL (after allocation – reallocation of the common revenue and common costs)

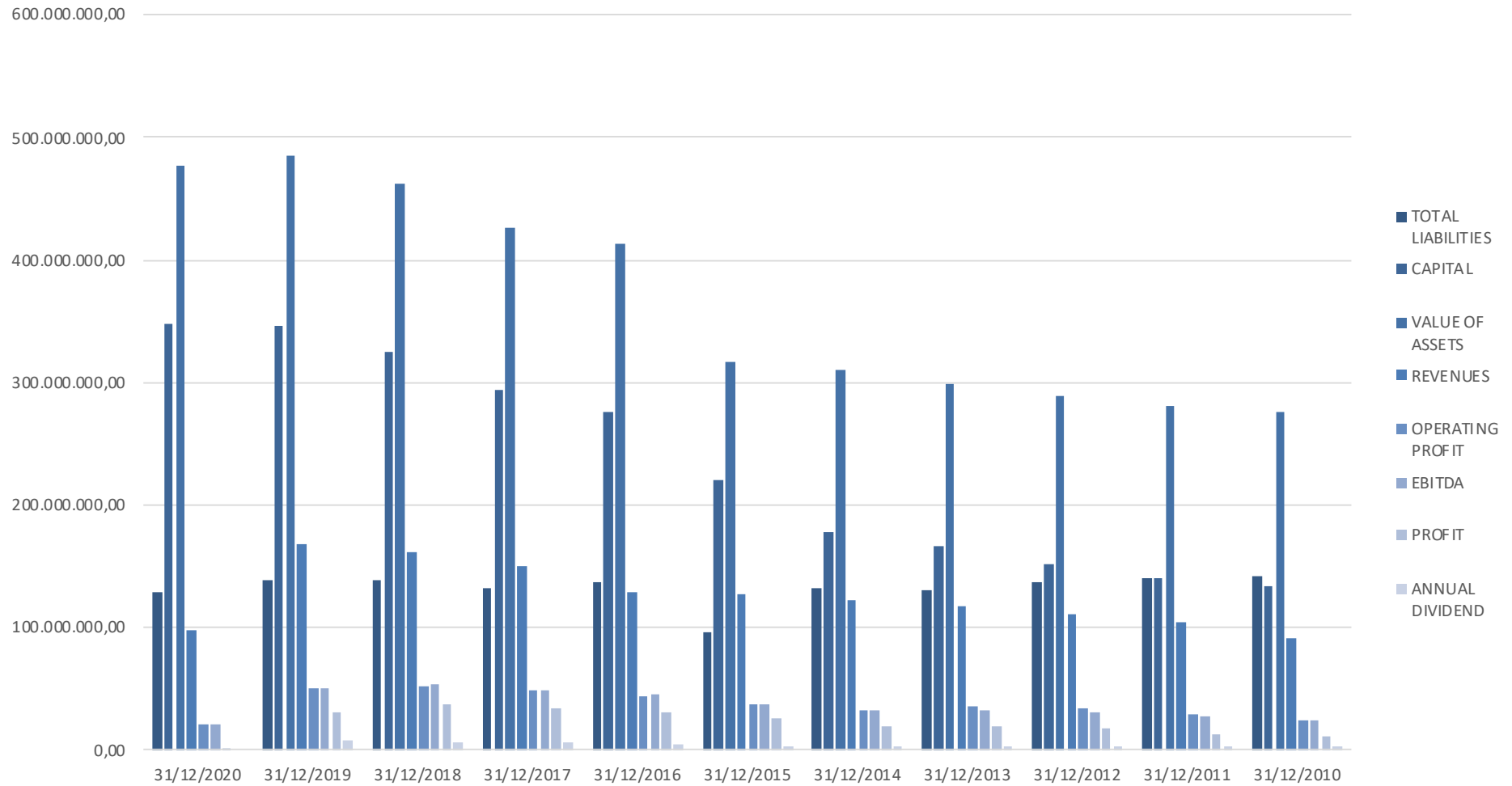
Items	Annual cumulative achievements in 2018	Annual cumulative achievements in 2019	Annual cumulative achievements in 2020	Index 2020/2019
TOTAL NET REVENUE (operating)	154.730.525,93	162.572.725,53	86.807.046,13	53,40
Total direct costs	12.125.059,28	13.074.369,96	3.816.626,71	29,19
Total salary and labor costs	26.803.096,21	29.948.241,60	17.948.185,79	59,93
Total other department costs	11.971.394,44	14.261.204,73	4.974.907,46	34,88
TOTAL CONTRIBUTION	103.830.976,00	105.288.909,24	60.067.326,17	57,05
Total costs to GOP	95.914.637,37	103.939.195,48	67.299.371,85	64,75
GOP	58.815.888,56	58.633.530,05	19.507.674,28	33,27
Grandtotal net revenues	161.048.880,05	167.797.556,86	97.737.763,82	58,25
Grandtotal costs	124.013.712,83	136.463.643,20	96.715.884,28	70,87
PROFIT BEFORE TAXATION	37.035.167,22	31.333.913,66	1.021.879,54	3,26
Corporate income tax	0,00	0,00	0,00	#DIV/0!
NET PROFIT	37.035.167,22	31.333.913,66	1.021.879,54	3,26
EBITDA	54.216.254,17	50.310.254,21	21.294.901,08	42,33
EBIT	41.419.356,76	35.930.820,22	5.621.247,30	15,64

CUMULATIVE COMPARATIVE OVERVIEW

of fundamental operating results, as well as asset, capital and liability indicators of the company as on 31/12/2020, and for the 2010 - 2020 period

YEAR	TOTAL LIABILITIES	CAPITAL	VALUE OF ASSETS	REVENUES	OPERATING PROFIT	EBITDA	PROFIT	ANNUAL DIVIDEND
1	2	3	4	5	6	7	8	9
31/12/2020	128.597.530,12	348.072.517,52	476.670.047,64	97.737.763,82	21.197.695,74	21.294.901,08	1.021.879,54	0,00
31/12/2019	138.494.716,54	346.783.374,38	485.278.090,92	167.797.556,86	50.224.616,67	50.310.254,21	31.333.913,66	8.417.962,00
31/12/2018	138.016.497,87	324.375.413,08	462.391.910,95	161.048.880,05	52.657.489,21	54.216.254,17	37.035.167,22	7.221.240,00
31/12/2017	131.841.078,15	294.216.184,59	426.057.262,74	150.476.677,41	48.636.138,92	49.597.271,10	33.885.784,54	6.016.540,00
31/12/2016	137.502.260,55	275.683.907,98	413.186.168,53	129.019.007,31	43.599.262,35	45.027.129,46	31.240.796,80	4.937.148,00
31/12/2015	96.706.510,04	220.353.306,88	317.059.816,92	128.146.488,63	37.282.937,82	37.767.207,06	25.510.539,54	3.740.790,00
31/12/2014	133.053.616,64	177.858.715,67	310.912.332,31	122.873.752,12	32.955.338,23	33.211.137,28	20.385.115,12	3.740.790,00
31/12/2013	131.195.062,79	166.861.394,25	298.056.457,04	117.320.406,69	35.656.918,81	32.847.699,25	20.129.183,90	3.740.790,00
31/12/2012	136.546.285,85	151.895.416,40	288.441.702,25	111.134.832,70	33.826.442,35	31.157.639,71	18.255.129,12	3.740.790,00
31/12/2011	139.927.300,98	140.262.242,54	280.189.543,52	103.735.228,95	30.013.975,99	28.030.097,35	13.249.683,38	3.740.790,00
31/12/2010	142.308.155,23	133.202.459,64	275.510.614,87	91.364.944,55	25.112.703,16	24.378.316,58	11.512.758,85	3.740.790,00

A graph of basic performance, as well as Company asset, capital and liability indicators as at 31/12/2020, and for the period 2010-2020



Financial performance indicators in 2020 and 2019

In these extraordinary business conditions of 2020, the business results realized have ensured stability, resilience and sustainability of its business activities, with poorer values of performance indicators, which is to be expected considering the circumstances of the business year.

Indicator	2019	2020	Index 2020/2019	
Financial stability, liquidity and indebtedness				
Self-financing rate	71,46%	73,02%	1,022	Share of equity capital in total fund sources (i.e. in total liabilities & stockholders' equity).
The degree of indebtedness	28,54%	26,98%	0,945	Share of debt in total fund sources (i.e. in total liabilities & stockholders' equity).
Financial stability coefficient	1,01	0,99	0,976	Fixed assets to long-term sources ratio (shareholders' capital and reserves increased by long-term liabilities).
Accelerated liquidity coefficient	0,80	1,17	1,459	Ratio of current assets reduced by the stocks and short-term liabilities.
Current liquidity coefficient	0,85	1,22	1,438	Current assets to short-term liabilities ratio.
Activity indicators				
Ratio of total assets turnover	0,35	0,21	0,593	Total revenue to total assets ratio shows how many times in a year the disposable assets are used to generate total revenues.
Short-term assets turnover ratio	4,93	3,52	0,714	Total revenue to current assets ratio shows how many times a year the disposable current assets are used to generate total revenues.
Business performance indicators				
Cost effectiveness	1,23	1,01	0,822	Total revenue and total expenses ratio.
Profitability	18,67%	1,05%	0,056	Net profit/loss and total revenue ratio.
Return on assets	6,46%	0,21%	0,033	Annual rate of return on invested assets indicates the profit/loss and total asset ratio.
Share of EBITDA in total revenue	29,98%	21,79%	0,727	Earnings before interests, taxes, depreciation and amortization to total revenue ratio.
Share of EBIT in total revenue	21,41%	5,75%	0,269	Earnings before interests and taxes to total revenue ratio.

Composition of resources and sources of financing in the balance sheet as at 31/12/2020

Indicator	Year 2019	Year 2020	Index 2020/2019
Share of fixed assets in the assets	92,99	94,17	101,27
Share of current assets in the assets	7,01	5,83	83,17
Share of capital in reserves and in liabilities	71,46	73,02	102,18
Share of long-term commitments in the liabilities	20,28	22,21	109,52
Share of short-term commitments in the liabilities	7,88	4,40	55,84
Share of operating revenue in equity and reserves	48,36	28,05	58,00
Share of operating revenue in long-term commitments	170,46	92,25	54,12
Share of operating revenue in total commitments	121,10	75,93	62,70
Share of operating revenue in liabilities	34,56	20,48	59,26

Direct, created and distributive economic value 31/12/2017, 2018, 2019 and 2020

in HRK

Description	2017	2018	2019	2020	Index 2020/2019
Directly generated economic value	150.476.677,41	161.048.880,05	167.797.556,86	97.737.763,82	58,25
Revenues from sales	149.515.545,23	159.490.115,09	167.711.919,32	97.640.558,48	58,22
Other revenues	961.132,18	1.558.764,96	85.637,54	97.205,34	113,51
Distributed economic value	113.026.346,47	124.382.181,44	131.769.473,18	78.860.939,55	59,85
Operating costs	64.756.352,99	67.755.034,47	74.579.735,50	44.588.981,21	59,79
Employee salaries and benefits	35.357.395,00	38.700.915,13	42.380.521,92	31.301.623,90	73,86
Payment to capital providers	6.016.540,00	7.211.240,00	8.417.962,00	0,00	0,00
Payments to the government	6.646.839,96	10.338.315,56	5.864.208,53	2.418.076,81	41,23
Investments in the community	249.218,52	376.676,28	527.045,23	552.257,63	104,78
Retained economic value	37.450.330,94	36.666.698,61	36.028.083,68	18.876.824,27	52,39

3 Indirect Impacts of the Company

In 2020, indirect economic impacts of the company were evident in several areas:

1

- In view of human resources management in 2020, the Company retained full employment; that is, it preserved the jobs of all of its existing employees and their financial situation arising from employment; i.e. it successfully retained its able-bodied, highly-qualified and expert employees at all levels for future business activities after the pandemic ends.

2

- In our relations with suppliers and the entire procurement procedure, of 771 suppliers with whom we cooperate, as much as 95.33% are from the Republic of Croatia, generating 97.69% of our total turnover and thus stimulating the national economy, with a special emphasis on stimulating the economy of the local community.

3

- As the largest business system in the area of its registered office as one of the three largest tourism companies in the wider Zadar region, as well as in the destination where most of the Company's tourism facilities for the provision of accommodation services are located, by developing our own offer of amenities and increasing the level of their quality (nautical and camping sectors), the Company directly increases the quality of the destination's tourism offer.

4

- Via its corporate philanthropy system, the Company dedicated special efforts to providing assistance to the healthcare system in the local community in fighting the COVID-19 pandemic and providing assistance to those in need in the earthquake-affected areas.

Corporate Philanthropy

The Company makes additional contributions to the community through its corporate philanthropy system, i.e. donations and sponsorships.

Considering the pandemic and other extraordinary events in the wider community in 2020, the Company's corporate philanthropy focused on responding to the immediate needs of the community, that is, the so-called ad hoc donations/sponsorships.

In 2020, the Company supported activities, projects and individual requests through the corporate philanthropy system, namely in the following areas:



(I) Culture



(II) Humanitarian programme



(III) Science – Education



(IV) Health



(V) Sport



(VI) Society

In the reporting period of 2020, within its corporate philanthropy system, Ilirija's donations and sponsorships amounted to HRK 644,355.93 granted in cash, while the value of the services provided amounted to HRK 790,000.00, with a total amounting to HRK 1,434,355.93*.

**This figure differs from the figure indicated in the table "Directly generated and distributed value", namely in the item "Investments in the community", which includes only donations and sponsorships provided in cash in the net amount.*

Corporate Philanthropy in 2020



25 donations



13 sponsorship activities



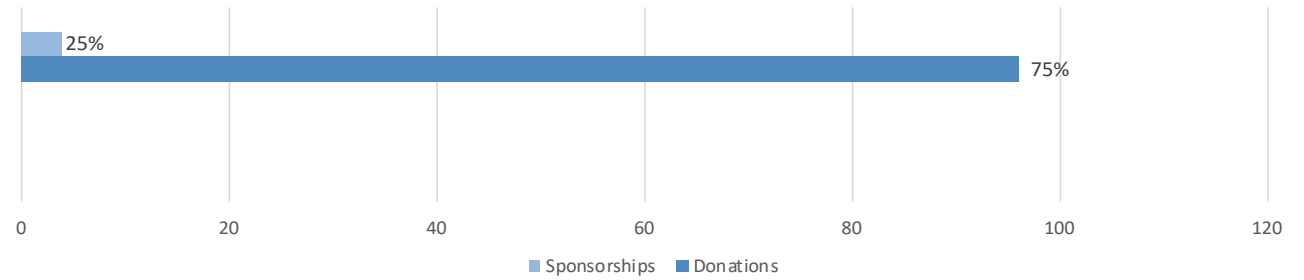
28 supported activities and projects
 Σ HRK 1,434,355.93

Corporate Philanthropy in the 2015-2020 period

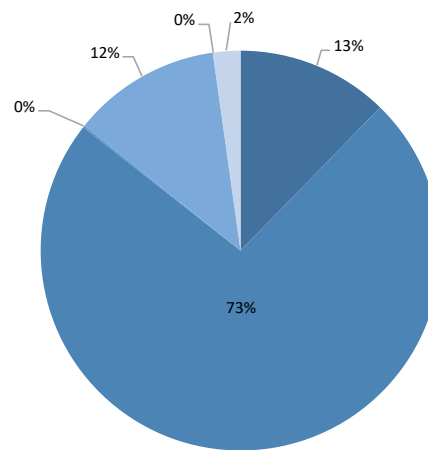


443 activities
 Σ HRK 3.907.861,72

The ratio of donations and sponsorships in 2020

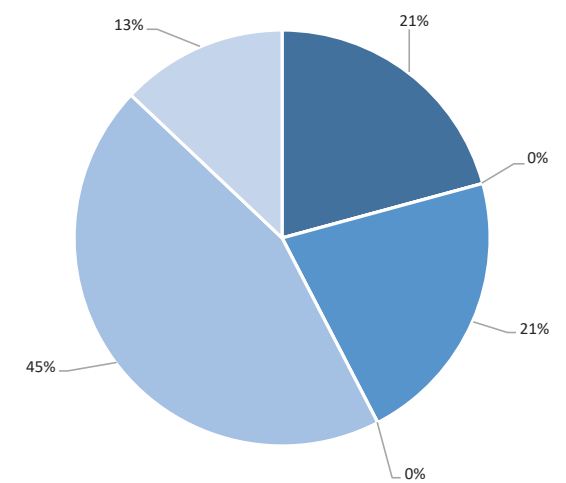


Overview of donations by area in 2020



- Culture
- Humanitarian program
- Science and education
- Health
- Sport
- Society

Overview of sponsorships by area in 2020



- Culture
- Humanitarian program
- Science and education
- Health
- Sport
- Society



Despite the significantly strained conditions of doing business, the Company continued its corporate philanthropy policy and put special emphasis on ad hoc support to activities and institutions focused on donations to healthcare institutions to improve healthcare standards by donating equipment and supplying protective equipment due to the COVID-19 pandemic, or on the provision of assistance to those in need in extraordinary situations.

Among other, we would like to emphasise that the Company come together with other companies in the Zadar County and donated medical equipment to the Gastroenterology Department of the Zadar General Hospital. Furthermore, since the declaration of the pandemic, the Company has donated to the Zadar General Hospital the amount of HRK 99,900.00, earmarked for procurement of protective equipment, whereas the amount of HRK 19,808.00 has been donated for the same purpose to the Zadar Police Administration as well as local family medicine practices.

The Company participated in the humanitarian aid project of the Government of the Republic of Croatia organised in order to provide assistance to the earthquake-affected areas, and in cooperation with the Ministry of Tourism and Sport and the Association of Employers in Croatian Hospitality, made available to victims from the earthquake-affected areas of the Sisak-Moslavina County, accommodation in mobile homes at the Park Soline camp-site and the Villa Donat hotel; also, the Company delivered to the said area six fully equipped and adapted mobile homes worth a total of HRK 790,000.00.

In relation to cultural activities, we would like to note Ilirija's participation with the Zadar Branch of Matica hrvatska Centre, Polača Municipality and University of Zadar in the issuance of The Past and Present of the Polača Region, a publication which includes 24 high-quality, professional scientific works and serves a permanent written memorial of the past of the Polača Region, protecting the history, language, customs and traditions of that area from oblivion.



The measures and recommendations of the competent authorities aimed at preventing the spread of COVID-19 significantly affected numerous activities which the Company had initiated, held and supported before the pandemic outbreak. We have continued our cooperation with the local community, as well as arts and sports associations from the Zadar County oriented towards cooperation with school and preschool children, local cultural institutions and other potential partners mainly in the City Galleria Business and Shopping Centre with the surroundings in which it does business.

Among the activities, which took place in accordance with all the decisions adopted by the competent authorities on the necessary epidemiological measures, we would like to note the following ones:

- “Masquerade”, a carnival dance held in cooperation with the Gesta Dance Association as an event promoting the art of dance by presenting fragments of original dance productions, intended for children and their parents as a morning family gathering during the last weekend of the carnival activities
- Implementation of a charity project of the “Stanko Ožanić” School of Agriculture, Food Sciences and Veterinary Medicine from Zadar, within which visitors to the centre were presented with Valentine Day’s products of the school cooperative.
- Cooperation with the non-profit humanitarian organisation “Ulični fenjer”, which provides assistance to homeless and socially vulnerable persons by creating, printing and selling magazines and uses the funds generated from that to meet the fundamental needs of their users.
- Cooperation with the humanitarian organisation “Voli Život”, which takes care of severely ill and socially vulnerable children across Croatia by means of financial donations for purchase of aids, help with payment of medications and surgery abroad and in the country.
- Continuation of the long-term partnership with the humanitarian organisation UNICEF on the implementation of the “Childhood Guardians” programme in the City Galleria Centre.



City Galleria





One of the largest
Croatian and Central
European nautical fairs

CROATIA CHARTER EXPO

enhances Croatia's
competitiveness as a
leading charter destination



More than 1600
charter vessels

B2B

Biograd B2B – a platform
for business networking
in the nautical sector

4 Contribution to the Development and Recognisability of Destinations

By developing and holding various events primarily aimed at the local community, Ilirija contributes to the recognisability of the destination itself. The reason behind this is not just commercial value, but also the events' wider social significance, while also creating numerous positive effects such as contributing to the development of the offer and recognisability of the destination.

Biograd Boat Show

In 2020, we would like to note our event which is exceptionally important for Croatian nautical sector and overall tourism – the Biograd Boat Show. By holding the Biograd Boat Show, we have continued the tradition of holding one of the largest Croatian and Central European nautical fairs, which was also one of the few larger nautical fairs held during the COVID-19 pandemic.

Extending the fair by one day allowed all interested parties to get in contact with everyone they wanted while avoiding crowds, keeping the social distance and complying with the epidemiological measures, which were carefully prepared for and implemented. The two-day Croatia Charter Expo enabled Croatian charter companies to establish contacts on vessels at a special pier. The fair hosted over 240 exhibitors as well as about 60 owners, operators, and charter agents holding more than 1600 charter vessels.

This year, the Biograd B2B platform for business networking in the nautical sector enabled nautical companies to participate in the fair online and schedule video conference calls with B2B members from Biograd, which resulted in more than 300 business contacts on the platform.

The organisation of the fair demonstrated the resilience of the nautical industry and confirmed the Company's ability to maintain the continuity of its activities under difficult business conditions and to continue to contribute to furthering the development and recognisability of Croatian charter tourism.



Croatian cultural heritage monument



2020 – 18 events and 6,961 persons



Building an image of a quality destination

Arsenal

Arsenal, a Croatian cultural heritage monument is especially significant for the recognisability of the Company and the destination. Its revitalisation turned it into a must-see cultural, entertainment, MICE, and event centre in Zadar and the region. In 2020, there was a decrease in the number of organised events, visitors, and revenue compared to the previous year due to the new situation. In the course of the year, 18 events were held with a total of 6,961 participants – much fewer than in previous years – due to the ban on operation or, at the time of permitted operations, a significant restriction of the number of participants per event. The aforementioned events were mostly held in the first quarter of the year and, with a significantly lower participation and in compliance with epidemiological measures, in August and September. Arsenal represents an interpretation and application of the concept of “culture tourism” in practice – a new cornerstone of the Croatian tourism which combines preservation of cultural monuments with practical use.

Arsenal not only enhances the quality of life in Zadar and aims to meet the commercial and cultural needs of its visitors and the community, but it also illustrates how entertainment and culture successfully contribute to building an image of a quality destination.

Aquatic centre

Offering diverse music, sports and entertainment activities, the Aquatic Centre plays a significant role in the development of the tourism offer of Biograd na Moru. In the high season, day and evening entertainment programmes take place in the centre on a daily basis, such as concerts by famous Croatian musicians or Dalmatian parties. However, these could not be held in 2020 due to the adopted epidemiological measures.

Sports activities, swimming lessons held by expert coaches on a daily basis as well as water polo matches contributing to the development of another form of tourism in the destination, namely sports tourism, also take place in the Aquatic Centre.



Centre of entertainment events in Biograd na Moru



Development of the destination's sports tourism



V Environmental topics

1 Environmental management

The Company bases its business policy on management in line with the principles of sustainable and responsible development, with particular focus on environmental protection, as the environment is the fundamental resource of the tourism industry and the foundation of sustainable and responsible tourism development. Environmental protection represents a significant segment of the Company's integrated management systems and is a part of its strategic decisions and business processes.

By following and adhering to environmental legislation and to the integrated Environmental and Quality Policy (integration of ISO 9001:2015, the quality management system standard, with ISO 14001:2015, the environmental management system standard), the Company reaffirms its fundamental commitment – to preserve the environment for future generations.

As a responsible business entity, the Company devotes considerable efforts to and carries out continual activities focused on the implementation of standards, procedures and regulations of the European Union on all environmental protection (protection of marine waters, coasts, water, air, soil) and waste management aspects, and it also pioneered the introduction of use of green energy – i.e. energy from renewable resources. All impacts the Company has on the environment are sought to be quantified via their physical indicators.

The operational level of environmental management with the aim and obligation of:



1 Compliance with legal regulations,



2 Prevention of environmental pollution,



3 Reduced quantities and harmfulness of the waste produced,



4 Reduced emissions of air, soil and water pollutants, and



5 Education and training of employees pertaining to environmental protection.

Regular inspections confirm the Company's compliance with legal regulations, while external audits of its national and international eco-labels or standards serve as tools to improve the Company's environmental focus and confirm its contribution to a greener environment.

Therefore, a Head of Environmental Protection has been appointed within the company, and they answer to the Management Board. At the annual level, the Head of Environmental Protection prepares plans and activities with defined goals at the level of the entire business system, but also of each individual sector, taking into account their specific nature and the operational nature of the business activity.

In addition to adhering to legal requirements, the Company strives to implement international environmental standards, even though they do not constitute a legal requirement.

International environmental standards met and certifications obtained:



ISO 14001 is the most widely used international standard for environmental management. With the aid of ISO 14001, implemented and certified in 2014 and integrated in 2018 with the environmental management system (ISO 9001:2015) into a single Environmental and Quality Policy, the Company focused on the preservation and continual improvement of the processes related to the environment. By establishing our environmental and quality management system, we guarantee that all environmental management issues related to our business activities are under constant supervision, and any potentially negative impacts of our business activities on the environment are minimized.



Green Key is a certification program for accommodation units designed to raise awareness among owners, staff and clients regarding the need for environmental protection and the need to promote sustainable development. It is awarded to accommodation facilities, which decrease adverse impacts on the environment through the optimisation of the use of energy sources, waste management, educating the guests and staff on the most significant aspects of sustainable development and environmental protection. "Park Soline" camp was awarded this international certificate in 2013, when it was one of only two camps in Croatia that had met all the criteria for this eco-label, and **seven years later, i.e. in 2020, the commitment of the "Park Soline" camp to sustainable development was confirmed with its recertification.**



Following a successful audit in September 2015, the "Park Soline" camp was awarded the international "**Eco-camping**" certificate. With our membership in the Ecocamping Network, consisting of more than 240 camps from seven European countries, the Company continues to commit itself to promoting ecology, sustainable development and socially responsible business even further, with particular emphasis on efficient energy management (water, electricity), waste sorting and recycling, preservation of nature and biodiversity, etc.

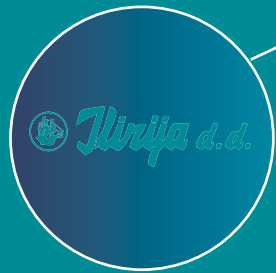


The Blue Flag is an international ecological program for the protection of the sea and coastal environment, whose primary objective is sustainable control and management of the sea and the coastline. Today, the Blue Flag is the most recognized model of environmental education and public communication in the world when it comes to the protection of the sea and the coastal zone, and especially when it comes to the protection of the most stressed coastal areas, namely beaches and marinas. Marina Kornati, managed by Ilirija d.d., has been a proud Blue Flag site since 2004.



The Advanced Sustainable Hotel certificate has been awarded to the Ilirija hotel by the Association of Employers in Croatian Hospitality as part of the project "Green Business Practices in the Hotel Industry". **The Company has supported the project from its very start by meeting the criteria from nine areas** (management, procurement, sales, environment, energy management, marketing and public relations, food and beverage, household and programmes). In 2019, the Ilirija hotel was successfully recertified and upgraded from being a holder of the Basic certificate to being a holder of the Advanced Sustainable certificate.

Environmental Management



Management Board –
Sustainable and responsible
tourism

Department for the Protection of
the Environment and Landscaping

Education

International standards and
certificates

Quality and environmental policy

Legal regulations

2 Education

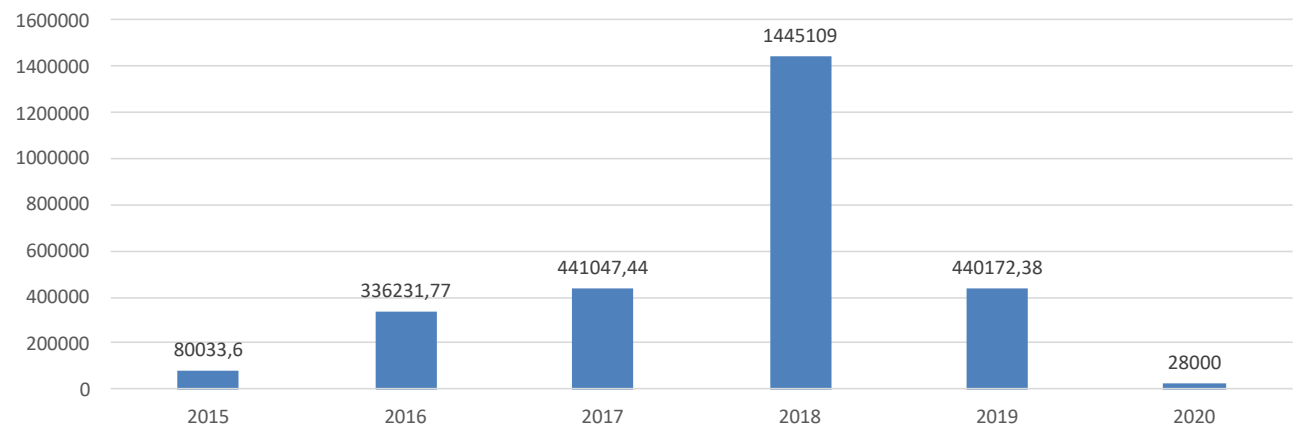
In the period before the outbreak of the COVID-19 pandemic, employees took part in the planned training activities in the area of environmental protection (how to handle chemicals, save energy and resources, properly sort waste), while the training activities with other stakeholders could not be carried out due to the social distancing measures.

3 Investment in the environment

The planned investments in the environment for 2020 were postponed primarily due to the COVID-19 pandemic; thus, the amount of the realised investments pertains solely to the employee trainings given before the outbreak of the pandemic.

Investment in the environment (HRK)

Year	2015	2016	2017	2018	2019	2020
Environmental certifications, technical improvements and waste management	80.033,60	336.231,77	441.047,44	1.445.109,00	440.172,38	28.000,00



Energy management:



daily and monthly control at the level of each facility and the entire company,



setting annual goals for optimal energy use,



strategic commitment of the company to the transition to natural gas as the main energy source,



use of energy from renewable sources,



energy efficiency when purchasing new devices, and



education of employees and guests.

4 Energy

Energy is a material topic due to its effect on economic, environmental and social impacts of the Company. The Company uses the following energy sources:

1

electricity

2

fuel oil

3

gas (LPG and natural gas)

To reduce the emission of harmful gases, the Company has a long-term goal of switching to natural gas in all of its facilities where fuel oil is still in use.

Energy source consumption

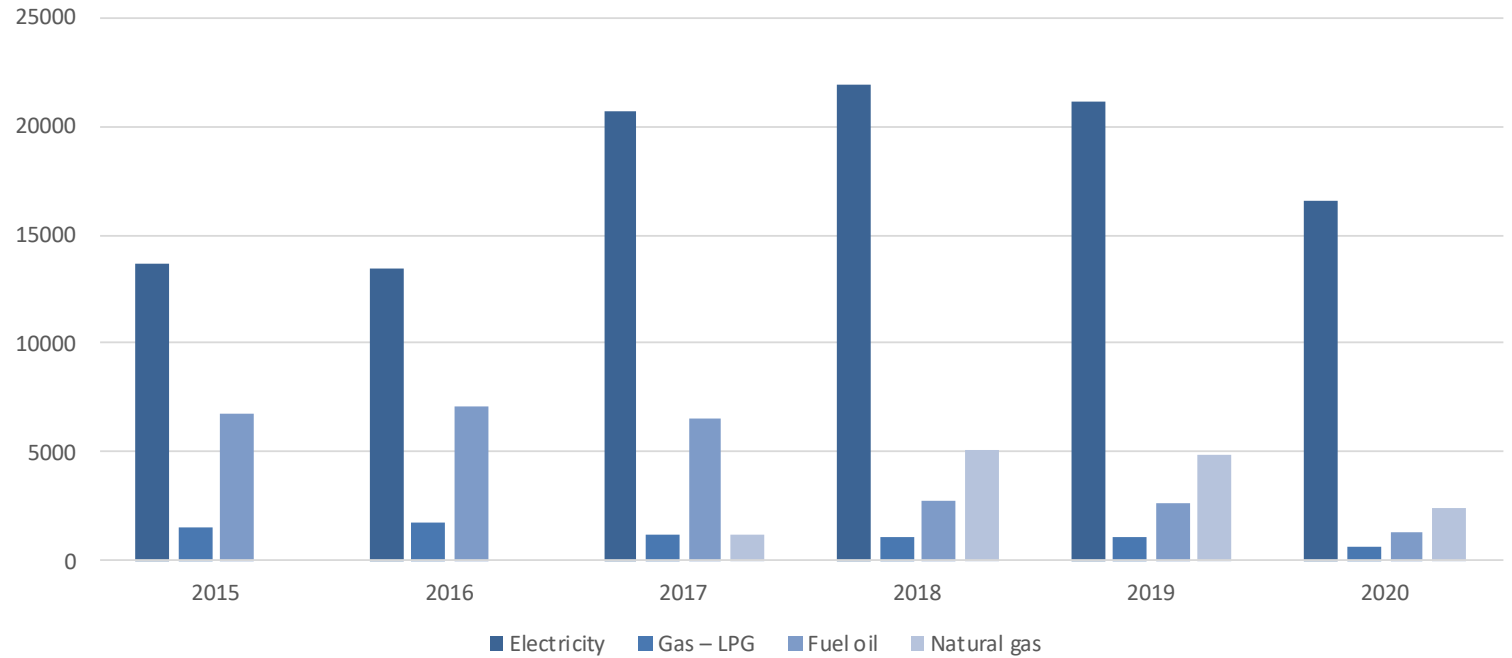
A significant reduction in the energy consumption in 2020 is for the most part a consequence of doing business during the global pandemic, due to the decisions of the competent authorities aimed at preventing its spread; i.e. the Company performed its activities in certain sectors in a limited scope and with limited capacities (nautical, camping and real-estate sectors) for the larger part of the business year.

Other activities (hotel sector, the destination management company and associated hospitality facilities) were affected by a sharp business downturn as a result of banning the performance of business activities altogether or allowing them to be carried out in a considerably limited scope, which affected the consumption of energy.

Total energy consumption within the organization, expressed in GJ

Energy source (GJ)	2015	2016	2017	2018	2019	2020
Electricity	13720.16	13462.67	20638.24	21892.36	21085,49	16545,97
Gas – LPG	1491.4	1718.46	1171.35	1118.12	1126,7	693,68
Fuel oil	6722.41	7096.64	6507.11	2807.25	2650,49	1290,09
Natural gas	0	0	1152.95	5156.43	4833,31	2420,31
Total	21933.97	22277.77	29469.65	30974.16	29695,99	20950,05

Energy source consumption (GJ)



Total energy consumption within the organization expressed in the original units of measurement

Energy source	2015	2016	2017	2018	2019	2020
Electricity (kWh)	3811154	3736007	5732843	6081210	5857078	4596106
Gas – LPG (kg)	33142	38188	26030.08	24847	25040	15415
Fuel oil (l)	191992	202680	185843	80175	75698	36845
Natural gas (kwh)	0	0	320265	1432343	1342585	672310

Electricity

Year	2015	2016	2017	2018	2019	2020
Total electricity consumption by sector	GJ	GJ	GJ	GJ	GJ	GJ
Hotel sector	7352,59	7387,71	7805,8	8 338,13	8328,93	4311,19
Camping sector	2328,58	2217,07	2681,11	2 690,99	1789,22	3107,09
Nautical sector	2848,92	2779,2	2945,22	2 906,59	2870,05	2245,53
Other	1190,07	1078,69	7206,11	7 956,64	8097,29	6882,16
Total	21933.97	22277.77	29469.65	30974.16	21085,49	16545,97

Energy intensity

Energy intensity shows the ratio of consumed electricity to the total number of overnight stays in the hotel and camping sectors, as well as the total number of berths in the nautical sector.

Ratio of consumed electricity (GJ) to total overnight stays in the hotel and camping sectors

Year	2016			2017			2018			2019			2020		
Total electricity consumption by sector	GJ	Number of overnight stays	Energy intensity	GJ	Number of overnight stays	Energy intensity	GJ	Number of overnight stays	Energy intensity	GJ	Number of overnight stays	Energy intensity	GJ	Number of overnight stays	Energy intensity
Hotel sector	7387,71	131.424	0,056	7.805,8	138.788	0,056	8.331,00	144.745	0,057	8328,93	146885	0,057	4311,19	31738	0,136
Camping sector	2217,07	258.110	0,008	2.681,11	283.069	0,009	2.691,00	302.845	0,009	1789,22	290326	0,006	3107,09	139052	0,022
Total (hotel and camping sectors)	9.604,78	389.534	0,025	10.486,91	421.857	0,025	11.022,00	447.590	0,066	10118,15	437211	0,063	7418,28	170790	0,158

Ratio of consumed electricity (GJ) to the number of berths in the nautical sector

Year	2016			2017			2018			2019			2020		
Total electricity consumption	GJ	Number of berths	Energy intensity	GJ	Number of berths	Energy intensity	GJ	Number of berths	Energy intensity	GJ	Number of berths	Energy intensity	GJ	Number of berths	Energy intensity
Nautical sector	2848,92	805	3,539	2945,22	805	3,658	2 906,59	805	3,61	2870,05	805	3,56	2245,53	805	2,79

Gas (LPG) consumption by business sector in the 2015-2020 period

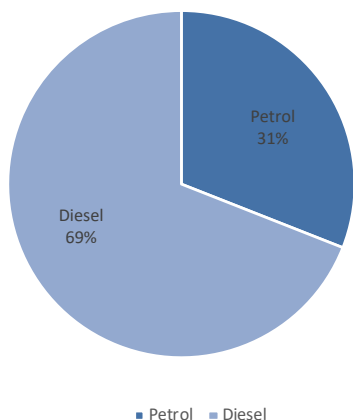
Year	2015	2016	2017	2018	2019	2020
Total natural gas consumption by sector	kwh	kwh	kwh	kwh	kwh	kwh
Hotel sector	0	0	320265	1432343	1342585	672310
Camping sector	0	0	0	0	0	0
Nautical sector	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	0	0	320265	1432343	1342585	672310

Ratio of natural gas consumed per night in the hotel sector

Year	2019			2020		
	Total natural gas consumption	GJ	Number of overnight stays	Energy intensity	GJ	Number of overnight stays
Hotel sector	4833,31	146885	0,03	2420,31	31738	0,08



Fuel consumption ratio in 2020



Energy consumption outside the organization

Energy consumption outside the organization refers to fuel consumption (petrol, diesel) expressed in litres for the fuel used by company vehicles, working machines and vessels, as well as the fuel used by passenger cars for company purposes.

Vehicle fuels (l)	2015	2016	2017	2018	2019	2020
Passenger cars	115416	77929	78460	59092	55391	52749
Work vehicles and machines	43157	40051	47647	51532	49914	32267
Boat "Nada"	20804	14215	29552	15237	24225	4216
Other vessels	19222	10707	11858	9941	11968	4517
Total	198599	142902	167517	135802	141498	93749

5 Water

Through the operational activities of its departments, as well as through systemic investments, the Company is able to dedicate itself to reducing the use of drinking water as one of the most important resources which has a significant impact on the Company's environmental and economic performance.

All of the Company's facilities are supplied with drinking water from the local water supply, which also shows that it acts on a local and regional level.

The irrigation of horticultural and green areas of the camp has been carried out by applying the drip irrigation method ever since 2013, using our own well, which is 60 metres deep, which has been legalised and has a valid water rights permit, i.e. a permit which defines the quantity of water to be pumped on an annual basis. Having its own water well allows the camp a high level of horticultural development with the grounds resembling a park, thus achieving an exceptional natural and economic balance and long-term economic and environmental sustainability. The records and regular report regarding the quantities of water pumped from the well are submitted to competent institutions in the form of a log book, four times a year. During the summer season, certain parameters (e.g. chlorides) of the water that is pumped are tested at our expense, thereby indirectly monitoring the effect of pumping on the quality of water used to water the plants. This enables adaptation to a kind of natural cycle of water, which is of vital importance to us. In accordance with the results, we regulate daily quantities of water abstracted from the wellbore through the reduction of pump working hours.

Water management approach



daily and monthly control of each facility and the entire Company



use of water from the wellbore for the irrigation of horticultural areas in the camp



controlled discharge of wastewaters



regular technical maintenance and inspection of water supply installations, and



education of employees and guests with the help of informational materials/signs

Sources of water supply:



Local water supply

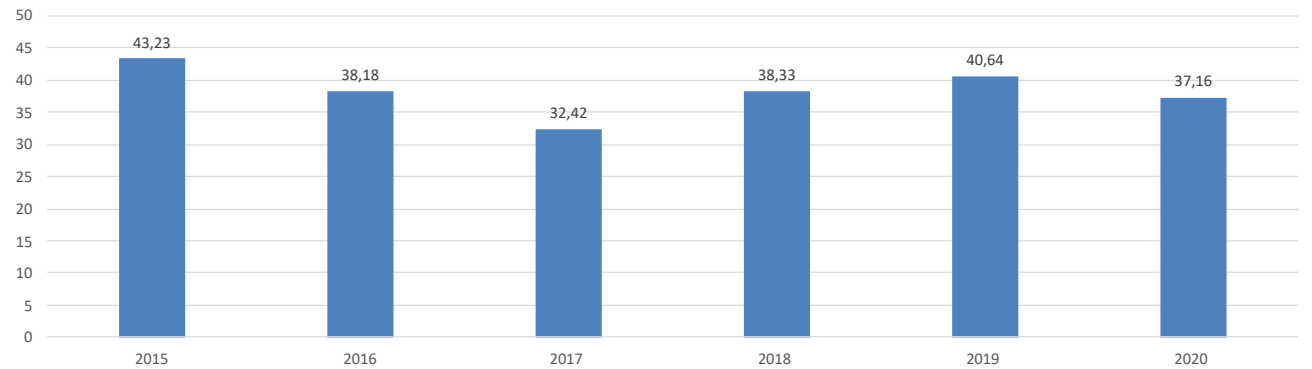


Private water well

Overview of water consumption by sector

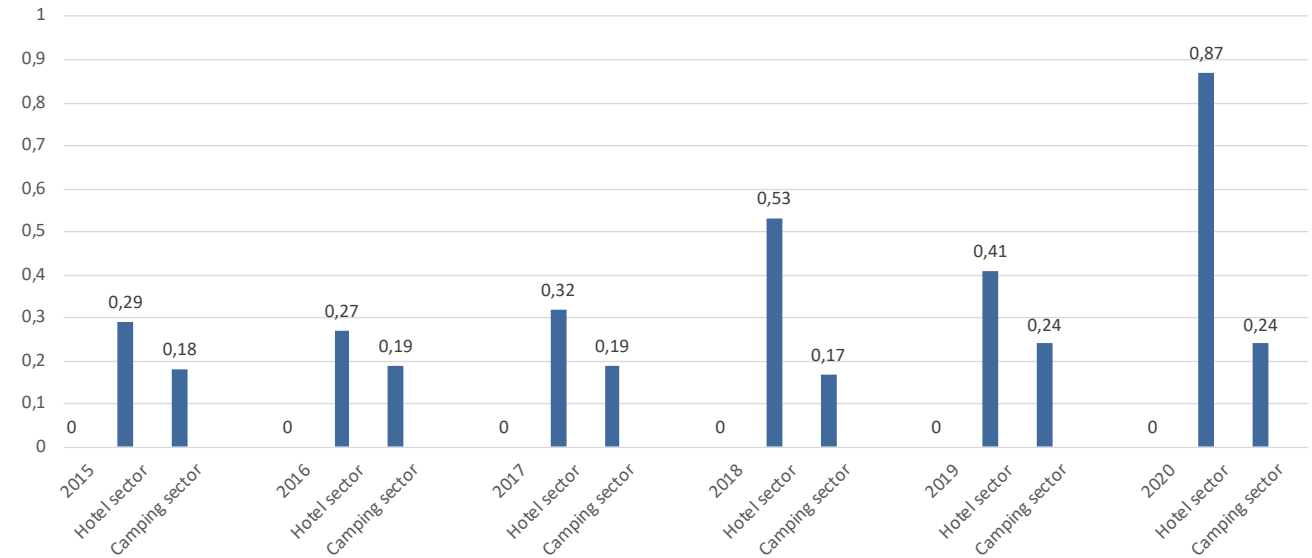
Total water consumption (m ³)	2015	2016	2017	2018	2019	2020
Hotel sector	38298	36099	44521	76179	60454	27604
Camping sector	45805	47951	54364	50253	70201	33579
Nautical sector	34808	30740	26101	30857	32716	29914
Other	6908	8255	16795	18321	17068	13440
Total	125819	123045	141781	175610	180439	104537

Water consumption (m³) to the number of berths in nautical sector





Ratio of drinking water consumption to the number of overnight stays in the hotel and camping sectors in the 2015-2020 period



The drinking water consumption was higher than in 2019 due to the swimming pools which were fully operational despite a smaller number of guests, while the green areas in front of the hotel were tended just as before the pandemic. Moreover, there were losses in the internal water supply system, which were successfully eliminated, but also led to a higher water consumption per overnight stay, despite a decrease in the physical turnover of the hotel sector.

Total amount of groundwater (m³) abstracted from the S-1 wellbore in the Park Soline camp

Year	2015	2016	2017	2018	2019	2020
Total amount of groundwater (m ³) abstracted from the S-1 wellbore in the Park Soline camp	9729	4641	7468	3319	8055	5456

6 Wastewaters

Before they are released into the public sewage system, all wastewaters from the facilities are submitted to a certain type of pre-processing, i.e. purification. This is as far as the impact of the company's wastewaters on the environment goes. The discharged wastewaters are not recycled or returned in any way to the system for reuse. The destination of all wastewaters produced at the Company's facilities is the public drainage system, except for the waters generated at the ship-cleaning facility at the Marina Kornati.

1 Wastewaters



discharge in the public
drainage system

2 Industrial wastewaters:



through a physical and
chemical purifier

Industrial wastewaters generated at the ship-cleaning facility in the Marina Kornati go through a physical-chemical purifier prior to being discharged. This purifier is regularly maintained, and the quality of discharged water is checked through an approved laboratory in accordance with the water rights permit. So far, and thus also in the reporting period, there have been no reports or complaints about any accidental discharge or about the discharging of wastewaters of unacceptable composition or quality into the sea. In fact, the Marina Kornati has been proudly displaying the internationally recognized Blue Flag.

Hospitality facilities in our hotel, camp and nautical sectors have mechanical and physical separators of edible oils and fats installed, and they are regularly inspected by internal maintenance services and authorized external companies before being discharged into the public sewage system.

Moreover, parking areas of our facilities are also equipped with separators. Authorised companies are in charge of their cleaning. The waste generated in the separators during any pre-treatment (sludge or oily waters) is disposed of by authorized companies, which is recorded by the Environmental Protection Service.



In accordance with legal regulations, water rights permits are obtained and regularly renewed for those locations that require them due to the nature of business and the quality of wastewaters. In 2020, all wastewaters from the Marina Kornati were tested by an authorized laboratory pursuant to the water rights permit requirements. The limit values of the tested quality indicators or water quality did not exceed the maximum permitted quantities at any point.

In 2017, three hotels have been granted a permanent decision based on which the said locations no longer require permits, and their wastewaters are no longer tested before being discharged to the public drainage system. This was an acknowledgement of many years of commitment regarding close monitoring and improvement of the quality of discharged wastewaters, considering that the limit values of tested indicators of the quality of said waters did not once exceed the maximum permitted levels during the course of the reporting period.

The “Park Soline” camp is also unique due to a gravity mixed sewer passing through it, which transports wastewaters of the wider Biograd Riviera region to the central wastewater treatment plant. The issue of collection, treatment and discharge of wastewaters in the camp is addressed by connecting all of the buildings within the camp via a gravity or pressure sewer to the city sewer.

The Park Soline camp:



A permanent water rights permit



One of the few camps which has addressed the issue of collection, treatment and discharge of wastewaters



Addressing the issue by discharging the wastewaters
A higher level of environmental protection (water, soil, marine waters)

7 Waste

Amounts of waste produced in the period from 2015 to 2020, by type of waste

Year	2015	2016	2017	2018	2019	2020
Hazardous waste (t/year)	38,6	27,47	29,928	33,822	28,491	30,729
Non-hazardous waste (t/year)	65,431	50,225	149,801	108,276	414,451	37,61
Mixed municipal waste (t/year)	427,55	453,75	503,4	515,6	303,7	286,42
Total (t/year)	531,581	531,45	683,13	657,70	746,64	354,76

Overview of hazardous and non-hazardous types of waste for 2020 at the company level, handed over to authorized collectors. The quantities were weighed or estimated.

Hazardous waste / quantity in tonnes - a total of 30.729 tonnes



Waste printing toners containing hazardous substances (0,103t)



Fluorescent tubes and other mercury-containing waste (0,067t)



Other engine, machine and lubricating oils (15,90t)



Sludges from oil/water separators (3,32t)



Oily water from oil/ water separators (5,90t)



Packaging material that contains residues of or is contaminated by hazardous substances (2,075t)



Absorbents, filter materials, wiping cloths and protective clothing contaminated by hazardous substances (1,067t)



Oil filters (2,297t)

8 Compliance with environmental regulations

By following and adhering to environmental legislation and to our internal Environmental and Quality Policy, the Company reaffirms its fundamental commitment and aspiration to make sustainable progress.

By improving the existing and introducing new processes, the Company complies with the legal regulations pertaining to certain environmental protection areas, while at the same time it upgrades its system with the standards it has set for itself over the years which go beyond mandatory legal frameworks.

Regular inspections confirm the Company's compliance with legal regulations, while external audits of its international eco-labels or standards serve as tools to improve the Company's environmental focus and enable it to grow and address all processes with an effect on the environment in a more comprehensive way.

In 2020, there were no environmental inspections. Furthermore, in the same year there were no complaints from suppliers, guests or other stakeholders regarding environmental protection.



Compliance with legal requirements



Internal Quality and Environment Protection Policy



Implementation of national and international standards related to environment protection



No fines or sanctions issued by competent authorities in relation to environment protection



9,049 seedlings planted in 2020



Between 2015 and 2020, more than 9,000 various seedlings were planted in the camp



Further horticultural design of the camp

9 Horticultural landscaping and design consistent with the Mediterranean surroundings

The Company pays special attention to horticultural design and landscaping in all facilities in which it does business, with a special emphasis on the camping sector and the "Park Soline" camp.

Since 2004, more than 9000 various seedlings have been planted in the camp. This includes trees planted in every free space, various species of Mediterranean bushes, smaller perennial plants, climbing plants, ground covering plants, hedges (green fences) etc.

The area is dominated by oleander (*Nerium oleander*), pittosporum (*Pittosporum tobira*), laurel (*Laurus nobilis*), lavender (*Lavandula officinalis*), trumpet vine (*Campsis radicans*), rosemary (*Rosmarinus officinalis*), European nettle tree (*Celtis australis*), lime trees (*Tilia*), mimosas (*Acacia dealbata*), cypresses (*Cupressus sempervirens*), black locust trees (*Robinia pseudoacacia*), magnolias (*Magnolia grandiflora*), and many other species. All of the planted varieties contribute to the unique design and atmosphere of the park, especially given that significant efforts are being put towards turning it into a unique arboretum.

In 2020, we planted 9049 seedlings, including seasonal seedlings, which are rotated twice a year.

Total number of seedlings planted by sector of Ilirija d.d	2015	2016	2017	2018	2019	2020
Hotel sector	5254	3776	4359	11761	7793	6914
Camping sector	931	808	582	2274	2570	1430
Nautical sector	473	1598	871	2232	1272	705
Total	6658	6182	5812	16267	11635	9049



VI Social topics

In terms of human resources and employment management in 2020, we base our practices on:

1

Protection and preservation of health and life of employees

2

Retention of full employment

1 Employment

Employment in 2020

In the business environment of the COVID-19 pandemic, despite the fact that the hospitality and tourism industry have been among the industries most affected by the global pandemic, one of the Company's key goals in the extraordinary circumstances is the retention of full employment; that is, job retention with regard to the existing Company employees with maximum preservation of their material rights arising from employment, which has been achieved despite the decisions of the competent authorities resulting in business activities being carried out in a limited scope; that is, a significant part of the sectors being inactive/activities not being performed for the larger part of the year.

At the time of the declaration of the pandemic, on 12 March 2020, the Company had a total of 262 employees, of which 246 were actively working, while the rest were on maternity leave etc. The Company retained full employment, with 251 employees as at 31 December 2020, of which 234 are active and have an assigned job position.

The Company's business partners (charter companies, servicing companies, tenants, etc.) also do business in its facilities within the profit centres of Marina Kornati and City Galleria Business and Shopping Centre. Consequently, Ilirija provides jobs for over 1,000 people in its facilities.

3

Preservation of the achieved level of material rights

4

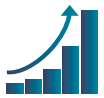
Continuous education

5

Active inclusion of employees in development of new products and services



Retention of full employment
251 employees

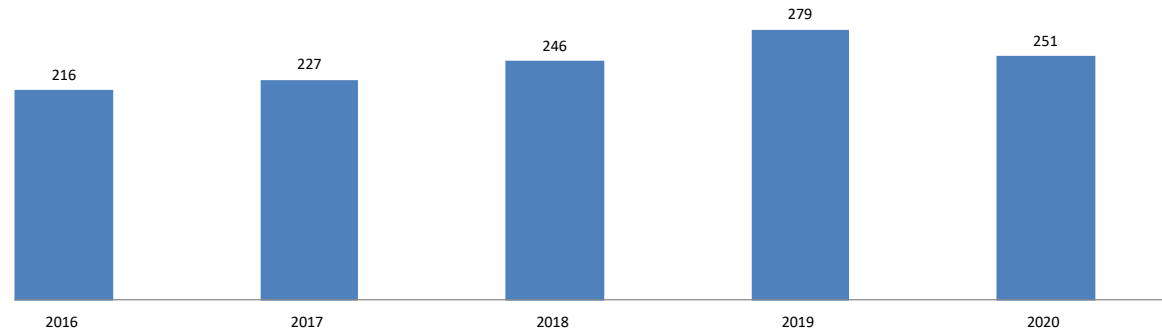


Hiring additional
seasonal employees



1,000 employees in
Ilirija's facilities

Number of employees at the end of the 2016-2020 period



Overview of employees by month for 2020

Number	PROFIT CENTRE / ORGANIZATIONAL UNIT	NUMBER OF EMPLOYEES IN 2020											
		01/01	29/02	31/03	30/04	31/05	30/06	31/07	31/08	30/09	31/10	30/11	31/12
	*PROFIT CENTRES												
1	ADRIATIC HOTEL	27	2	1	1	0	2	5	20	4	1	1	1
2	ILIRIJA HOTEL	52	35	32	31	32	44	47	44	35	34	39	10
3	KORNATI HOTEL	29	3	2	2	1	0	0	0	0	0	0	22
4	VILLA DONAT HOTEL	0	0	1	1	0	0	0	0	0	0	0	0
5	LAVANDER	0	0	0	2	3	5	6	6	4	3	2	1
6	MARINA KORNATI	49	54	52	59	52	51	53	49	49	49	48	53
7	RESTAURANT "MARINA KORNATI"	13	14	13	8	14	14	15	15	15	16	16	14
8	AQATIC CENTRE	0	0	0	0	5	5	11	6	0	3	1	1
9	TOURIST AGENCY	3	3	3	3	3	3	4	3	3	3	3	3
10	KAMP "PARK SOLINE"	20	23	23	22	27	35	39	36	25	23	21	21
11	"PARK SOLINE" CAMP	0	0	0	6	12	18	21	19	11	4	3	1
12	ARSENAL	2	15	13	9	4	4	3	3	5	5	5	3
13	TENNIS CENTRE	4	4	5	3	4	4	4	4	4	3	3	4
14	BIFFE BEACH	0	0	0	0	0	0	0	0	0	0	0	0
	*ORGANIZATIONAL UNITS												
15	COMMON SERVICES	35	36	35	34	37	33	34	33	33	32	32	33
16	MAINTENANCE SERVICE	8	8	8	8	8	7	8	8	8	7	6	7
17	LAUNDRY ROOM	8	7	7	7	5	9	8	10	5	6	6	6
18	HORTICULTURE	13	18	26	26	15	10	10	10	10	14	22	30
19	BOAT "NADA"	1	2	2	1	1	2	1	1	1	8	3	1
20	WELLNESS	5	5	5	5	5	5	6	7	6	5	5	5
21	NAUTICAL FAIR	1	1	1	1	1	2	2	2	2	2	2	2
22	CITY GALLERIA	17	17	17	17	16	16	17	17	16	16	16	16
	TOTAL	287	247	246	246	245	269	294	293	236	234	234	234

Average number of employees in 2020



Average number of employees on the basis of hours worked

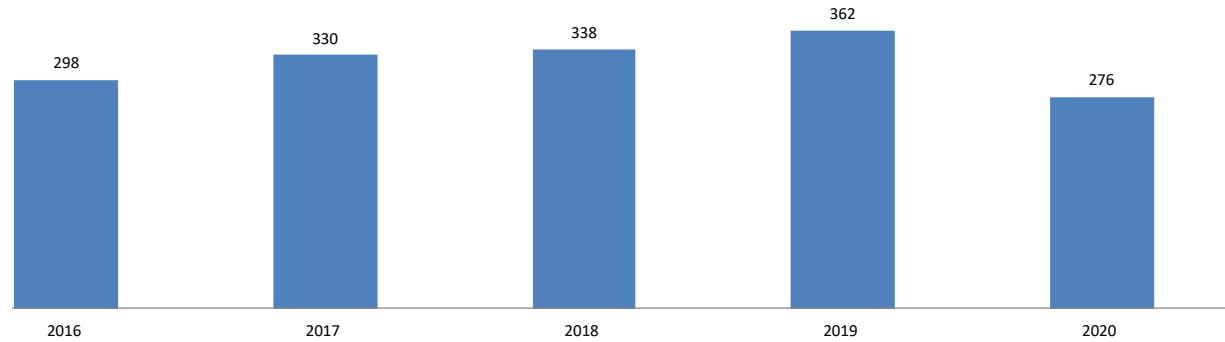


Number of employees as at 31/12/2020

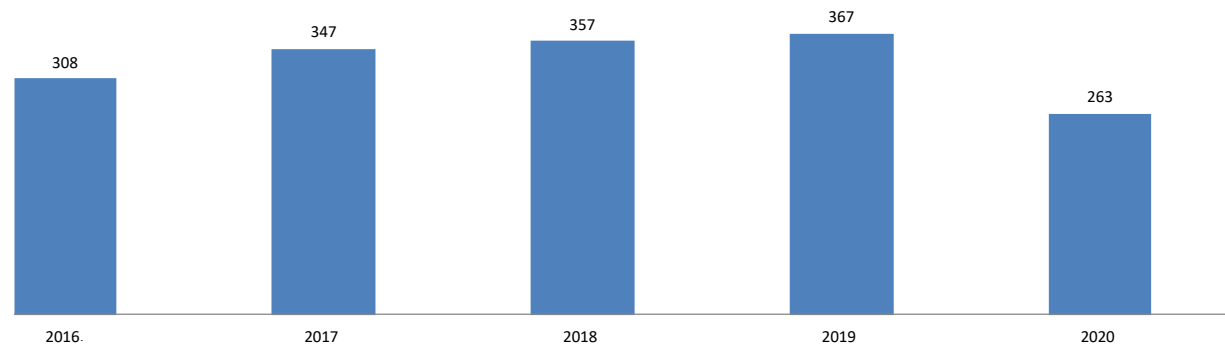


The average number of employees and the number of employees based on hours worked, which steadily grew until 2019, did not continue to grow in the reporting period due to the previously mentioned reasons.

Average number of employees during the year in the 2016-2020 period



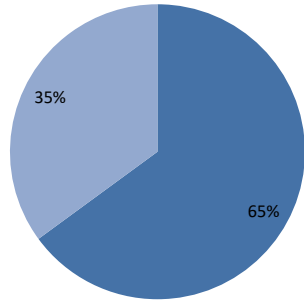
Average number of employees on the basis of paid hours in the 2014-2020 period



* The number of employees based on hours worked on a monthly basis is obtained by dividing the total paid hours worked in one month by the planned hours for that month. By dividing the cumulative number of employees based on the hours worked per month by the total number of months, we obtain the average number of employees based on the hours worked annually.

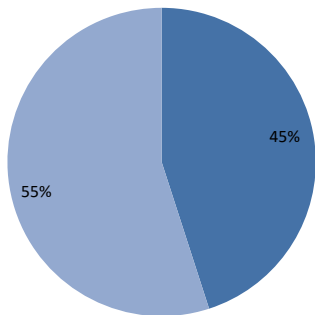
Employees by the type of employment contract as on 31/12/2020

■ Permanent employment ■ Fixed-term employment



Employees by gender on 31/12/2020

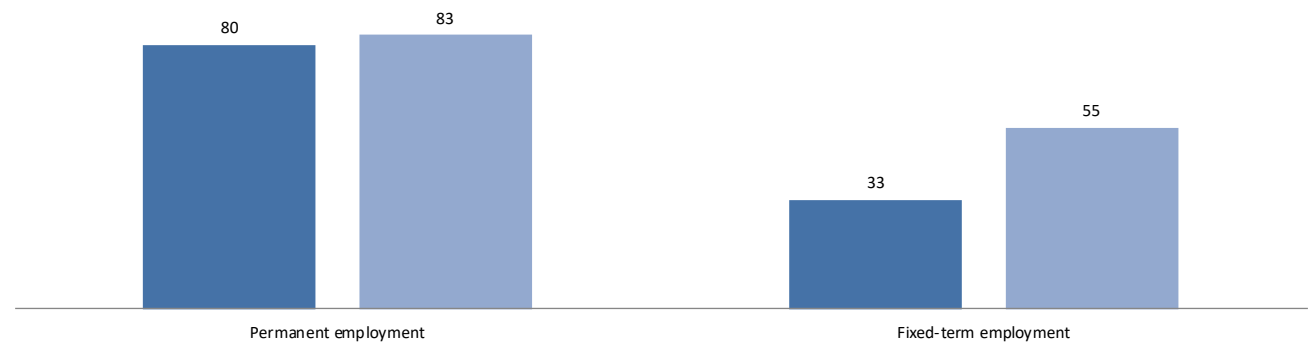
■ Men ■ Woman



As at 31 December 2020, the Company had 251 employees; 163, (65%) of them were permanent employees and 88 (35%) of them had a fixed-term contract. Of the total number of employees, 45% were men and 55% were women.

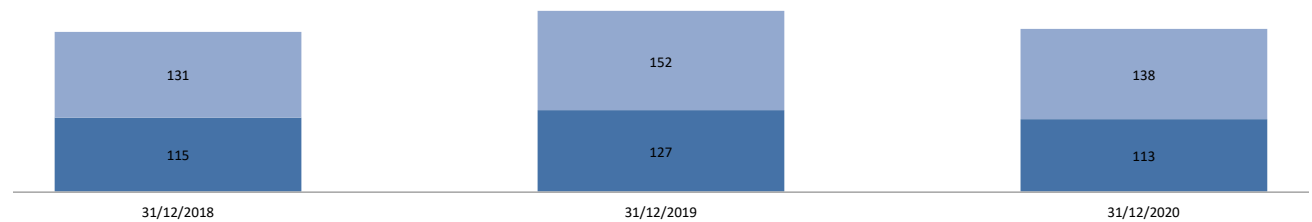
Employees by gender and the type of contract as on 31/12/2020

■ Men ■ Women



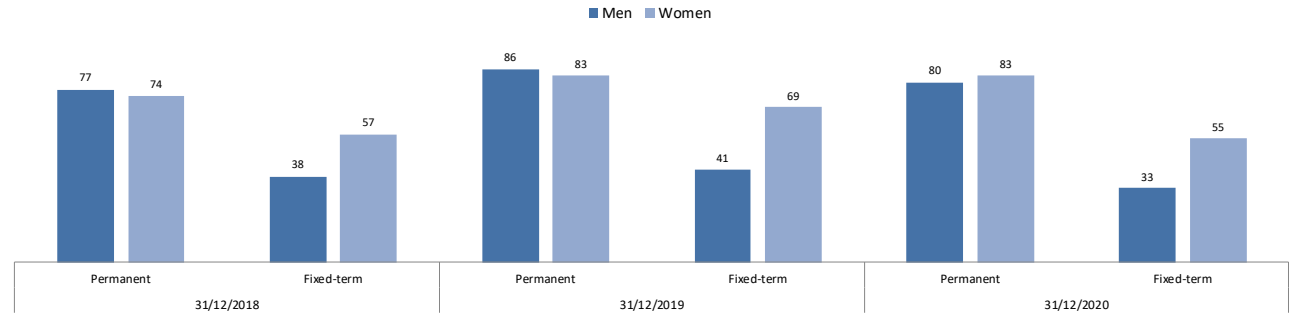
Employees by gender as on 31/12/2018, 31/12/2019 and 31/12/2020

■ Men ■ Women



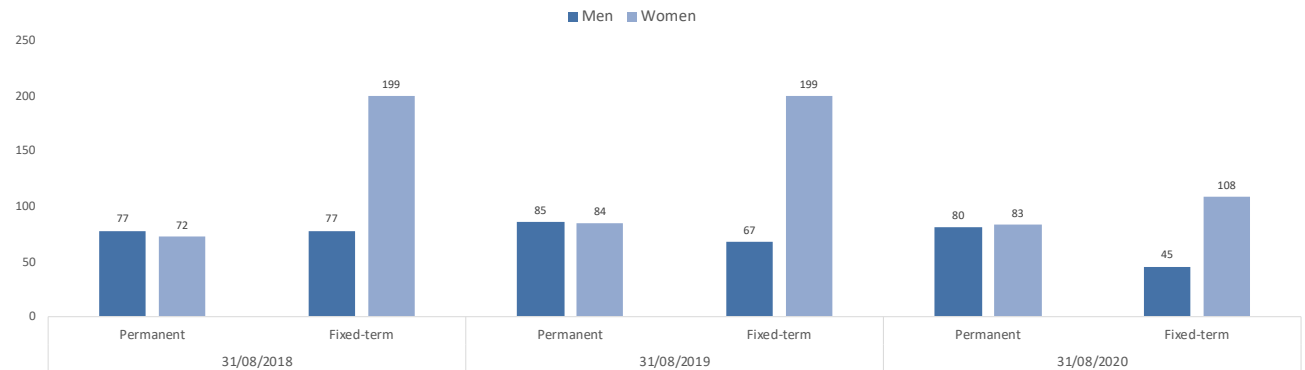


Employees by type of employment contract and gender as on 31/12/2018, 31/12/2019, 31/12/2020

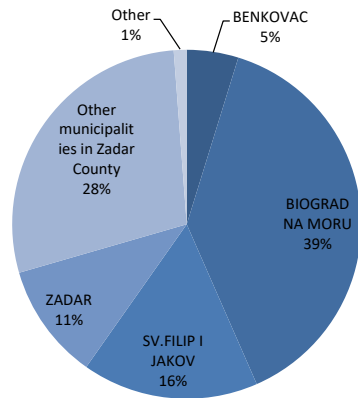


In the high season, which was limited only to the months of July and August, the Company recorded an increase in the number of fixed-term employees, especially the number of women employed, which points to a further need for seasonal employees due to a predominantly seasonal nature of the Company's business and to a need for employees in house-keeping and kitchens, i.e. to positions applied for primarily by women. In the high season of 2020, the Company had 316 employees, which is a 27.35% decrease due to the business circumstances.

Employees by type of employment contract and gender as on 31/08/2018, 31/08/2019, 31/08/2020

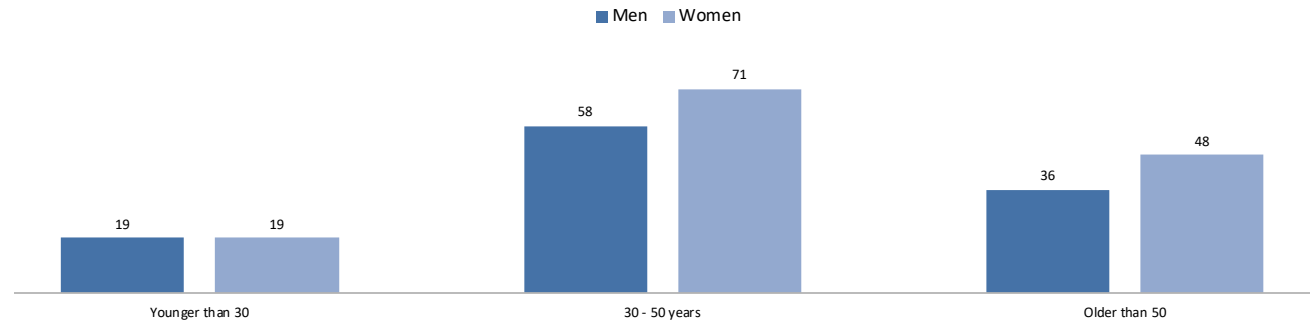


Employees by place of resident on 31/12/2020

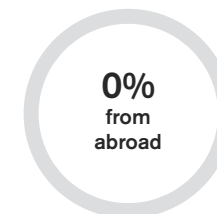
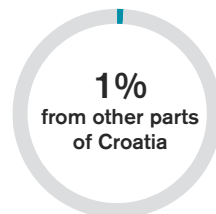
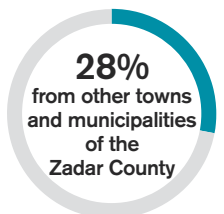
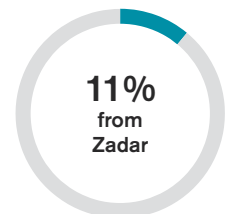
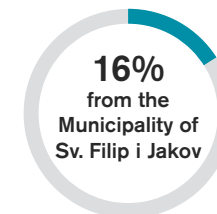
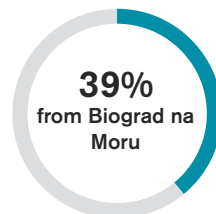
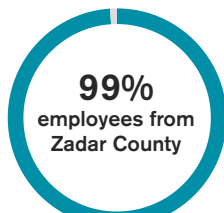


If we look at the age structure of employees as at 31/12/2020, employees between 30 and 50 years of age prevail (there were 129 employees from the said age group, namely 58 women and 71 men). There were 38 employees in the below 30 age group, and 84 employees were over 50 years old.

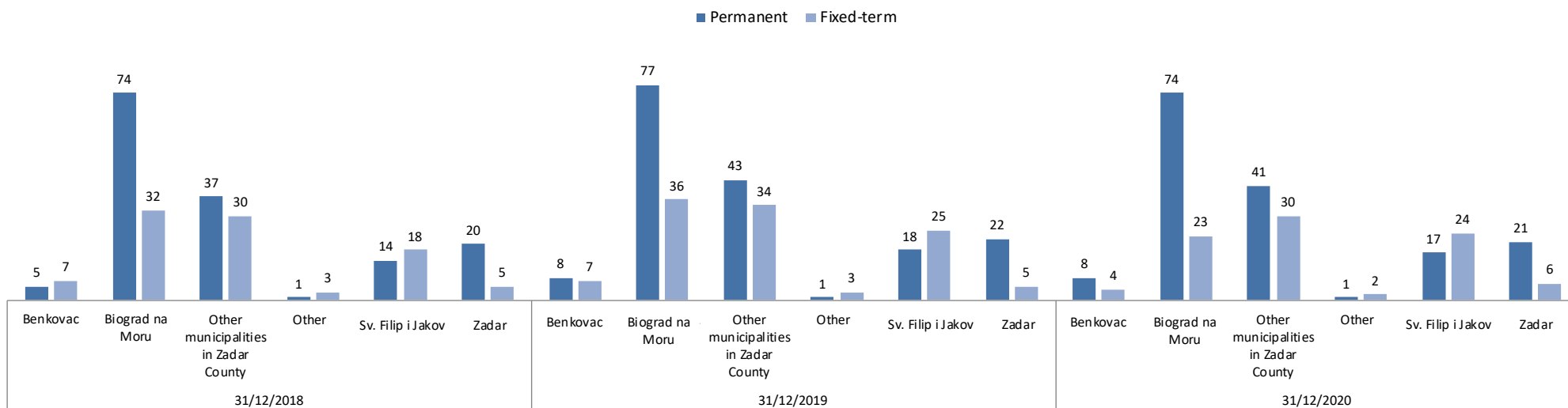
Employees by gender and age group as on 31/12/2020



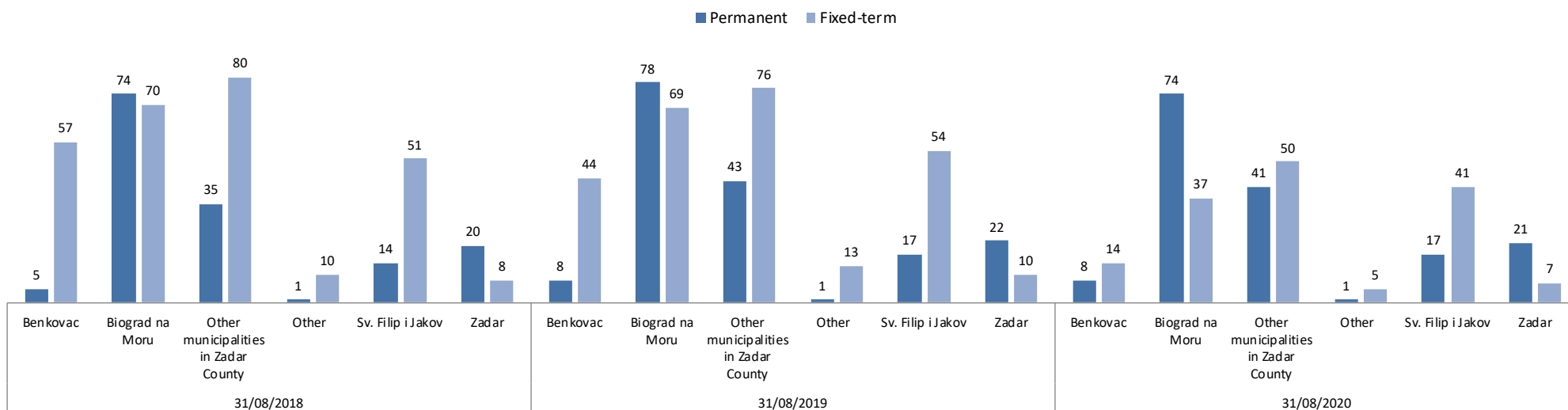
If we look at the chart showing our employees' places of residence as at 31 December 2020, it is clear that most of the Company's employees come from local communities; that is, that the Company successfully finds its employees in its immediate surroundings – the town of Biograd and its surrounding municipalities. Of the total number of employees, 97 of them (39%) come from the town of Biograd na Moru, with 76% of these employees being permanent employees. Of the total number of employees, there were 28% of them from the municipalities of the Zadar County, and only 1% of them came from other municipalities of the Republic of Croatia. In the reporting period, we had no employees from abroad.



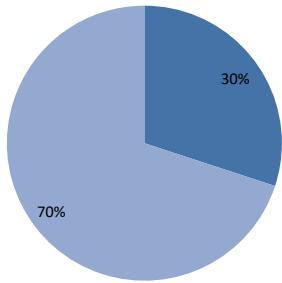
Status of employees at the end of the reporting period by place of residence and type of employment contract from 2018 to 2020



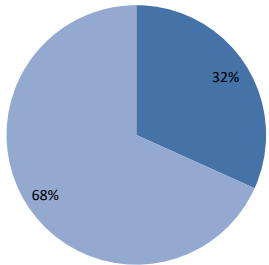
Employees as on 31/08/2018, 31/08/2019 and 31/08/2020 by type of contract and place of permanent residence



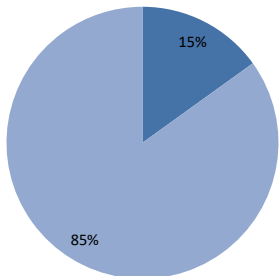
- New employees 2018
- Seasonal employees 2018



- New employees 2019
- Seasonal employees 2019



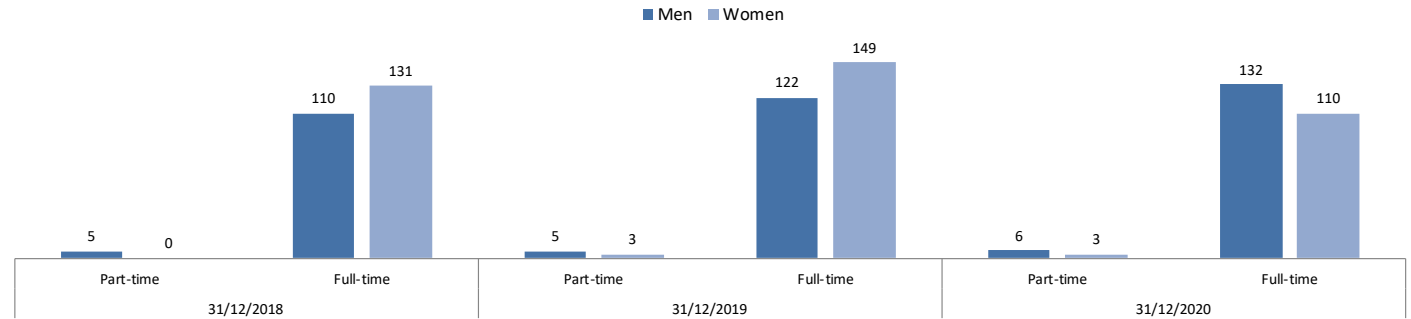
- New employees 2020
- Seasonal employees 2020



Full-time and part-time

As at 31 December 2020, there were 242 full-time employees and nine part-time employees – six men and three women.

Employees at the end of the reporting period by gender and working hours in the 2018 - 2020 period

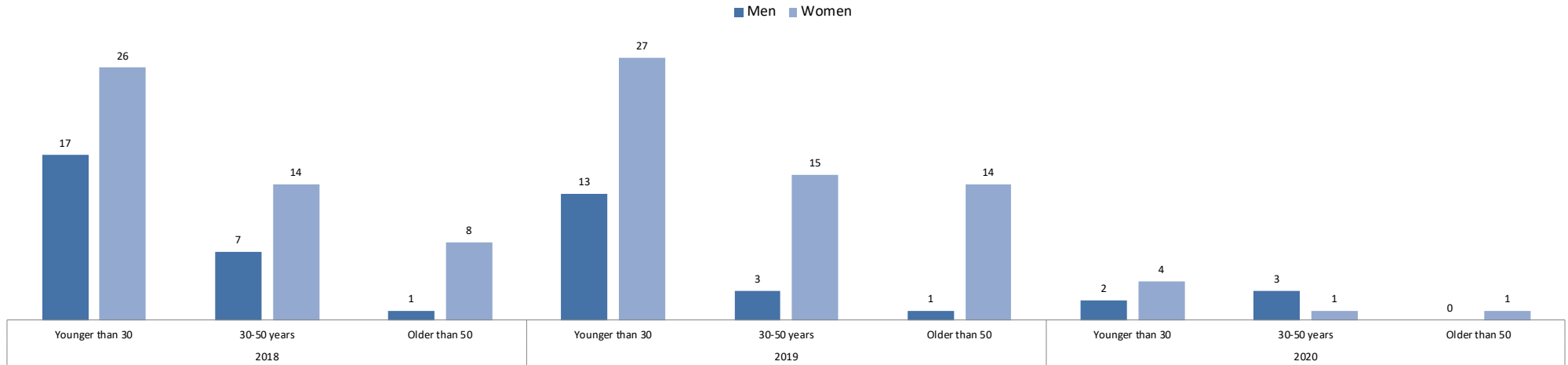


New employees

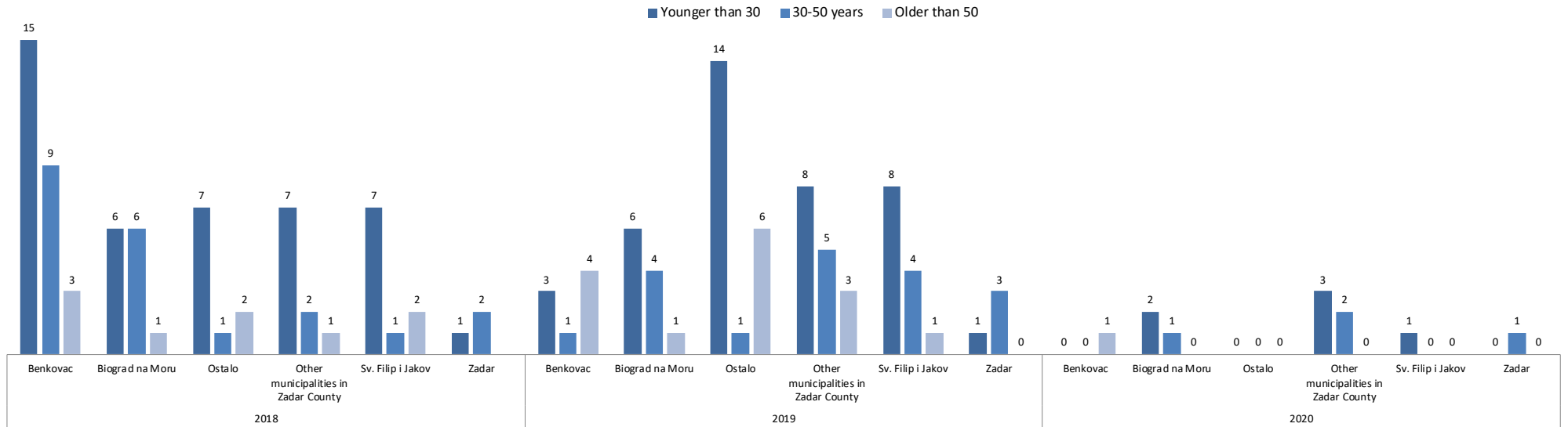
In 2020, the Company hired 73 employees, 62 or 85% of whom were seasonal employees previously employed by the Company and were not retained after the high season, while new employees employed for the first time accounted for 15% of employees. In 2020, Ilirija continued its tradition of employing a significantly larger number of seasonal employees previously already employed by the Company, which resulted in timely and efficient planning of necessary personnel and contributed to additional stability in human resources management, which was especially evident in the extraordinary business circumstances.

Looking at new employees by gender and age group, it is clear that mostly women under the age of 30 were employed in the last three years as a result of increased need for employees in the House-Keepering and the Food and Beverages departments, i.e. for positions applied for primarily by women.

New employees by age group and gender from 2018 to 2020



New employees by the permanent place of residence and age group

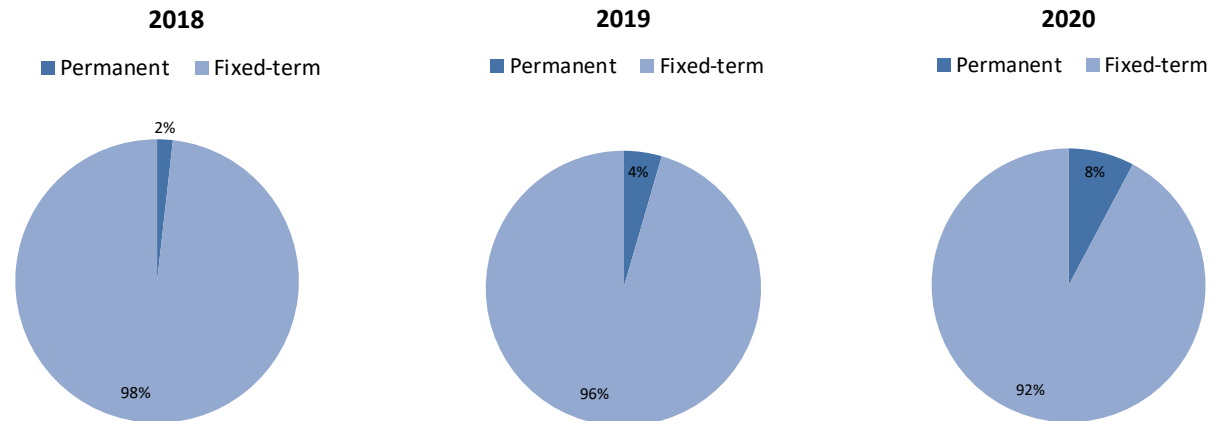




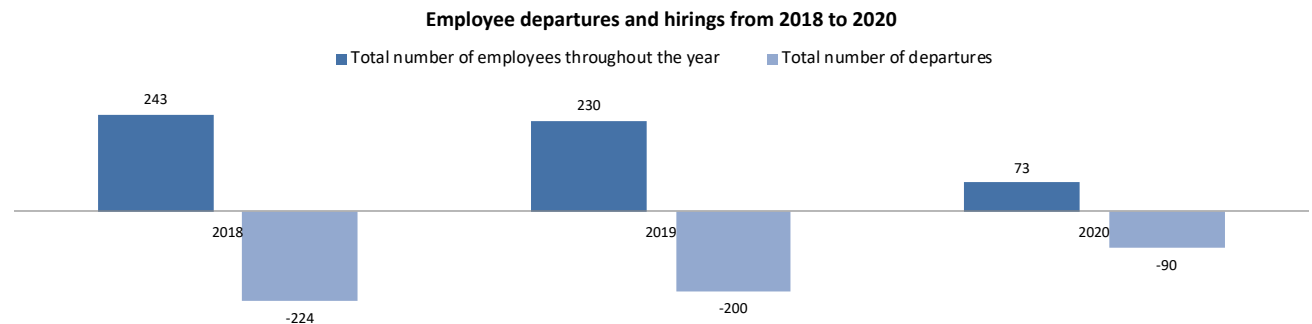
Employee turnover

Termination of employment contracts is reflected in employee turnover, and the numbers show that, out of a total of 90 departures of employees in 2020, 7 employees, i.e. 8% of them, terminated their permanent employment. The remaining 83 employees, i.e. 92% of them, terminated their fixed-term contracts. Out of this number, 10 employees, i.e. 12% of them, were employees who qualified for retirement or left of their own free will, and the remaining 73 employees, i.e. 88% of them, were seasonal employees.

Employee departures by type of employment contract



As more women were employed throughout the year, we also recorded a higher number of departures of female employees.



The Company's diversity policy is based on the following values:



Equal opportunities in the workplace for all employees



Zero tolerance for any form of discrimination



Motivating and stimulating business environment



Diversity of knowledge and experience



Equal pay for equal work

Parental leave

A total of 14 employees, all women, exercised their right to parental leave, with a 100% rate of return to work.

Year	Total number of employees throughout the year		Employees who exercised their right to parental leave		Total number of employees who returned to work after parental leave		Rate of return to work	Rate of stay
	Men	Women	Men	Women	Men	Women		
2018	188	278	0	14	0	2	100%	67%
2019	160	306	0	19	0	2	67%	50%
2020	113	138	0	14	0	2	100%	100%

2 Diversity and equal opportunities

As a public company and a socially responsible business system, the Company bases its business activities on a policy of diversity, by hiring employees of various nationalities, races, genders, educational backgrounds, ages, levels of knowledge, experiences, etc., who are all together the key to its success. The Company has been continually fostering diversity of its employees on the one side, and equality in all rights and respect for personal dignity of its employees on the other. As a signatory to the Croatian Diversity Charter, the Company combines many different experiences and diversity in its business system with a shared vision – creating a community with full respect of all of its fundamental values and zero tolerance for any form of discrimination.



Croatian Diversity Charter

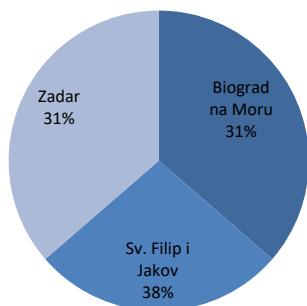


Gender Equality Federation

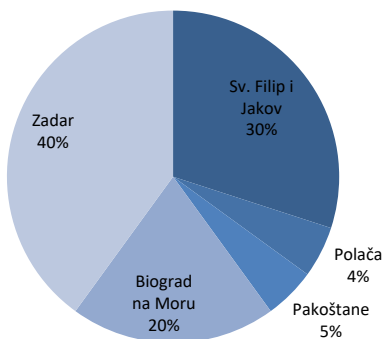


President of the Management Board – a promoter of diversity

Senior management employees by place of residence



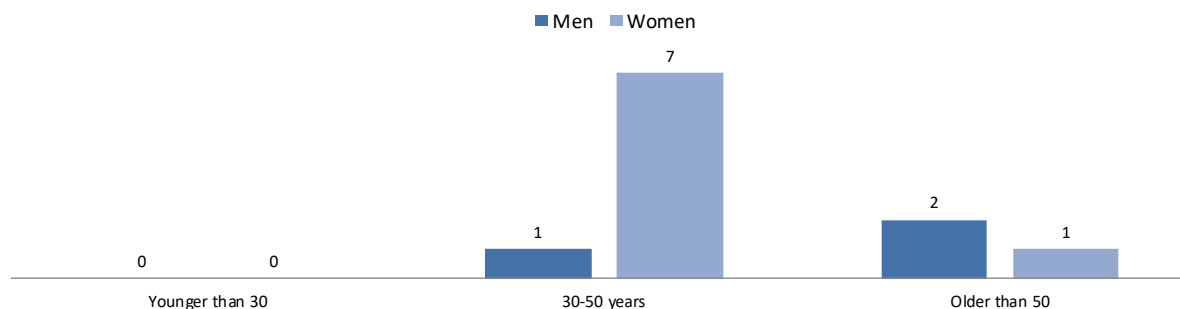
General management employees by place of residence



The implementation of a policy of diversity is in part reflected in the share of women in the number of employees and in the salary policy.

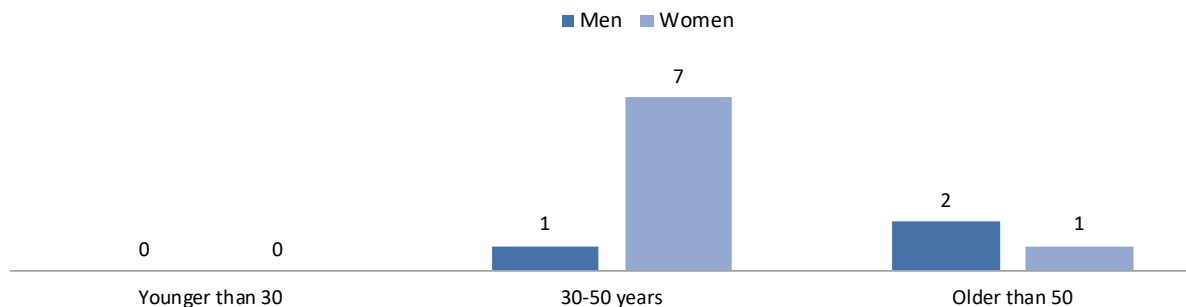
In the Company's senior management consisting of the Management Board, sector managers and heads of corporate services, there are 13 persons with special authorizations, 69% of whom are women. All of them come from the local and regional community, i.e. from the town of Biograd na Moru as well as towns and municipalities of the Zadar County.

Senior management employees by gender and age group



The general management consists of the Management Board, heads of sectors, heads of corporate services and heads of profit centres and departments within the profit centres. As at 31/12/2020, general management employees made up 7% of the total number of the company's employees. Most of the employees, i.e. 75% of them, fall in the 30-50 age group, while women account for 60% of all employees.

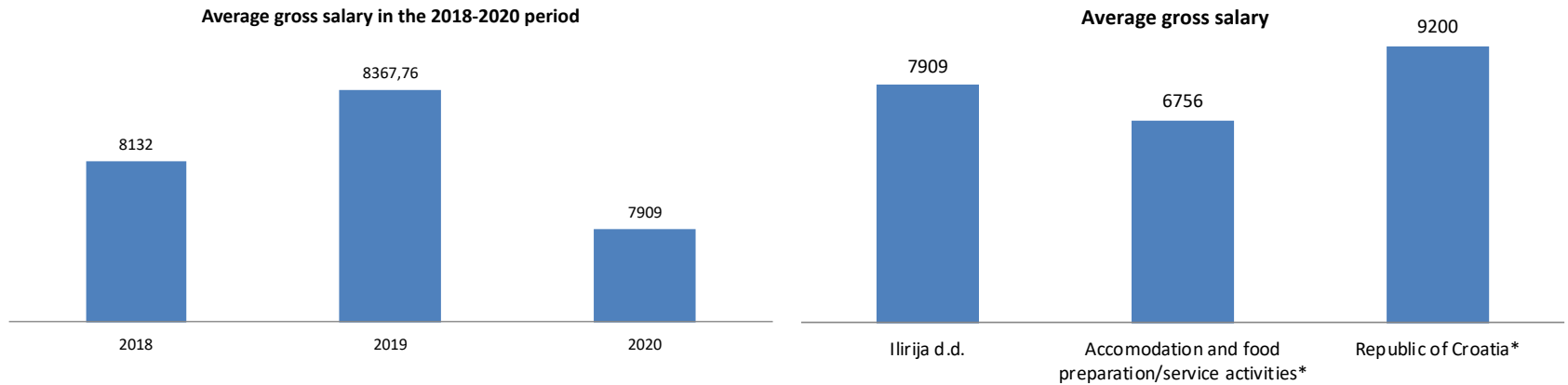
General management employees by gender and age group



There is no difference in salary of our employees for the same position based on gender, age, religious or any other belief or diversity form.

The average gross salary for 2020 amounted to HRK 7,909, constituting a 5% decrease relative to 2019. Considering the business environment for the larger part of the year, the Company considers this a success, i.e. the achievement of one of its fundamental goals – the preservation of the employees' material rights arising from employment despite the salary adjustments made in order to retain full employment and all jobs.

At the same time, the average gross salary for accommodation and food preparation/service activities in the Republic of Croatia in 2020, which amounted to HRK 6,756, meaning that Ilirija's average gross salary was 17% above average.



* Data of the Croatian Bureau of Statistics



One-off financial assistance



Education



A warm meal for HRK 1



Assistance for a newborn

In accordance with the Labour Act and the Decision of the competent Ministry of Labour and Pension System, the Collective Agreement for the Hotel and Catering Business (OG 36/2018) concluded on 27 March 2018 applies to the company Ilirija d.d. In addition to their regular salaries, it provides employees with additional material and intangible benefits, including:

- one-off financial assistance and assistance through the services provided by the Company (transportation services, accommodation) in case of illness pertaining to them personally or to their immediate family members,
- a warm meal for employees, at a symbolic price of HRK 1 per day,
- assistance for a newborn,
- co-financing of travel expenses for employees living outside their place of work,
- education programmes, professional training and retraining courses for company employees, financed entirely by the Company



Education and training of employees in 2020:



improving and developing
new skills and acquiring
new knowledge



raising the quality and
safety of services



increasing guest satisfaction



creating a positive and
safe work environment

3 Training and education

Investment in the development of human resources is one of the principles of human resources management which ensures expert, competent and motivated employees of the Company. The Company strives to comply with the legal regulations and to also motivate its employees with additional knowledge, skills and access to information on the latest trends and developments in the tourism industry. In 2020, special attention was paid to education and training of employees due to the COVID-19 pandemic, with special focus being put on intensive and continual internal training sessions for employees at all levels held by the Company's Health Control.

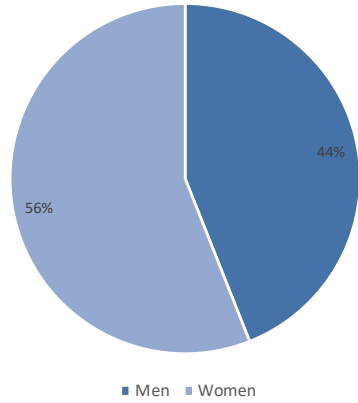
Due to the business environment, the planned employee education programmes were redefined and primary focus was put on internal education on the implementation of health, hygiene and sanitary standards.

Number of employees who underwent training and the number of training hours for the period 2017 – 2020

	2017	2018	2019	2020
Number of training hours	10.968	8.532	9.348	2.112
Number of employees	341	294	306	96
Number of men	143	126	133	35
Number of women	198	168	173	61
Average number of hours per employee	32	29	31	22

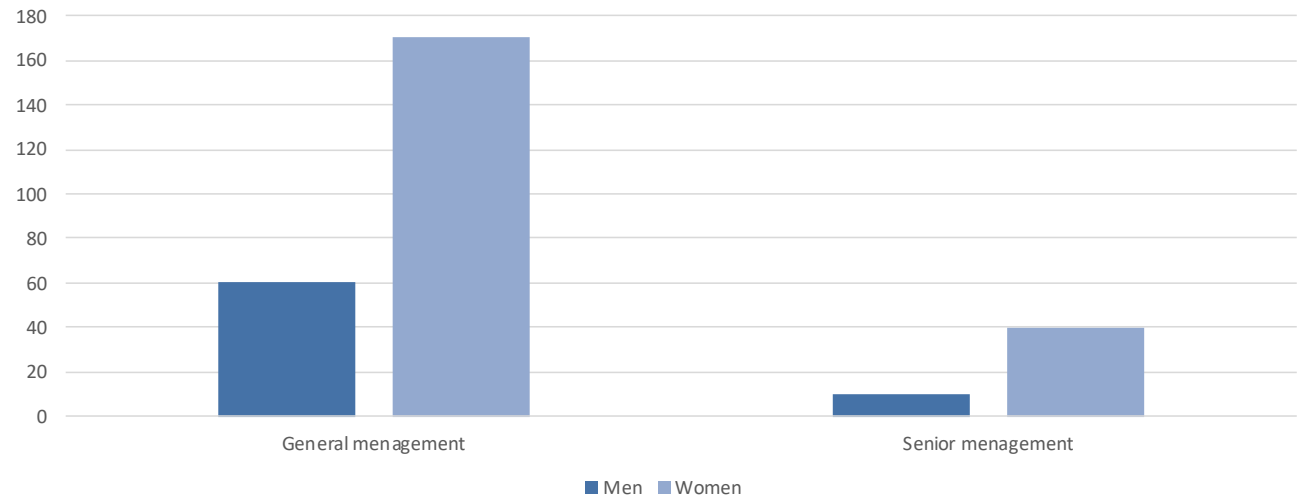
If we do not include the education programmes prescribed by the law, the average number of training hours per employee amounted to 25 hours, that is, a total of 1,078 hours was spent on training. The education included 42 employees, 18 of whom were men, with 470 hours of training and 24 of whom were women, with 608 hours of training, while the ratios are illustrated by the graph below.

Percentage of education hours by gender



The employees making up the general management, i.e. sector managers and heads of departmental units, underwent 256 hours of education.

Hours of training for senior and general management in 2020



Safety service



Health Control



Occupational Health
and Safety



Protection Against Fire

4 Occupational Health and Safety

Occupational Health and Safety Management System

Considering that the employees perform the entire business process, protecting their life and health, i.e. their occupational health and safety is a material topic for the Company, and was also its primary goal in 2020.

The Safety Service, in charge of occupational health and safety and also covering customer safety, is divided into occupational health and safety, fire protection and health control. This enables the Company to take care of health and safety of its employees and guests and provide continuous trainings.

The employee commissioner for occupational safety activities and the Occupational Safety Committee jointly perform monitoring activities and consultations on occupational health and safety protection programs.

The Health Control Manager coordinates the so-called DDD measures (for disinfection, disinsection and deratization), meets the daily work obligations pertaining to the sanitary program, performs supervision through unannounced internal inspections, cooperates with the state inspection during their supervision checks, analyses the reports and record of state inspection, controls the integrity of the system for the drinking water, swimming pool, HACCP system, etc.

The Occupational Safety and Fire Protection Manager is in charge of organizing and directly managing occupational safety, namely in order to protect both the company and the life and health of employees and all citizens in the area where the company does business.

In the year of pandemic, the Health Control followed the recommendations and measures of the Institute of Public Health and decisions of the Civil Protection Headquarters and implemented these into its operational processes in order to create a safe destination for the guests and a safe working environment for the employees. Before opening of any of its facilities, both accommodation and hospitality facilities, the Company provided internal training on adjustment of the business processes to the recommendations issued by the Institute of Public Health.

Moreover, in addition to aligning business processes with applicable legal regulations, the Company bases its management system on standards, including the ISO 9001:2015 quality management system, the Company – Friend of Health certificate. The HACCP system has been implemented in all hospitality facilities, which was confirmed by health inspections in 2020, which the facilities passed without any remarks.

In the health and safety management system, we monitor and comply with the following legal requirements and policies:

1

Legal regulations:

Catering Activity Act (OG 85/15, 121/16, 99/18, 25/19), Act on General Use Items (OG 85/06, 75/09, 43/10), Act on the Protection against Non-Ionizing Radiation (OG 91/10, 114/18), Food Act (OG 46/07), Nature Protection Act (OG 70/05), Construction Act (OG 175/03), Noise Protection Act (OG 20/03), Poison Act (OG 27/99), Occupational Safety Act (OG 71/14, 118/14, 94/18), Fire Protection Act (OG 92/10), Labour Act (OG 93/14), Labour Inspectorate Act (OG 19/14), Catering Activity Act (OG 85/15, 121/16, 99/18, 25/19, 98/19, 32/20, 42/20), State Inspectorate Act (OG 115/18), General Use Items (OG 39/13, 47/14, 114/18), Food Act (OG 81/13, NN 14/14, 115/18), Chemicals Act (OG 18/13, 115/18, 37/20), Nature Protection Act (OG 80/13, NN 15/18, NN 14/19, 127/19), Act on the Protection of the Population from Infectious Diseases (OG 79/07).

2

Ordinances:

Ordinance on Special Conditions for the Production and Marketing of General Use Items (OG 80/18), Ordinance on Food Hygiene (OG 99/07), Ordinance on Special Work Clothing and Footwear for Persons Working in Production or Transport, Who Come into Direct Contact with Groceries, Personal Hygiene Products, and Products for Face and Body Care and Beauty (OG 46/94), Guide to Microbiological Criteria for Food, March 2011, Ordinance on Occupational Safety Regarding the Use of Work Equipment (OG 18/17), Ordinance on the Testing of the Working Environment (OG 16/16), Ordinance on the Inspection and Testing of Work Equipment (OG 16/16), Ordinance on Safety Signs (OG 91/15, 102/15), Ordinance on the Sanitary-Technical and Hygienic Conditions for Swimming Pool Bathing Areas and on the Health Safety of Swimming Pool Water (OG 59/20).

3

Decisions, recommendations and measures of the competent authorities at the national, regional and local levels (Croatian Institute of Public Health and the Civil Protection Headquarters) aimed at preventing the spread of COVID-19.

4

In addition to aligning business processes with applicable legal regulations, the Company bases its management system on additional standards, including the ISO 9001:2015 quality management system, the Company – Friend of Health certificate.



Health in the workplace

The Company aims to ensure the maximum safety and health of our employees in their workplace.

Therefore, it takes actions, which include:

- Assessing the risks to health and safety,
- Ensuring that each employee is properly trained in terms of health and safety protection,
- Encouraging communication with employees,
- Keeping a record of injuries at work,
- Taking correcting actions if necessary.

Risk assessment is the basis for occupational safety and health management, which enables the identification of possible events that could cause unintended consequences.

The Company's risk assessment process regarding occupational health and safety is based on:

- collecting data at the workplace
- analysing and evaluating the collected data, which includes:
- identification of dangers, harm and strain,
- assessment of dangers, harm and strain,
- establishing measures for the removal or reduction of dangers, harm and strain
- establishing the plan of measures for the removal or reduction of danger, harm and strain levels, which shall include deadlines.



Health Control and standards in 2020

Primary goals of the Health Control:

1

Protection of health and life of employees

2

Commitment to safety

3

Implementation of measures, recommendations and decisions of the authorities

4

Development of a Protocol of health, hygiene and safety standards

5

Employee education



Even before the pandemic started, the Company established the Service for Health Care, Occupational Safety and Health and Environmental Protection and thereby formed a professional and operational team of heads of the departments of health control and safety, occupational safety and hygiene and health standards and procedures in operational processes and of heads of corporate services (communications, operational business and business processes, legal department and human resources) in order to quickly and efficiently implement and coordinate the measures and decisions of the Company and competent authorities and to take all necessary measures when it comes to the protection of health and life of guests and employees.



A Protocol of health, hygiene and safety standards developed

High hygiene and cleanliness standards that have been implemented so far have been improved in 2020, and the necessary steps have been taken to improve hygiene and health standards to ensure the health and safety of guests and a healthy and safe work environment.

Health and safety measures in common areas

Hotel/Camp/Marina



Health Control Manager at the Company level



Information and price lists available in digital format



Prescribed standards and procedures in case a person tested positive for COVID-19



Trained staff with respect to hygiene measures and procedures



Regular temperature checks and filling in of health questionnaires for our staff



Disinfection stations properly set up across the whole hotel / camp / marina



Personnel and guests are required to wear face masks



Reception desks have protective screens



Additional disinfection of all contact surfaces and areas



Clearly visible signs warning about keeping the prescribed distance



Clearly visible instructions on epidemiological measures



Limited number of persons in an area



Maximum number of persons in the lift



Available safety kits (gloves and masks)

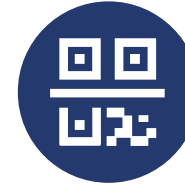


Health and safety measures in accommodation facilities

Hotel rooms/mobile homes



Alternative room cleaning arrangements



Provided access to all information via QR code located in each room / mobile home



Rigorous cleaning with disinfectants for professional use



Food and drink ordering via cell phone



The door of the room/mobile home is sealed until your arrival

Health and safety measures – food and beverages



Enhanced safety protocols for food preparation and handling



Buffet food separated by partitions



Capacity adapted to prescribed social distancing



Frequent cleaning and disinfection of all areas and contact surfaces



Digitally available information and price lists



Possibility of dining on open terraces



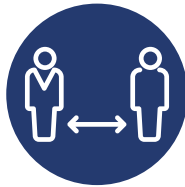
Kitchen and restaurant staff must wear protective equipment

Health and safety measures – events, excursions and tours (Ilirija Travel)

Events



Frequent cleaning and disinfection of all areas and contact surfaces



Capacity adapted to prescribed social distancing



All necessary equipment for use disinfected



Registration desk surrounded by a protective barrier



Disinfection sites and wipes



Possibility of streaming and hybrid meetings



Enhanced safety protocols for serving food and beverages

Health and safety measures – events, excursions and tours (Ilirija Travel)

Excursions and tours



Staff and guests are required to wear masks



Head of health control at the company level



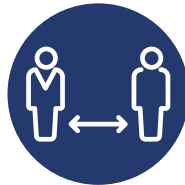
Frequent cleaning and disinfection of all Ilirija Travel vehicles



Staff educated in relation to hygiene measures and procedures



Digitally available information and price lists



Vehicle capacity and groups adjusted to the prescribed social distance



Visible guidelines for epidemiological measure



Enhanced safety protocols for serving food and beverages at service sites

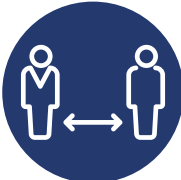


Safety kit available on request

Health and safety measures in the City Galleria Business and Shopping Centre



Number of visitors allowed into the building at the same time has been limited



2-metre physical distance



Requirement to have a face mask on



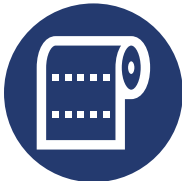
Disinfectants at all entries into the centre and areas in the centre which a lot of people use



Benches intended for visitors to sit on have been removed from the common areas (hallways)



Existing high standards of cleaning have been further improved, with focus on detailed disinfection of door handles, handrails and other surfaces



Hand driers in toilets have been replaced with paper towels



Health and safety measures – wellness and pools



Use only with prior notice



Wipes for disinfection of fitness equipment available



The number of users is limited



Disinfection of equipment and space after each appointment



Disinfection sites



Staff and guests are required to wear masks



Health and safety measures – indoor and outdoor pools



Use only with prior notice



Wipes for disinfection of fitness equipment available



The number of users is limited



Disinfection of equipment and space after each appointment



Disinfection sites



Staff and guests are required to wear masks



Apart from the health protection measures implemented due to the COVID-19 pandemic, the Company also implemented its annual plan and programme of specific employee health care measures at the level of primary health care. Following the established methodology, examinations are carried out to assess the employees' working abilities against the demands of jobs with special working conditions.

An overview of sanitary/hygienic examinations

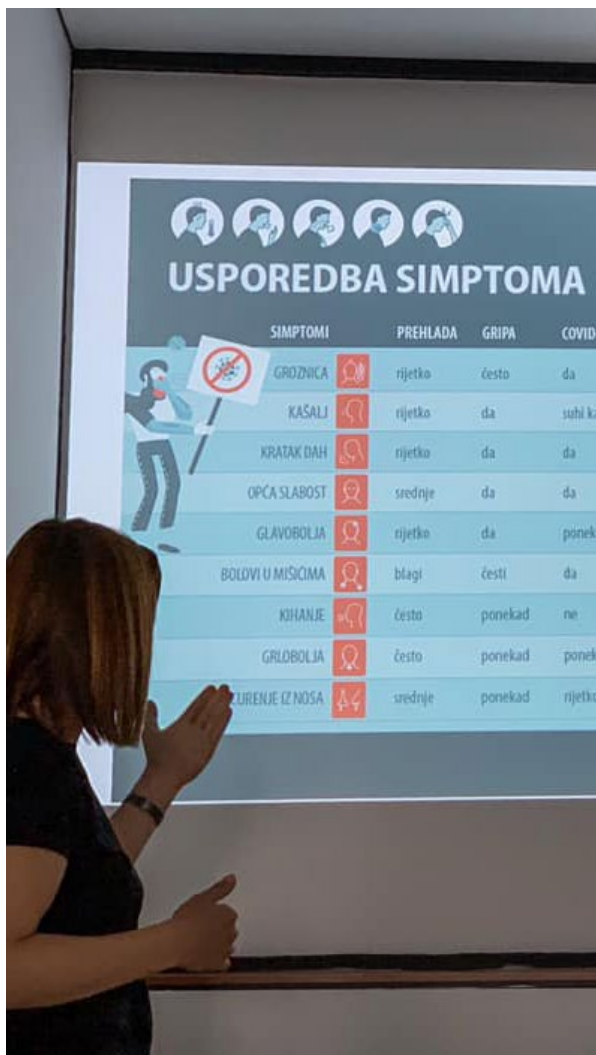
Type of sanitary/hygienic examination for employees at the Zadar Institute of Public Health	2016	2017	2018	2019	2020
Annual check-up	135	156	193	199	80
Semi-annual check-up	62	58	58	0	0
Annual check-up for healthcare professionals	1	1	1	1	0
New sanitary booklet	43	50	4	81	17
Staff employed in the hygiene protocol	6	5	5	6	5
Check-up for students	0	0	1	3	0
Total	247	270	262	290	102

For all employees of the Food and Beverages Department as well as other departments subject to mandatory sanitary inspections, the inspections are performed by the Public Health Institute that is accredited to perform them.

Occupational medicine check-ups

Occupational medicine check-ups	2016	2017	2018	2019	2020
Nautical sector	32	8	21	7	12
Camping sector	7	3	8	4	4
Laundry room	12	3	6	3	2
Technical service	6	2	4	3	2
Horticulture	6	2	5	3	3
Total	63	18	34	20	23

* In the hotel sector, there are no employees exposed to increased occupational dangers, so data for the said sector are not even given.



Occupational health and safety training for employees at the workplace

Internal training is provided by the Heads of Health Control and Occupational Safety and Fire Protection, in cooperation with external authorized companies and the Institute of Public Health. At the Institute of Public Health, 13 employees attended the Health Education course. Before opening of any of its facilities, after the lockdown caused by the coronavirus which spread across whole Croatia, all employees underwent training, held in compliance with the epidemiological measures, on how to protect themselves from this new disease both at the workplace and in their private lives. All employees were provided with protective equipment (face masks, gloves) and disinfectants. Internal trainings on the HACCP system were held in the same manner for the employees of the Food and Beverages Department.

Training for safe work practices

Year	2016	2017	2018	2019	2020
Training for safe work practices	57	76	65	32	0

Based on the risk assessment, we train our employees to work in a safe manner, which is done by our Head of Occupational Safety in cooperation with occupational safety experts authorized to perform the training.

Fire drills

Year	2016	2017	2018	2019	2020
Number of fire fighting drills	4	4	4	4	4

We conduct fire safety exercises every year, namely at the level of all sectors and with all employees within the sector participating.



Number of fire extinguisher inspections

Year	2016	2017	2018	2019	2020
Number of fire extinguisher inspections	252	304	312	314	382

Maintenance of fire extinguishers is carried out through regular inspections and periodic servicing. Fire extinguishers are inspected and tested in accordance with the regulations for pressure equipment. Inspections are performed by a registered fire fighting servicing department.

The rates of injuries, occupational diseases, lost days and absences, and the number of fatalities related to accidents at work

	2018				2019				2020			
	Number of injuries	Number of professional diseases	Number of lost days	Number of fatalities	Number of injuries	Number of professional diseases	Number of lost days	Number of fatalities	Number of injuries	Number of professional diseases	Number of lost days	Number of fatalities
Men	1	0	20	0	3	0	120	0	3	0	631	0
Women	3	0	28	0	3	0	38	0	1	0	72	0
Total	4	0	48	0	6	0	158	0	4	0	703	0

Injury rate parameters

Parameter	2016	2017	2018	2019	2019
IR (injury rate)	1,38	1,76	1,12	1,89	1,76
ODR (occupational disease rate)	0	0	0	0	0
LDR (lost daily rate)	0,07	0,09	0,06	0,09	0,11
AR (absentee rate in case of fatalities)	0	0	0	0	0

Along with complying with legal regulations and implementing ordinances, the Company also carries out additional activities related to the health and safety of its employees:

- it implemented the HACCAP system to guarantee a high level of control, quality and safety in the process of preparation, production and distribution of food and beverage services, while taking into account the diversity of the diet and its nutritional value,
- it provided information by labelling food allergens,
- evacuation and rescue plans are present in all facilities, in visible places,
- it applies the methodology of cleaner production,
- it implements complete measures for the destruction of micro-organisms and pest control in accordance with legal regulations and in cooperation with authorized external companies,
- it tests the quality of sea waters,
- it tests pool water for physical, chemical and microbiological parameters, and
- information has been provided and trainings have been held on the importance of preservation of natural resources (preservation and protection of water, energy, waste disposal, etc.),
- it implements DDD measures,
- a safe working practice for the use of chemicals was introduced,
- suppliers with the Fair trade and sustainable certification marks are selected when purchasing linen,
- it introduced the practice of avoiding individual packaging of food and beverage products, as well as of laundry detergent,,
- it selects products that are environmentally friendly or have minimal environmental impact.,

2 Marketing and labelling

Proper labelling and informing customers about the food and beverages they consume is a material topic for the Company, considering that the health and safety of food is an extremely important segment of the Company's business.

The Ordinance on Consumer Information about Non-Prepacked Food (OG 144/14) provides for mandatory information on the presence of substances or products that may cause allergies or intolerances. EU legislation lists 14 specific allergens used in the preparation of food (including beverages) that are present in the finished product.

We inform our guests of the presence of allergens in the food served on the buffet table in hotels or during banquets by clearly displaying allergen pictogrammes, while noticeable and clearly legible messages are placed in à la carte

restaurants, inviting consumers to ask the staff for information regarding the presence of substances or products that can cause allergies or intolerances.

The Food and Beverages Department staff were educated about the importance of properly informing guests of the presence of allergens and of their possible adverse health effects. The management of substances or products that may cause allergic reactions or intolerance is monitored internally by the Health Control Manager and by external supervisory bodies such as the sanitary inspection.

When preparing food, we aim to keep the waste to a minimum. The generated waste is sorted into appropriate separate containers for each waste group: mixed municipal waste, cardboard packaging, plastic, glass, metal, biowaste, heat-treated food and waste edible oil. By doing so, we promote responsible waste management and aim to have the lowest possible impact on the environment.

In 2020, we did not record any breaches of regulations, nor did we receive any complaints regarding breaches of regulations pertaining to product labelling. All kitchens of the company have successfully implemented the Food Safety Management System (HACCP) and all food handling practices are carried out in accordance with the principles and guidelines of the Good Manufacturing Practice (GMP) and Good Hygiene Practice (GHP). By doing so, we systematically contribute to the safety of the food served in our facilities.





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