



 *Ilirija d.d.*

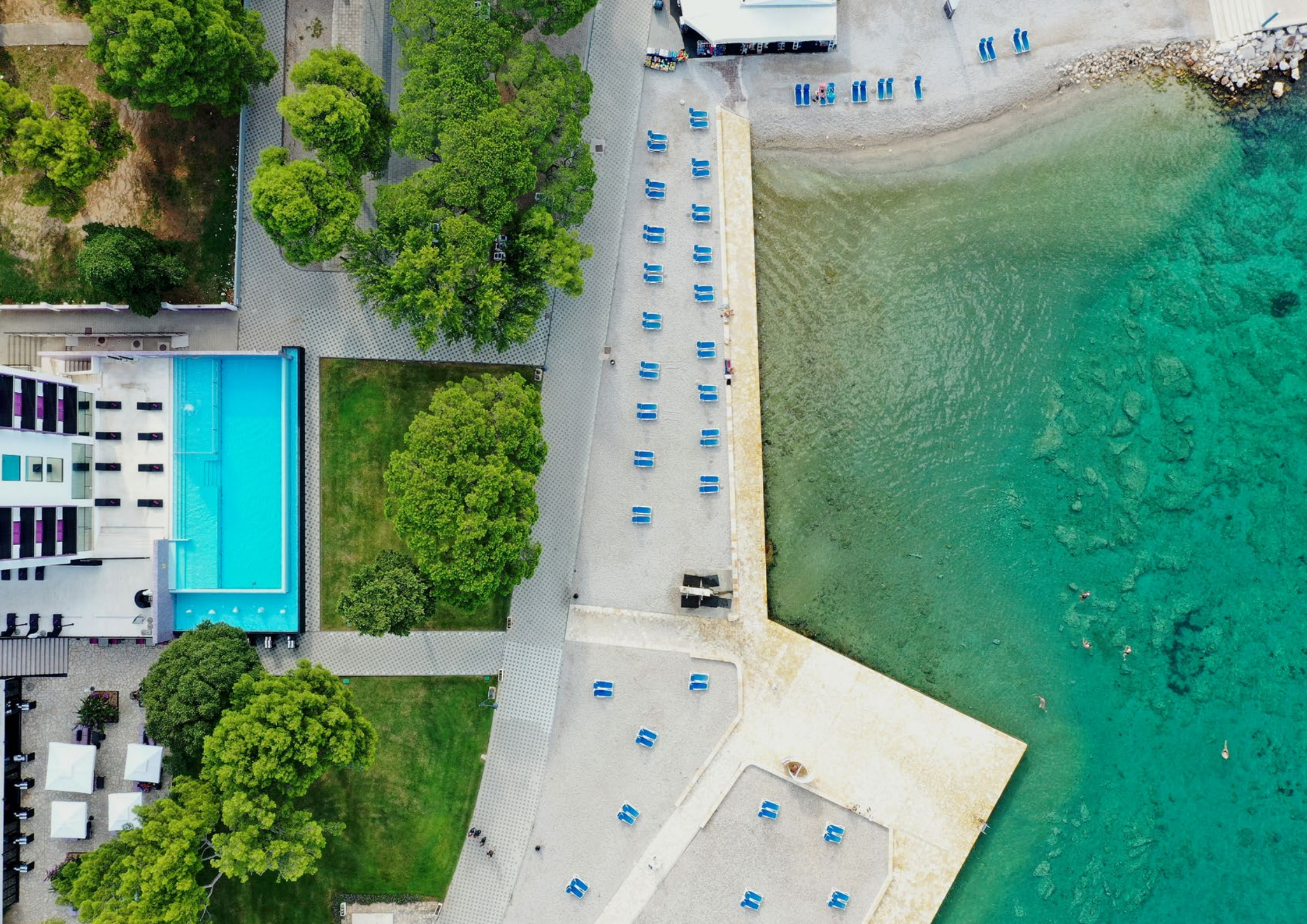
FINANCIAL STATEMENTS FOR THE PERIOD 01/01 – 31/03/2023

Biograd na Moru, April 2023



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OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE PERIOD 01/01 – 31/03/2023

in euro	I-III 2023	I-III 2022	INDEX 2023/2022
Financial indicators			
Total revenues	4.346.397,41	3.492.480,94	124,45
Operating revenues	4.346.282,86	3.491.442,82	124,48
Revenues from sales	4.317.556,18	3.473.254,00	124,31
Operating profit	665.721,53	1.190.344,12	55,93
EBITDA	665.836,08	1.191.382,25	55,89
EBIT	-75.213,11	546.607,76	-13,76
Profit	-194.432,99	444.903,16	-43,70
Value of assets	71.228.528,39	67.713.949,98	105,19
Capital	50.959.048,92	49.584.858,50	102,77
Total liabilities	20.269.479,47	18.129.091,48	111,81



KEY INFORMATION FOR THE PERIOD 01/01 – 31/03/2023

1 In the first quarter of 2023, total revenue was generated in the amount of EUR 4,346,397.41, while operating revenue was generated in the amount of EUR 4,346,282.86, accounting for 99.99% of the total revenue, i.e. 100%. The first quarter of the financial year was marked by intensified business activities across all sectors, which resulted in stronger revenue growth at the Company level in accordance with expectations and business plans for 2023. Total revenue increased by 24.45% compared to the same period of the previous year, when it amounted to EUR 3,492,480.94, as well as an increase in operating revenue by 24.48%.

With regard to the operating revenue realised in the reporting period in the amount of EUR 4,346,282.86, the nautical sector generated EUR 2,041,225.71, or 46.96% of the total operating revenue, considering the expected and continuous realisation of the revenue of the nautical sector, representing the basis of the Company's current financial operations in the first quarter of the financial year. At the same time, the nautical sector recorded an 8% increase in revenue compared to the same period of the previous year.

With a revenue of EUR 1,289,742.78, the camping sector accounts for 29.67% of the Company's revenue, generated on the basis of annual contracts on fixed lease of accommodation units (plots) with legal entities and natural persons. The camping sector revenue increased by 32% compared to the same period of the previous year, commanding an increasingly significant place in the overall business result of the Com-

pany in the first quarter, regardless of the fact that there was no current business activity of actual guest accommodation in the reporting period.

The real estate sector, i.e. the City Galleria Business and Shopping Centre, realised a revenue of EUR 476,814.75, accounting for a 10.97% revenue share at the Company level, and is the result of its year-round business activity and revenue growth of 11%.

The hotel sector generated an operating revenue of EUR 353,424.83, accounting for 8.13% of the Company's total operating revenue. The hotel sector recorded a significant increase in the volume of business activities in the first quarter of the financial year compared to the same period of the previous year, resulting in a 127% increase in revenue.

For comparison, in the same period of the previous year, the hotel sector generated a 4.46% share in total revenue, and we consider this year's indicator of 8.13% to be a positive trend of recovery of the hotel sector with regard to the future business activity of the Company.

Other sectors and profit centres generated revenue in the amount of EUR 185,074.79, accounting for 4.26% of the Company's revenue generated by business activities at profit centres, which represent a complementary and integrated product of the Company.

2 The first quarter of the financial year was marked

by intensified business activities across all sectors, which resulted in stronger revenue growth of at the Company level in accordance with expectations and business plans for 2023. The significant impact on increased business operations is the result of an increase in revenue generated by the nautical, camping, hotel and real estate sectors and the destination management company owing to a growth in the volume of business activities compared to the same period of the previous year.

Notwithstanding the increase in revenue, operating profitability results have either been reduced or non-existent compared to the same period of the previous year, which is common for tourism companies in Croatia, considering the highly seasonal nature of Croatian tourism as the majority of the turnover is generated in the third quarter of the financial year. Apart from the seasonality of the activity, operating profitability results were strongly impacted by an increase in costs due to inflation, an increase in wage costs due to securing the best possible material conditions for employees and creating the conditions for a successful realisation of the financial year, resulting in an increased number of employees, operating expenses due to maintenance of facilities and equipment in order to maintain the level of competitiveness, quality of amenities and services, and increase in other operating expenses. Despite the strong revenue growth, it was not followed by a rise in costs, which ultimately affected the Company's overall results in the first quarter of the financial year.

3 In this reporting period, the Company achieved an increase in total and operating revenue in accordance with business expectations and plans for 2023. The Company generated EUR 4,346,397.41 in total revenue, indicating a 24.45% increase compared to the first quarter of 2022, when total revenue amounted to EUR 3,492,480.94, due to an increase in operating revenue.

Operating revenue amounted to EUR 4,346,282.86, which is 24.48%, or EUR 854,840.04 higher compared to the first quarter of 2022, when it amounted to EUR 3,491,442.82. This is the result of a significant increase in revenue in all sectors of the Company due to an increased volume of business activities across its tourism sectors. Therefore, the hotel sector achieved a growth of 127%, the destination management company achieved a growth of as much as 462%, while the camping sector achieved a 32% increase in revenue and holds the largest share in the increase of the Company's business revenue. The nautical sector, with its year-round business activity, continued to generate growth, with an 8% increase in this reporting period. Moreover, the real-estate sector – City Galleria Business and Shopping Centre, with its year-round business activity and an increase in all key indicators, reported an 11% increase in revenue.

4 Total expenses amounted to EUR 4,540,830.40 compared to the same period of the previous year, when they amounted to EUR 3,047,577.78. They increased by 49%, i.e. EUR 1,493.252,62 due to a 59.95%

increase in operating expenses, a 17.22% increase in financial expenses and a 14.93% increase in depreciation.

The increase in total expenses in absolute and real terms has mostly been due to individual segments (types) of operating expenses generated in the total amount of EUR 3,680,561.33 and, compared to the same period of the previous year, when they amounted to EUR 2,301,098.70, recording an increase by 59.95%, or EUR 1,379,462.63. This refers to the following operating expenses:

(I) increase in wage cost and other material rights of employees, which were EUR 633,321.40 higher, based to the Company's decision to improve the material rights of employees in order to retain net salaries in the Company at the level of an average net salary in Croatia, leading to a 20% increase in the basis for net salary. Building on this, preconditions in HR policy were also created with the aim of realising a successful financial year, retaining uninterrupted business processes and maintaining a high-quality service, which is why, compared to the same period of the previous year, the Company increased the number of employees for 42 new employees, i.e. the average employment rate increased by 16%;

(II) costs of building maintenance, equipment and purchase of technical material increased by EUR 201,084.59 due to an increase in the Company's investment activities aimed at improving service quality.

ty and standards, as well as maintaining competitiveness;

(III) cost of advertising and promotion, i.e. marketing costs, increased by EUR 75,440.94 owing to a significant increase in marketing activities in the tourism sectors of the Company;

(IV) other extraordinary expenses increased by EUR 116,544.25 due to the Company's decision to allocate its own shares to its workers as a reward for the achieved business results.

The increase in operating expenses, i.e. ordinary operating expenses, according to the above items (points I–IV), amounted to EUR 1,026,391.18, representing a 74.41% share in the increase of operating expenses.

5 Despite a strong double-digit increase in total and operating expenses at a rate of 24.45%, i.e. 24.48%, it failed to cancel out the increase in the portion of total expenses that increased at a significantly higher rate, i.e. 49.00% compared to the same period of the previous year. All of the above impacted operating profitability indicators, which were lower or non-existent. The Company's results with regard to profitability were as expected, considering the difficult business circumstances, the pronounced increase in operating expenses, than strong inflationary pressures, lack of a qualified workforce and an unfavourable macroeconomic environment with the common low business activity of Croatian tourism in the first quarter.

Operating profit was generated in the amount of EUR 665,721.53, which was lower by 44.07% compared to the same period of the previous year, when it amounted to EUR 1,190,344.12, while EBITDA amounted to EUR 665,836.08 and it was 44.11% lower compared to the same period of the previous year, when it amounted to EUR 1,191,382.25. On the other hand, due to the aforementioned reasons, the Company did not report a profit in the reporting period, i.e. it had a minimum negative performance in the amount of EUR 194,432.99.

6 The value of assets amounted to EUR 71,228,528.39, which was 5.19%, or EUR 3,514,578.41 higher compared to the same period of 2022, when it amounted to EUR 67,713,949.98. The increase resulted from an increase in current assets by 28.84% and non-current assets by 1.48%.

7 Capital of the Company amounted to EUR 50,959,048.92, representing a 2.77%, or EUR 1,374,190.42 increase compared to the first quarter of the previous year, when it amounted to EUR 49,584,858.50, due to the increase in profits from past years.

8 The total liabilities of the Company in the first quarter of 2023 amounted to EUR 20,269,479.47, representing a 11.81%, or EUR 2,140,387.99 increase compared to the same period of the previous year, when they amounted to EUR 18,129,091.48, owing to an increase in current liabilities.

9 In the reporting period, net debt, which includes current and non-current liabilities to banks minus cash at bank and in hand and deposits, amounted to EUR 5,790,375.29, representing a 19.47%, or EUR 1,400,276.16 decrease, i.e. the Company reported the lowest net debt to date in the first quarter.

10 The last share price was EUR 26.00, increasing by 14.54% compared to the previous price in the first quarter of 2022, which amounted to EUR 22.70. Accordingly, the Company's market capitalisation amounted to EUR 62,750,688.00, with an increase of 14.54%, or EUR 7,964,510.40 compared to the first quarter of 2022.

11 The Company released 4135 own shares, constituting 0.17% of its share capital. Own shares were released under the Share Transfer Agreement, concluded with the Company's employees in compliance with the Decision on the allocation of own (treasury) shares to the Company's employees free of charge as a reward for the business results achieved in previous years. Prior to disposing of the shares, the Company had 10881 own shares, constituting 0.45% of its share capital, while, following the disposal, it has a total of 6746 own shares, constituting 0.28% of the Company's share capital.

1 ABOUT ILIRIJA D.D.

1.1 BASIC INFORMATION

ILIRIJA d.d. is a public joint stock company registered for hospitality and tourism with registered office in Biograd na Moru, Tina Ujevića 7, that has been active in the Croatian tourist market for over **66** years. The business operations of ILIRIJA d.d. is based on the principles of corporate social responsibility as an integral part its corporate values.

In its business operations, the Management Company applies the Code of Corporate Governance of the Zagreb Stock Exchange and HANFA. The data on the operations are public and transparent, and at all times available to all national, financial and other institutions, shareholders, banking institutions, funds, associations, business partners, institutional, individual and other investors in the regulated capital market in the Republic of Croatia. In its business operations, the Company covers all key segments of the Adriatic Mediterranean tourism offer that is: **hotel sector** (hotels: Ilirija****, Kornati****, Adriatic***, Villa Donat****/***), **nautical sector** (Marina Kornati and Hotel port Ilirija-Kornati), **camping** (campsite „Park Soline“****), **hospitality** (restaurant “Marina Kornati”, restaurant “Park Soline”, Beach bar “Donat”, “Lavender” lounge bar), **destination management company/DMC Ilirija Travel** (Arsenal in Zadar, Villa Primorje ****, diffuse hotel Ražnjevića dvori

AD 1307, event boat “Nada”), **sports-recreational and entertainment center** (Tennis center Ilirija with 20 tennis courts and Aquatic center with hospitality facilities), and since the month of December 2016, the Company’s portfolio includes the **Commercial-Shopping Center City Galleria** in Zadar with more than 28.500m² gross area in total six floors and total 9.464,72m² net rented floor area.

Its business is based on providing services by using its capacities (hotels, nautics, camping) at the same time providing additional amenities and services, thus creating a high-quality integrated and complementary tourism product in the domestic and international tourism market, presented under the brand Ilirija Travel. Destination management company was established as a result of the modern tourism demand, conditioned by the technological, social, market factors and trends of ever more demanding customer or market.

1.2 CHRONOLOGICAL OVERVIEW OF THE COMPANY'S DEVELOPMENT

Year 1957 | The Company was incorporated and domiciled in Biograd na Moru, where it operates today, although the beginnings of the company date back to 1934 when the first hotel called ILIRIJA in Biograd na Moru was built. These are also the first beginnings of organized tourism not only in Biograd but also in the entire Biograd Riviera, by which the Company becomes the pioneer and the leader of all tourism activities in the Biograd region.

Years 1969-1972 | The construction of new hotel facilities (Hotel Kornati**** and Hotel Adriatic***), the overall reconstruction and construction of hotels Ilirija**** and building an annex to the hotel Villa Donat ****/*** in Sv. Filip and Jakov.

Year 1976 | Start of construction of the first nautical tourism port in Croatia, according to the first building permit in the Republic of Croatia for the construction of the first nautical port issued by the former Municipality of Biograd na Moru, number: UP/I-03-4-318/1977 as of 10th March 1977, Hotel port Ilirija-Kornati, situated in Biograd na Moru, with a total of 100 berths and the purchase the first charter fleet of 40 vessels, by which the Company became a pioneer of development of the nautical tourism.

Year 1986 | Extended nautical capacities of the Company by constructing the nautical tourism Port Marina Kornati, located in Biograd na Moru, with total port area (aquatorium) of 131.600 m² with a total capacity of 705 berths on land and sea. Today, Marina Kornati is among the Top 3 Croatian marinas according to the number of berths, technical equipment, quality of service, cleanliness and neatness.

Year 1988 | The construction of Tennis center, located in a pinewood Soline right next to the old town center Biograd na Moru (400m from the hotel, 150m from the main beach), on an area of 48.000 m² with 20 tennis courts (14 clay and 6 artificial grass tennis courts).

Year 1988 | The construction of Aquatic Center, that is, a beach facility as a part of a unique, technological and functional unit of the existing hotel capacities, that is basically an Olympic outdoor swimming pool with many additional amenities, as a supplement to the existing and basic hotel amenities. Built as a swimming, beach and sports, entertainment and hospitality facility with bleachers with the capacity of 4,000 seats and a terrace of 1.000 m², whereby it represents a center for holding almost all sports, entertaining and dance events in the City Biograd na Moru.

Year 1989 | Construction of an annex to the hotel Kornati**** and administrative building of the Company.

Year 1991-1992 | Completion of the remaining part of the port area, i.e. the capacities of the Port of Nautical Tourism Marina Kornati, by building docks in the southern and western aquatorium.

Year 1993 | The Croatian Privatization Fund, makes a decision on the transformation of HTP Ilirija into a joint stock company.

Year 1999 | The Company was privatized and is in major ownership of the company Arsenal Holdings d.o.o. from Zadar, which is in major ownership of Mr. Davor Tudorović.

Year 1999 | The Company starts boat show organized as Spring Open Days, mainly intended for companies that operate in the marina, as the first such event in North Dalmatia. Wishing for Biograd na Moru, to be top nautical event, at which all sectors of the boating and charter business will be presented in a short period, the Open Days grew into a boat event - Biograd Boat Show. Since 2004 Biograd Boat Show has been organized as the first autumn boat show in Croatia.

Year 2000 - 2023 | During this period, i.e. as at 31 March 2023, the Company invested EUR 89.760.185,00 in construction, reconstruction, extension, upgrading, renovation and adaptation of accommodation facilities and establishments of the Company in order to enhance the quality, improve the overall service and standards in all sectors of the Company, develop new products, improve and increase the categorization of the accommodation facilities and nautical capacities, expand hospitality facilities with an aim to create a high-quality, recognizable and competitive tourism product and enhance the quality of the offer of the destination itself together with the purchase of the City Galleria Business and Shopping Centre, which resulted in a growth in total revenue and newly created value in the mentioned period in the amount of EUR 152.570.889,17.

Year 2002 | The National Audit Office carried out the audit of transformation and privatization of ILIRIJA d.d. and issued an unqualified opinion on the transformation and privatization in full, with an emphasis that the process was carried out in accordance with the legislation and that no irregularities were determined that would affect the legal implementation of the process of transformation and privatization.

Year 2003 | The Company's shares were listed on the Zagreb Stock Exchange in the quotation of public joint stock companies.

Year 2005 | As part of the Company's business system, the multimedia center Arsenal in Zadar, built in the 17th century at the time of the Venetian Republic, following the completion of the revitalization and renewal according to the concept of "indoor town square," began conducting business activities.

Year 2009 | The Company's shares are listed on the Regular market of the Zagreb Stock Exchange, since the quotation of public joint stock companies was cancelled.

Year 2014 | The market was presented the event ship "Nada" a floating convention center with multifunctional purposes 36m in length and a capacity to accommodate 180 persons.

Year 2014 | As a part of the Company's business system, the first Croatian diffuse hotel Ražnjevića dvori AD 1307 was opened.

Year 2015 | Renovated Villa Primorje****, built in the second half of the 19th century, luxuriously decorated and equipped in line with the latest standards for facilities of its kind and category, has its own restaurant that offers the possibility of organizing a number of events.

Year 2015 | Recapitalization of the Company by Allianz ZB d.o.o., the compulsory pension fund management company, with headquarters in Zagreb, which has acquired 10% equity share in the ownership of the company.

Year 2015 | The Company's shares are transferred from the Regular to the Official market of Zagreb Stock Exchange which will contribute to even greater transparency and openness of the company to all of its stakeholders.

Year 2016 | The second recapitalization of the Company was successfully carried out in the month of November through which the share capital was increased by contributions in cash and by issuing New ordinary shares of the Company through public offering. The main purpose of the recapitalization is to raise funds for the acquisition of the Commercial-Shopping Center City Galleria in Zadar.

Year 2016 | On 19 December 2016, having acquired the Commercial-Shopping Center City Galleria in Zadar, the Company successfully completed and carried out the process of acquisition or buying of the real property which created a company with a wide range of economic activities, where in addition to tourism and hospitality sector consisting of hotel sector, nautics, camping and destination management as core business activities, the Company partly enters the real estate segment having acquired the modern Commercial-shopping center.

Years 2015 - 2017 | The investment cycle in Marina Kornati has been mainly completed by improving the quality of the accommodation of vessels by modernizing nearly seventy percent of the superstructure and the substructure of the marina or piers, allowing thus the accommodation for a larger category of vessels, better exploitation of the marina aquatorium, further enrichment and modernization of the offer by implementing the best existing technical solutions which contributes to further strengthening of the market position of Marina Kornati among the three leading ports of nautical tourism at the Adriatic Sea.

Year 2018 | The construction of the indoor swimming pool of useful surface area of approximately 500m² along with accompanying facilities, thus complementing the existing tourism offer of the hotel Ilirija Resort in the destination of Biograd na Moru.

1.3 COMPANY'S BODIES

1.3.1 COMPANY MANAGEMENT BOARD

Goran Ražnjević, President of the Management Board represents the Company solely and independently

1.3.2 SUPERVISORY BOARD

Goran Medić, President of the Supervisory Board

David Anthony Tudorović, Deputy President of the Supervisory Board

Davor Tudorović, Member of the Supervisory Board

Siniša Petrović, Member of the Supervisory Board

Darko Prebežac, Member of the Supervisory Board

1.3.3 SHAREHOLDERS' ASSEMBLY



1.4 SUBSIDIARIES

Ilirija d.d. owns 100% of its two subsidiary companies:

ILIRIJA GRAĐENJE d.o.o., with registered office in Biograd na moru, the registered objects of the company being the performance of construction works,

ILIRIJA NAUTIKA d.o.o., with registered office in Biograd na moru, the registered objects of the company being tourism, nautical and hospitality activities (not active).

1.5 AFFILIATED COMPANIES

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 the Company's share capital, as well as for the same proportion of votes in the company's Assembly.

The parent company Arsenal Holdings d.o.o. is registered with the Commercial Court of Zadar, CRN: 060014554; the share capital is HRK 21,027,500.00, which corresponds to EUR 2,790,828.85, using the fixed conversion rate (7,53450).

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.

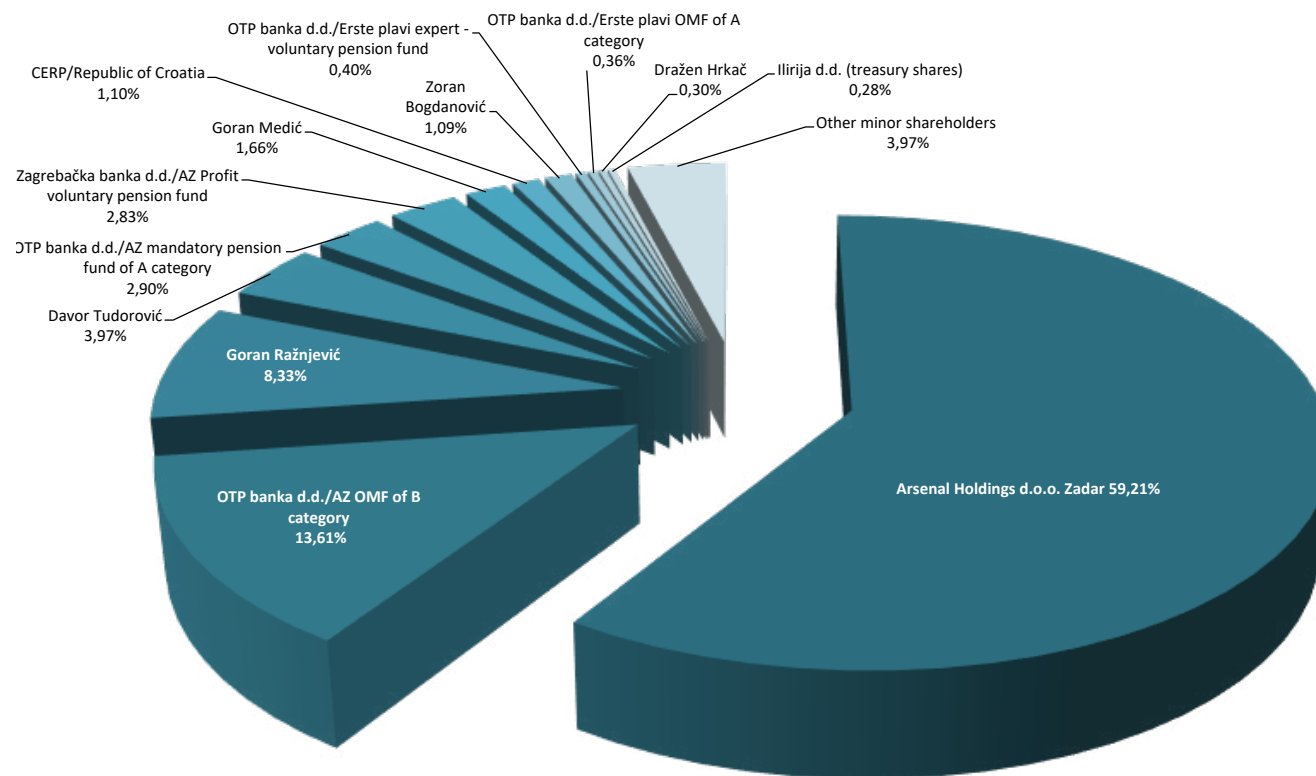
1.6 OWNERSHIP STRUCTURE OF THE COMPANY AND OVERVIEW OF TRADING IN COMPANY'S SHARES AT THE ZAGREB STOCK EXCHANGE

The Company's share capital is HRK 229,146,480.00, which corresponds to EUR 30,412,964.36, using the fixed conversion rate (7.53450), and is divided into 2,413,488 ordinary shares without nominal value.

As at 31 March 2023, there were no significant changes in the ownership structure, while an overview of the major shareholders of the Company as at 31 March 2023 is provided below.

Owners - shareholders	Number of shares	Share in %
Arsenal Holdings d.o.o. Zadar	1.429.032	59,21
OTP banka d.d./AZ OMF of B category	328.506	13,61
Goran Ražnjević	201.120	8,33
Davor Tudorović	95.744	3,97
OTP banka d.d./AZ mandatory pension fund of A category	69.898	2,90
Zagrebačka banka d.d./AZ Profit voluntary pension fund	68.200	2,83
Goran Medić	40.000	1,66
CERP/Republic of Croatia	26.508	1,10
Zoran Bogdanović	26.216	1,09
OTP banka d.d./Erste plavi expert - voluntary pension fund	9.726	0,40
OTP banka d.d./Erste plavi OMF of A category	8.631	0,36
Dražen Hrkač	7.224	0,30
Ilirija d.d. (treasury shares)	6.746	0,28
Other minor shareholders	95.937	3,97
TOTAL	2.413.488	100,00

OWNERSHIP STRUCTURE OF THE COMPANY AS AT 31/03/2023



TRADING IN COMPANY'S SHARES ON THE CROATIAN CAPITAL MARKET IN THE FIRST QUARTER OF 2023

(amounts in EUR)	I-III 2023	I-III 2022	% of change
Total turnover	24.678,80	36.549,21	-32,48%
Average share price	24,41	22,79	7,11%
Average turnover per transaction	8.226,27	1.827,46	350,15%
Average daily turnover	24.678,80	3.322,66	642,74%
Last share price	26,00	22,70	14,54%
Market capitalization*	62.750.688,00	54.786.177,60	14,54%
Market capitalization**	58.913.242,08	55.003.391,52	7,11%
Number of shares:	2.413.488	2.413.488	

*indicated by the methodology of calculation according to the last share price multiplied with number of shares

** indicated by the methodology of calculation according to the average share price multiplied with number of shares

In the first quarter of 2023, 1,011 shares of the Company were traded, which resulted in a turnover of EUR 24,678.80, which, compared to EUR 36,549.21 of turnover in the first quarter of 2022, represents a decrease of 32.48%, correlating with the decline in turnover on the Zagreb Stock Exchange, which is 20.03% less than the same period of the previous year.

The average share price amounted to EUR 24.41, representing an increase compared to the first quarter of the previous financial year, when the average share price amounted to EUR 22.79. The last share price was EUR 26.00, representing an increase by 14.54% compared to the last price in the first quarter of 2022, which amounted to EUR 22.70. Consequently, the Company's market capitalization amounts to EUR 62,750,688.00, which is an increase of 14.54% or EUR 7,964,510.40 compared to the first quarter of 2022, while the market capitalization expressed through the methodology of the multiplication of the number of shares and the average price was increased by EUR 3,909,850.56 or 7.11%.

The movement of the ILRA share with the shown volume of trading and comparison with CROBEX and CROBEXTURIST index movement is shown in the following graph



1.7 COMPANY BUSINESS MODEL

The Company has been present on the domestic and international tourism markets for over six decades and in 2016, with the acquisition of the City Galleria Business and Shopping Centre, it became a company with a wide range of activities, the portfolio of which is composed of 5 sectors:

- **Hotel sector** – 4 hotels, 435 rooms, 910 beds
- **Nautics** – 805 berths, 2,000 persons
- **Camping** – 1,208 pitches, 3,624 persons
- **Destination management company/DMC Ilirija Travel** – through which 297 special events for 29,830 persons were organised in 2022
- **Real-estate segment** – Commercial-shopping center City Galleria in Zadar, one of the two largest shopping centers in the Zadar region

ILIRIJA d.d. is one of few tourism companies in the Republic of Croatia with such a diverse offer that includes all the segments of the Adriatic or Mediterranean tourism offer in its portfolio (hotel sector, nautical sector and camping), additionally strengthened by the destination management company Ilirija Travel and the real-estate sector. With such a diverse portfolio, the

Company manages all business processes (management and operations) within the sector or facility.

Diverse tourism and real-estate portfolios are based on the resources of the region and on a continuous investment in the improvement of the existing contents and products as well as the development of new ones, which is also the foundation of the Company's business and development policy. More than six decades of market presence and the related know-how allow the Company to maximise its economic, financial, market and human potentials, and by **developing a complementary and integrated product through the destination management company, the Company strives to achieve one of its strategic goals – year-round business operations of its tourism sectors**, with an emphasis on the hotel sector and camping, through high-standard extension of the high season to pre-season and post-season and creating added value for both the Company and the destination, i.e. the wider community. Moreover, through the destination management company, the Company also contributes to the development and recognizability of the destination by organising events and by offering contents and programs it organises in its own facilities.

1.8 BRANDS OF THE COMPANY



**BIOGRAD
BOAT SHOW**

**Donat
BEACH BAR**

**ARSENAL
ZADAR**

City Galleria



2 CORPORATE STRATEGY AND GOVERNANCE

2.1 VISION, MISSION AND FUNDAMENTAL VALUES

Vision - To secure a position among the 3 leading tourism companies in Northern Dalmatia and among the 20 leading tourism companies in the Republic of Croatia in key segments of the Croatian tourist offer (hotel sector, nautical sector and camping) permanently, to be and remain the carrier of tourist 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.

Pursuant to the above mentioned, **the mission** is: to increase the assets and achieve financial results that will ensure long-term business and financial stability, to establish the optimum level of quality and competitiveness in business at the level of the overall Croatian tourist offer, along with the constant investment in human resources and ensuring the optimal level of employment, as well as ensuring and respecting the principles of sustainable development which is reflected in recognizing and meeting the needs of our guests, protecting and restoring natural and cultural heritage and preserving the environment, i.e. creating a responsible and sustainable tourism offer.

Fundamental values:

Respect and integrity – equality of treatment and attitude towards all our stakeholders constitute the basic values of our Company.

Quality – top quality product, professional service and individual approach to clients constitute the basis of the relationship towards our guests, at the heart of the Company's service.

Innovation – to be the initiator and creator of new products and services, contributing to the future development of Company, destination and Croatian tourism.

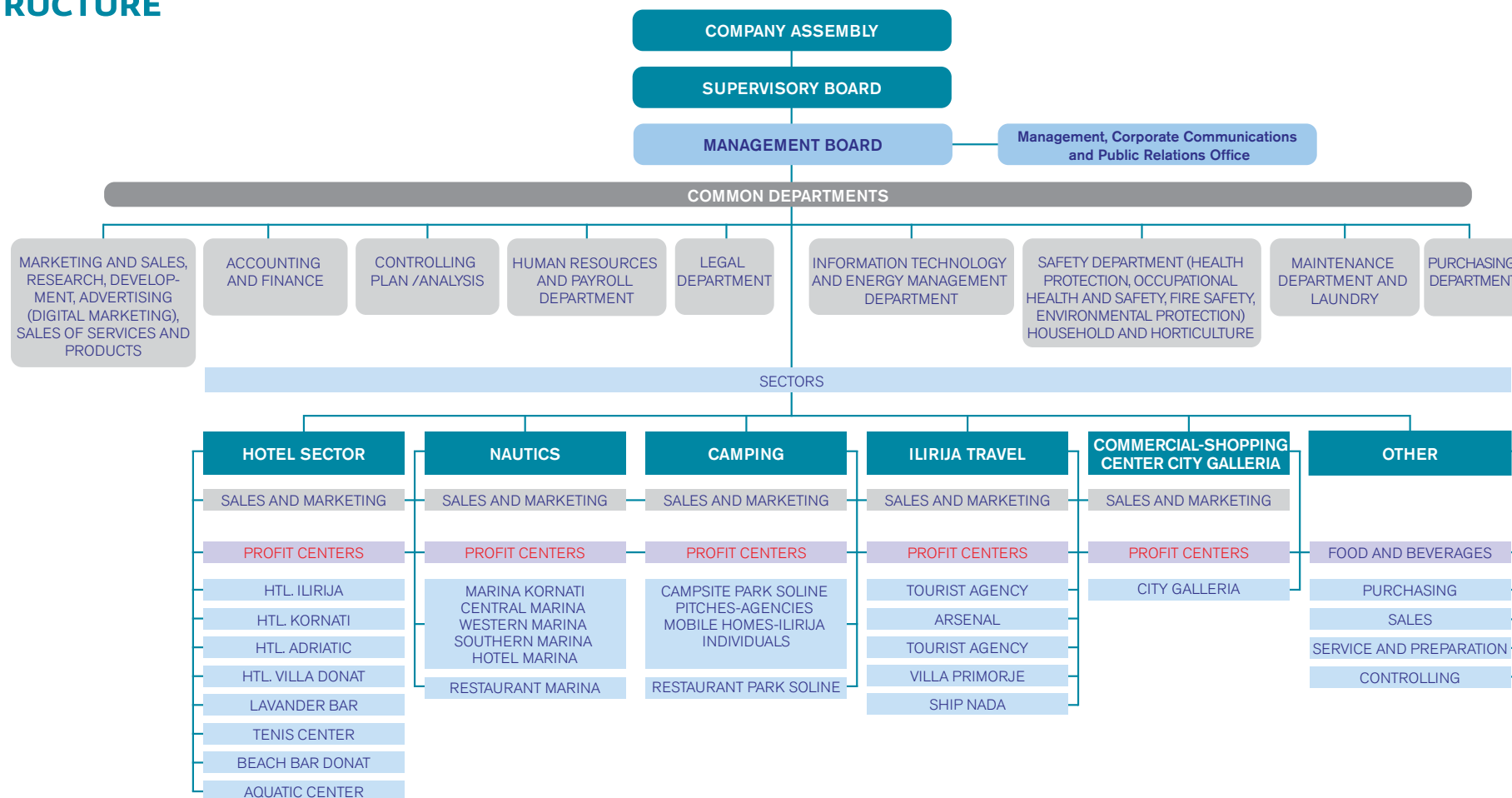
Sustainability and responsibility – in business, investment, relationships with our employees, business partners, clients (guests), the local and regional community, with shareholders and in day-to-day business, through the integration of economic, social and environmental aspects into the Company's decision-making processes and corporate strategy. Balancing the said aspects is the basis 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 the market position of the company and its further growth..

Corporate social responsibility and sustainable development - As part of its operations, the Company applies the principles of corporate social responsibility and sustainable development, taking into account the responsibilities towards all key groups of its stakeholders (guests, employees, shareholders, the state, local community, financial institutions and suppliers), where it creates added value for all stakeholder groups through the achieved business results. This type of business concept also implies the conservation of the natural and environmental resources managed by the Company.



2.2 ORGANIZATIONAL STRUCTURE



2.3 RISKS AND RISK MANAGEMENT

The Company assesses risks at all levels of significance to the Company, i.e. at the macro and micro levels and according to the criterion of likelihood of their occurrence. The Company assesses the risks for each of the business sectors according to the criterion of likelihood of risk occurrence and consequences or impact of each individual risk on the Ilirija d.d. business processes and system as a whole.

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

- Identification of potential risks;
- Assessment of the likelihood of occurrence of the Company's risk;
- Assigning responsibilities and taking actions in order to eliminate and/or reduce risks;
- Monitoring and reassessment of risks in order to avoid their negative impacts;
- 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.

The company recognizes the following types of risks in its operations:

- 1) Economic and financial risks
- 2) Regulatory risks
- 3) Tourism activity risks
- 4) Global risks and the macroeconomic environment

1 Economic and financial risks

On 12 July 2022, the Council of the European Union adopted the *Decision on the adoption of the euro in Croatia on 1 January 2023*, establishing that the Republic of Croatia fulfils all the requirements for the introduction of the euro as the official currency in the Republic of Croatia, as well as *Council Regulation (EU) of 12 July 2022* regarding the euro conversion rate for Croatia, establishing that the conversion rate shall amount to HRK 7.53450 for one euro. In accordance with the aforementioned Decision and Regulation, the Government of the Republic of Croatia adopted the *Decision on the announcement of the introduction of the euro as the official currency in the Republic of Croatia*, setting out that the euro shall become the official monetary unit and legal tender in the Republic of Croatia on 1 January 2023. The introduction of the euro as the official currency in the Republic of Croatia significantly affects the Company's exposure to **currency and price risks**. More precisely, with the adoption of the aforementioned decisions/regulations at the level of the European Union and the Republic of Croatia, the Company is no longer exposed to currency and price risks.

In terms of **credit risk**, i.e. the obligation to repay loans used by the Company, taken out with a currency clause, which were dependent on the movement of the Croatian kuna exchange rate against the euro, the introduction of the euro as the official currency eliminates the said risk. Also, the negative

aspects of exchange rate differences for loans taken out in euros will no longer pose a risk.

Indebtedness of the Company with the commercial bank is for the most part subject to fixed interest rates. Taking this into consideration, the Company is not exposed to **interest rate risk** on that basis. For the purpose of reducing **credit risk**, the Company strives to reduce its overall credit liabilities to an adequate, i.e. a more optional level in order for them to be lower than its own sources of funds. In its operations, as one of the foundations of its business and financial security, the Company strives to have as little net debt as possible, thus significantly reducing the existing credit risk. 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 macroeconomic situation, and applying measures of collection in instalments; and, if necessary, eventually undertaking 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 challenging business environment caused by the global COVID-19 pandemic and an unfavourable macroeconomic environment is to maintain its current liquidity. The Company is, therefore, undertaking activities to diversify its existing and secure new financing sources (if necessary), it is trying to minimize and optimize all of its operating costs, and is willing to and capable of actively cooperating with all significant creditors by settling the liabilities they had at the time when challenging business conditions materialised.

The significant and unpredictable growth of strong **inflationary pressures** caused by increases in the prices of primary energy products (oil, gas, electricity), which subsequently spread to consumer goods and services (especially food and beverages), led to geopolitical instability and to strong inflation impacts not only on business entities of European Union countries, but also on their society in general. If they remain strong, inflationary pressures could affect purchasing power and new demand generation, and slow down economic activities in the euro area. In the Republic of Croatia, the average annual inflation rate, measured by the Consumer Price Index in

March 2023 was 10.7% higher compared to March 2022. The Company is mostly exposed to inflationary pressures through the increase in food and beverage prices and the purchase of other goods. As for the increase in energy costs (primarily the cost of electricity as the primary energy product), the Company managed to protect itself from significant increases in electricity prices in time, namely with a multi-year contract, which mitigated the impact of the increase in electricity prices on total operating costs. The very intense increase in food and beverage costs constitutes a strong generator of inflation growth and at the same time accounts for a significant share of the operating expenses and significantly affects the prices of services in the hospitality and tourism industry. Therefore, by actively monitoring food and beverage prices and cooperating with key suppliers, the Company strives to minimize such prices as much as possible, i.e. ensure stability and security of the supply along with the highest possible procurement cost control. On the other hand, through dynamic daily management of accommodation unit prices, it aims to achieve the maximum level of competitiveness possible, as well as intense and systematic demand monitoring, and a quick and strong response to market trends, while at the same time striving for a timely response to potentially negative challenges and impacts such as inflation.

Bookkeeping values of the following items of financial assets and financial liabilities reflect their re-

spective fair values: money, investments, trade payables, other receivables and other liabilities, loans granted to employees, long-term liabilities.

2 Regulatory risks:

As one of the most significant risks in business operations of tourism companies, Ilirija d.d. included, the Company points out **unresolved property rights issues concerning tourism land and legal investments in the maritime domain** and the related issues of protection of acquired rights based on legitimate investments and of legitimate expectations of companies performing their activities on the maritime domain or tourism land.

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 tourism land, in which domain the Company has made significant investments crucial for its business, while not all rights guaranteed by the Constitution in the field of acquired rights before, during and after conversion, the protection of legal capital investments, and the legitimate expectations regarding legal investments have been fully realised under Articles 48 and 49 of the Constitution of the Republic of Croatia. In that sense, the process of drafting and adopting the new Maritime Domain and Seaports Act is underway.

Tourism land – unresolved issue

Pursuant to the Act on Tourism and Other Construction Land Not Evaluated in the Conversion and Privatisation Process (hereinafter: the Act), adopted in July 2010, the Company submitted to the Republic of Croatia, within the legally prescribed deadline, i.e. in January 2011, an application for a concession on tourism land for the "Park Soline" campsite in Biograd na Moru for a period of 50 years. Due to unclear provisions of the Act, no decision has been rendered during its validity regarding the Company's application. In the meantime, in May 2020 a new act on non-evaluated construction land was adopted, and thus the Act on Tourism and Other Construction Land Not Evaluated in the Conversion and Privatisation process ceased to have effect. The new Act provides for the right of tourism companies to submit an application for leasing construction tourism land for a period of 50 years. In March 2021 the Company submitted the appropriate application for leasing construction land in the campsite for a period of 50 years to the competent authority of the Republic of Croatia, that is, to the Ministry of Physical Planning, Construction and State Assets. 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 the campsite that were evaluated and entered into the value of social capital in the conversion and privatisation process, while the Republic of Croatia shall become the owner of buildings and land in the

campsite that were not evaluated and entered into the value of social capital in the conversion and privatisation process (so called Parts of the campsite owned by the Republic of Croatia). In the meantime, on 1 April 2022 the Company, in accordance with Article 18 of the Act on Non-Evaluated Construction Land, obtained from the Centre for Restructuring and Sales the Certificate of Conformity of the Geodetic Survey Report, which confirms the conformity of the Park Soline Campsite Geodetic Survey Report with the decision of the Croatian Privatisation Fund of 12 July 1996, by which the real property concerned was evaluated in the process of conversion of the socially-owned enterprise "Ilirija" Biograd na Moru.

Also, the Company published on its website and on the website of the Zagreb Stock Exchange the **"Study on the integrity and sustainability of the economic as well as functional and technological entity of "Park Soline" campsite in the town of Biograd na Moru within the business system of Ilirija d.d."**, which addresses all relevant issues concerning the "Park Soline" campsite in the context of the application submitted by Ilirija d.d., in accordance with the Act on Non-Evaluated Construction Land, for exercising the right to a long-term lease of the "Park Soline" campsite for a period of 50 years. The purpose of the aforementioned Study is to enable all stakeholders, entities and public bodies that are directly or indirectly involved, within their respective spheres of competence, in resolving the issue of campsite land that was not evaluated in the

process of conversion and privatisation of socially-owned enterprises, an integral and comprehensive overview of all aspects of the existing “Park Soline” campsite in Biograd, from complex relations regarding property rights, issues of spatial planning and the need to respect the campsite as an integrated business and functional unit of tourist land and buildings. The Company maintains that, in accordance with the Act on Non-Evaluated Construction Land, it meets the requirements stipulated by the Act for exercising the right to lease construction land in the Campsite for a period of 50 years.

Maritime domain – unresolved issue

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 13 January 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, an application 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, upon an appli-

cation for the extension of the concession term submitted by other companies engaging in nautical tourism and competing with Ilirija d.d., the concession term for marinas was extended to them by a period of 50 years. The mentioned application is yet to be decided on. In the meantime, the Company received a statement from the Ministry of Finance of the Republic of Croatia, as a body which, along with the competent Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia, is involved in the procedures for extending the terms of concessions, in which they essentially point out that in order to conduct the procedure for extending the concession agreement, the competent Ministry of the Sea, Transport and Infrastructure, while looking at the problems of the nautical tourism system, needs to establish whether the decision on the concession or the agreement related to it may be changed without conducting a new procedure for granting the concession, in order not to violate the principle of market competition with other concessionaires in the Republic of Croatia of the Republic of Croatia.

In February 2015, an application was submitted to the County of Zadar for an extension of the concession term for the Ilirija-Kornati hotel port to 30 years, whereas an application for an extension of the concession term was also previously submitted for the open swimming pool in Biograd na Moru. The application has not yet been decided on, and the Company duly settles the concession fee in

the agreed amount. On 24 June 2022, the Company published on its website and on the website of the Zagreb Stock Exchange the research paper of Assoc. Prof. Iva Tuhtan Grgić, PhD, from the Faculty of Law in Rijeka **“Acquired rights and legitimate expectations of former holders of the right of use the maritime domain with unlimited duration and duration limited as long as the business activity is performed”**, which precisely on the example of Ilirija d.d. addressed the issues of legal capital investments on the maritime domain, conversion of socially-owned enterprises that had part of their assets on the maritime domain, issues of acquired rights and legitimate expectations of former holders of the right of use of the maritime domain, and conversion of the right of use into a time-limited concession. In particular, as it is stated in the aforementioned research paper, the companies that had the permanent right of use of the maritime domain, acquired on the basis of final administrative decisions of municipal assemblies, had indisputably acquired rights and legitimate expectations that they would be able to use these rights in the future under the same conditions under which they were acquired. However, by decisions adopted on the basis of the legislation in force at the time, the aforementioned right of permanent use of the maritime domain was subsequently converted into the right of economic exploitation of the maritime domain based on a time-limited concession. This violated the interests of companies, shareholders and acquirers of shares in these companies, by grossly encroaching on the

acquired rights and legitimate expectations that they will be able to use the acquired rights within the same scope as when they acquired them, and those same rights are protected by the provisions of the Constitution of the Republic of Croatia (Articles 48^① and 49^② and ④) and Article 1 of Protocol No. 1 to the Convention for the Protection of Human Rights and Fundamental Freedoms.

3 Tourism activity 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 overview of other key obstacles or restrictions with regard to the development of Croatian tourism in general, and thus of tourism companies, Ilirija d.d. being one of them.

With regard to the forgoing, we present an overview of the key obstacles, that is, of the risks and restrictions with regard to development of and investments in Croatian tourism:

(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. issues regarding acquired rights, legitimate investments

and legitimate expectations in the maritime domain, having in mind, in particular, the contracted permanent right of use of the maritime domain, while companies which took part in the conversion process, as is the case with our Company, carry out economic activity on the maritime domain, contrary to the provisions of Article 49 and Article 50 of the Constitution,

(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) insurmountable obstacles regarding existing bureaucracy, administrative barriers, frequent changes of 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,

(VII) cancellation of previously acquired rights in urban and spatial plans through conversion of use primarily of construction and tourism land for other non-commercial and non-economic purposes,

(VIII) fiscal and parafiscal charges unsuitable to seasonal business activities with frequent changes in fiscal regulations.

(IX) skilled labour shortages were significantly pronounced in 2022 in the Republic of Croatia, namely at the level of most economic activities, and with a special emphasis on hospitality and tourism taking into account the seasonal nature of Croatian tourism, as well as the fact that it is an extremely labour-intensive industry; therefore, skilled labour shortages (with a special emphasis on occupations in high demand) could affect the success of the peak season, and thus ultimately of the entire business year. Bearing in mind all of the above, the Company has recognized risks pertaining to the said skilled labour shortages, and it undertakes a series of activities to retain working-age, highly qualified and professional employees at all levels for business operations, namely with the aim of retaining full employment, raising the level and quality of services, and achieving smooth operation of business processes through activities aimed at improving the financial standing of employees, investing in their education, and further developing human resources by hiring young, highly educated persons from different professions.

4 Global risks and the macroeconomic environment

Considering the global nature of the hospitality and tourism industry, different events and activities at

the global level can significantly affect the operations of tourism companies. As such, the said industry is influenced by geopolitical risks with strong implications for security and stability at the global level, the security, political and economic instability of the region, i.e. of the countries in the immediate vicinity of the Republic of Croatia, the global economic crisis, global health threats such as pandemics and epidemics, as well as the climate impact risk. In today's globalised world, the said risks affect the free movement of people, goods and capital, i.e. national economies and operations of economic entities.

In addition to the aforementioned risks referred to in points 1 – 3, the most significant global risks for the Company's operations are: the health risk, the geopolitical risk, the climate impact risk, and the macroeconomic environment.

Health risk

Since 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. The COVID-19 risk is also the biggest and most serious risk that the Company has faced so far,

to which the Company responded with a number of measures and activities by reorganising its business processes and operations in order to safeguard the health and well-being of guests and employees, maintain financial stability and current liquidity for the duration of the COVID-19 pandemic, preserve assets and capital as well as business operations and activities, and retain full employment. The Company has successfully achieved all of its goals. The Company continues to implement different preventive activities within its business processes and operations in order to reduce and always be able to control health risks, just like it did during the COVID-19 pandemic. However, the Company is also aware of the related limitations and the unpredictability of easily transmissible infectious diseases and the threatening consequences of their spread.

Geopolitical risk

Due to the war in Ukraine, geopolitical risk with strong implications for European and global security and the macroeconomic environment has been present since February 2022. Therefore, the Company also reports on such risks and their consequences on its operations. The Company does not have any kind of an ownership relationship with entities from Russia and Ukraine. Moreover, it does not have any assets in Russia and/or Ukraine, and it has not made any investments in entities from Russia and Ukraine or entities materially related to entities from Russia and Ukraine. Thus, the Company is neither exposed nor

are there any potential consequences in this respect. Moreover, the Company has no exposure to entities from Russia or Ukraine since it does not do business with legal entities from Russia or Ukraine. The Company does business as a company specialised for hospitality and tourism has a business relationship with natural persons from Russia and Ukraine using the Company's services such as accommodation in its facilities (hotel, camping and nautical sectors). The share of guests from Russia and Ukraine in the Company's total turnover is insignificant, and losing it does not represent a risk to the Company.

Should the crisis, that is, the war, spread from Ukraine to other European countries or lead to destabilisation of the countries in the Balkans, this would surely have a negative effect on Croatian tourism as a whole, and thus also on the Company. Croatian tourism generates most of its turnover from the European outbound market, the share of which additionally increased in the last two years due to the global COVID-19 pandemic and a lack of tourism turnover from remote markets (America, Asia). This turnover could be significantly reduced in case the Russian-Ukrainian crisis, that is, the war, spreads across Ukrainian borders and causes major instability in the wider European region. The Company will counteract any potential negative effects of the Russian-Ukrainian crisis by adjusting its business processes and activities to the new circumstances, with the aim of strengthening the resilience of its business system.

Climate impact risk

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. Environmental protection represents a significant segment of the Company's integrated management systems and is a part of its strategic decisions and business processes.

The consequences of climate change are becoming increasingly influential when it comes to almost all activities. In the tourism sector and within the Company, they have been recognized as climate impact risks requiring an interdisciplinary approach and management. Although the Company's activities are still not covered by the Taxonomy Regulation because these are low-carbon activities or activities that do not cause significant pollution, the Company continuously monitors its impact on the climate, i.e. its greenhouse gas emissions and other environmental impacts, namely in accordance with all applicable legal regulations and prescribed limit values.

The Company has previously recognized its impact on the environment and decided on a systematic approach with a series of activities it carries out. They mainly pertain to the preservation of natural resources (water, air, soil, and coast), biodiversity, energy management, and waste management,

which ultimately confirms the Company's focus on sustainable development and growth. The identified risks included the dangers brought on by climate change both at the global level and at the level of the Company's operations. We also noticed that extreme weather conditions can affect tourist demand and cause direct material damage to the Company's assets.

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. Temperature variability, i.e. dangerous heat waves, reduce the attractiveness of our offer in holiday capacities. This directly affects arrivals and quality of stay. Rising sea levels put the infrastructure in the immediate vicinity of the coast at risk. The same also applies to the marina, arranged beaches, and beach facilities. Unpredictable windstorms or hurricane-force winds can cause direct damage to almost all our capacities.

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 organisational elimination of sudden and accidental risks of any nature to the highest degree possible. Other business

risks, such as large-scale fires, accidental pollution of the coastal and marine aquarium, which are all 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 lowering their impact on the Company's long-term business viability as much as possible, being aware of the fact that the Company's impact here is reduced to measures which cannot be of key importance for the elimination of all the risks posed to the Company.

Macroeconomic environment

The unfavourable macroeconomic environment, i.e. significant economic uncertainties resulting partially from the global pandemic that affected supply chains, and partially from the Russian-Ukrainian war, led to disruptions in the supply of basic energy products in the euro area and resulted in a significant increase in the prices of all energy products (oil, gas, electricity), and ultimately strong inflationary pressures. An uncertain macroeconomic environment can affect the Company's business activities by reducing the demand for its services as it significantly contributes to the deterioration of the business climate in the key outbound markets for Croatian tourism. This could also result in a slowdown in economic activities and a decrease in purchasing power and standards, as well as, ultimately, in a decrease in travel demand, which would definitely affect the achievements of Croatian tour-

ism companies, including our Company. The company is aware of the challenges and risks arising from the unfavourable macroeconomic environment, and it undertakes a number of activities aimed at preserving its core business objectives (economic viability and security, financial stability, preservation of the Company's fixed assets and capital, and preservation of the Company's business operations and activities), as it did in previous years, namely based on: (I) business resilience – based on the Company's ability to quickly and efficiently adapt to the current market circumstances of doing business by adjusting its marketing and sales activities in all Company sectors, (II) operational resilience – based on the ability to adjust operational business processes to the current circumstances whilst maintaining maximum service and amenity quality and minimising possible negative effects, and (III) financial resilience – based on the Company's ability to maintain financial stability of the business system by maintaining liquidity, assets and business activity through the realisation of revenue ensuring the Company's business stability until key global and macroeconomic uncertainty factors end.



3 BUSINESS CAPACITIES OF THE COMPANY AND ADDITIONAL FACILITIES

The portfolio of ILIRIJA d.d. consists of four hotels and a villa, Marina Kornati with the Ilirija-Kornati Hotel Port, the "Park Soline" Camp, destination management company Ilirija Travel with its own capacities (Arsenal in Zadar, the "Nada" event boat, agritourism and Villa Primorje), City Galleria Business and Shopping Centre, Tennis Centre, Aquatic Centre and hospitality facilities.





3.1 HOTEL SECTOR

The hotel sector capacities consist of 435 accommodation units (hotel rooms and apartments), with a total of 910 beds located in Biograd na Moru (Ilirija****, Kornati****, Adriatic***) and Sv. Filip i Jakov. Filip i Jakov (hotel Villa Donat*** /****), mainly classified as four-star hotels.

Hotel accommodation is located in Hotels and Villas Ilirija Resort in Biograd and Sv. Filip i Jakov. The hotels are located on the coast, not far from the town centre and beach that has been awarded the Blue Flag, and are, owing to their ideal location and infrastructure, intended for holiday and congress tourism. In addition to modern and technically equipped conference halls and meeting rooms intended for conferences, seminars, presentations, workshops and meetings, there are numerous supporting amenities such as the Wellness & Beauty Centre Salvia, an outdoor Olympic swimming pool, fitness center, à la carte restaurants and coffee bars.

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 as of May 2018, an indoor pool.

ILIRIJA RESORT – HOTEL & VILLAS

The Ilirija Hotel is the largest four-star hotel of the Ilirija Resort, with a capacity of 157 rooms and 326 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.

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 unique thanks to its connection with the nautical tourism port, the Ilirija-Kornati Hotel Port, which is located in the very centre of Biograd, and right next to the hotel there is also a beach.

The three-star **Adriatic Hotel** has a capacity of 100 rooms and 210 beds, a restaurant with a capacity of 230 people, a terrace with a capacity of 300 people and a bar with a capacity of 110 people. It is located in a pine forest, almost on the beach, and right next to it there is the Aquatic Centre, ideal for family fun and for a number attractive summer sea activities.

The **Villa Donat Hotel** is located in the 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 120 seats, a terrace for 50 and an aperitif bar for 20 persons, as well as 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.





3.2 NAUTICAL SECTOR

The Company began developing its nautical sector in 1976 when it concluded a contract on the purchase of 40 ELAN vessels from Slovenia, that is, in 1977 with the construction of the first nautical marina in Croatia (Kornati Hotel Port) with 100 berths and the organisation of the first private charter fleet on the Adriatic with more than 40 vessels for the needs of boaters. Therefore, ILIRIJA d.d. is rightly considered to be a pioneer of nautical tourism on the Adriatic. The Company's current nautical sector consists of Marina Kornati and the 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 and cleanliness (blue Flag) make Marina Kornati one of the three leading Croatian marinas, visited by over 60,000 boaters a year.

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 (star) category rating.

Marina Kornati has received numerous awards, notably the Special Award as part of "XVI Tourism Flower – Quality for Croatia 2012", organised by the Croatian Chamber of Commerce and Croatian Radiotelevision, for the best marina in the category of marinas with over 450 berths. In 2013, in "XVII Tourism Flower – Quality for Croatia 2013", it received an award in the

category of the largest marinas, while in 2014 and 2015, as part of the same project, it ranked second in the "Best Large Marina" category. In 2017, in "XXI Tourism Flower – Quality for Croatia" it ranked third in the category "Large Marina". In 2018, Marina Kornati was granted two acknowledgements: (I) a special acknowledgement from the Jutarnji list Nautical Patrol for the greatest progress achieved in the tourism season 2018 and for outstanding contribution to the development of Croatian nautical tourism and (II) in the "XXII Tourism Flower – Quality for Croatia" it ranked third in the category "Large Marina".

In 2019, it was awarded recognition as part of the "XXIII Tourism Flower – Quality for Croatia" competition organized by the Croatian Chamber of Commerce and Croatian Radiotelevision, as we ranked 2nd in the category of large marinas, while in 2022, we ranked 3rd in the said category. The Jutarnji list Nautical Patrol awarded Marina Kornati a special recognition for its outstanding contribution to the organorganisation and success of the nautical patrol, while in 2021 it recognised the marina for its outstanding contribution to the development of nautical tourism during the COVID-19 pandemic.

Ilirija d.d. is also the organiser of the leading nautical fair in Croatia, "BIOGRAD BOAT SHOW", which has been continuously held in Marina Kornati for 24 years in a row.



3.3 CAMPING SECTOR

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.

With its enriched offer of restaurants, a newly built promenade along the entire campsite and a beach leading to the centre of Biograd, the “Park Soline” camp is the right choice for a family holiday. In addition to entertainment activities for children and evening entertainment, as well as an attractive sports offer guaranteeing active holidays, you can

relax on long promenades and recreational trails in a healthy environment, which makes the camp a great choice for all nature lovers.

The “Park Soline” campsite is 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. Since this campsite is the most valuable part of the camping offer in Biograd na Moru, it directly influences the image of this destination and its positioning on the domestic and foreign tourism market.

The value of investments made in the “Park Soline” campsite from 2000 until the end of business year 2022 amounted to approximately HRK 226 million and owing to these investments the number of overnight stays increased from 4,556 in 1996 to 312,057 in 2022. The value of own investments for the said period accounts for over 30% of the investments, meaning that the total value of investments in the “Park Soline” campsite for the said period amounts to approximately HRK 300 million.



3.4 ILIRIJA TRAVEL

Ilirija Travel – destination management company: by developing new services and amenities, a high-quality, integrated and complementary tourism product has been created in response to the contemporary tourist demand, and driven by technological, social and market factors and trends of an increasingly demanding market. Among the most important cornerstones when it comes to the offer and implementation of these special programmes and products are business operations conducted in our own additional facilities such as the following:

Event ship „Nada“ 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. Congresses, seminars, special events, unique business meetings, gala receptions and banquets, unique weddings, exclusive day and night cruises and incentive events are only some of the exciting amenities that the “Nada” event boat offers, while adapting to the individual requirements of clients.

Arsenal is a zero-category monument and multimedia centre located in Zadar, built in the 17th century and revitalized in 2005 as an indoor city square, or as the centre of public, cultural and entertainment

life of the region, where over 100 public and private events are organized every year.

Diffuse Hotel Ražnjevića dvori AD 1307 a diffuse multipurpose functional facility located in Polača, in the municipality bearing the same name, in the heart of Ravni kotari and halfway between Biograd na Moru and Benkovac, is the first facility of its category in the Republic of Croatia. This set-up, based on the traditional farm facility, is a great example of an innovative tourism product conceived as a combination of the traditional and the contemporary.

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, while since the 2017 tourist season the offer also includes an outdoor swimming pool. Offers of trips, special offers according to the requirements of clients, sports programs, MICE etc.



3.5 HOSPITALITY

The Marina Kornati restaurant located in the Marina Kornati, with a capacity for over 350 persons, which along with the Captain's Club having a capacity for 70 persons can receive up to 420 persons, meets the needs of boaters when it comes to hosting various and numerous events in the Marina Kornati. In addition to restaurant services, the Captain's Club also provides services for numerous presentations of nautical products and serves as an ideal place for organisation of smaller conferences and events.

The restaurant Park Soline is located in the Park Soline camp****, right by the sea, about a ten minute walk away from the centre of the town of Biograda na Moru, and its food offer is based on Mediterranean cuisine. This restaurant, with a capacity for 280 persons, offers the possibility of organising various events – family festivities, banquets and soirées, as well as 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 Donat beach bar is located in the building-magazine 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. Today, it is categorised as a beach bar / cocktail bar with a capacity for 140 persons.

The Lavender lounge bar located within the Adriatic Hotel located right by the beach, known for its Mediterranean design, fully adapted for relaxation, with a beautiful view of the Pašman Canal, is a place offering the possibility of organizing numerous events of different nature (MICE, weddings, banquets, cocktail bar, nightclub, etc.).



3.6 ADDITIONAL AMENITIES

Manifestations: Biograd Boat Show is the largest international autumn nautical fair in the Republic of Croatia and the largest nautical fair held on water in South East Europe, bringing together all key representatives of the nautical industry and tourism. The nautical fair was first organized in 1999 as spring Open Days, mainly intended for companies that operate in the marina, as the first such event in Northern Dalmatia.

Given its status as the cradle of nautical tourism, the aim was to organize a first-rate nautical event in Biograd na Moru at which all sectors of nautical and charter activities would be presented, whereby the Open Days grew into Biograd Boat Show. Since 2004, the event has been organized as an autumn nautical fair, which contributed to the improvement of the nautical offer and the extension of the tourist season. The Biograd Boat Show was admitted to the International Federation of Boat Show Organizers (IFBSO) at the 50th session of the Federation held in Istanbul, Türkiye, in June 2014, and in 2015 it became its gold member.

The fairs of former members of the Federation were mainly organized in major world centers, and the fact that the Biograd Boat Show is organized in a town of only 5,000 residents makes this success even greater and represents a great acknowledgement not only

to the Company as the organizer, but also to Croatian nautical industry and tourism. Today the leading international autumn nautical fair has established itself as the biggest Croatian nautical event and in the last three years it has grown into a nautical industry congress in the Republic of Croatia. From its early beginnings the event has brought together all representatives of the nautical industry and tourism, government institutions, major organizations in tourism and nautics as well as professional associations.

Thanks to the partnership with all relevant entities, the Biograd Boat Show has united “4 fairs in one”, namely the Biograd Boat Show (an exhibition fair), Days of Croatian Nautics (a congress fair), Croatia Charter Expo (a leading charter fair), and Biograd B2B (a business fair), thus profiling itself as a national congress of the Croatian nautical industry and tourism.

In 2022, the fair (which marked its twenty-fourth anniversary) was attended by over 300 registered exhibitors, with 300 vessels at sea and on land and over 40 premier vessels, while over 100 registered charter companies, agencies and brokers actively participated in the charter fair (with over 400 accredited participants).

Sports facilities:

“Tenis centar Ilirija”, located in the pine forest So-line near the old town centre, the Ilirija Tennis Centre covers a surface area of 48,000 m² and consists of 20 tennis courts and multi-purpose courts (14 ground and 6 artificial grass courts) with night lighting, a restaurant facility, locker rooms and associated facilities.





3.7 CITY GALLERIA BUSINESS AND SHOPPING CENTER

City Galleria Business and Shopping Centre is located in a heavily residential area in the immediate centre of Zadar. It is one of the two largest shopping centres in town and 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 m², 9,464.72 m² of net rentable area, as well as ancillary rooms and corridors. As at 31 March 2023, the occupancy rate of the Centre amounted to 99.51% of total capacities.

The centre features the following facilities: an underground car garage with more than 400 parking spaces on two floors, an outdoor and indoor market, a supermarket, specialised shops, clothing and electronics stores, service amenities, cafés, office spaces and 6 multiplex cinema halls.

Unique features of the City Galleria Business and Shopping Centre were recognised on the international level during the 2010 International Property Award, the world's most prestigious competition in the real estate business, on which occasion the

City Galleria Business and Shopping Centre Zadar received the prestigious five-star award in the Best Retail Development category. The unique features of the City Galleria Business and Shopping Centre, which distinguish it from the rest of the market offer can be summarised in a few examples, such as: a very attractive location within the city's pedestrian zone that provides great visibility of the building, local town market with accompanying facilities in the Centre and the first and only multiplex cinema in the city of Zadar.

4 KEY PHYSICAL PERFORMANCE INDICATORS OF THE COMPANY

The Company's business activity in the first quarter of the financial year, given the nature of its activity, was mostly performed in the nautical and real-estate sector, as well as the City Galleria Business and Shopping Centre, which are marked by year-round operations. Other Company sectors (hotel sector, camping and destination management company Ilirija Travel) in the first quarter of the year are marked by a standard lower volume of business activities performed, taking into account the pronounced seasonality of said sectors in Croatian tourism, while at the same time showing a significant increase in demand, i.e. bookings for the higher pre-season and the main season, which is especially pronounced in the hotel sector.

In the reporting period, the nautical sector, i.e. Marina Kornati, achieved EUR 2,004,769.00, which represents an increase of 8% compared to the same period last year, when revenue amounted to EUR 1,857,404.00. Revenue growth was mostly generated by revenue generated from contractual berths that grew by 9% or EUR 150,279.00 compared to the same period of the previous year, when they amounted to EUR 1,731,662.00, which is the result of the growth of physical business indicators in the segment of contractual berth vessels by 5% or 318 contracted vessels in the reporting period. Transit berth in the area of vessel arrival maintains the same level as the corresponding period of the previous year, whereas the

area of overnight stays of transit vessels shows decreased performance, which resulted in lower revenues of daily (transit) berth. Despite the absence of overnight stays in the area of transit berths, but with the growth in contractual berth vessels, by far the most important business item for the marina, followed by the growth of port service and parking operations, Marina Kornati achieved the best first-quarter business results so far.

In the first quarter of 2023, the real-estate sector, i.e. the City Galleria Business and Shopping Centre, achieved an increase in key market indicators, which resulted in operating revenues in the amount of EUR 476,814.75, achieving an increase of 11% compared to the same period last year, when revenue was EUR 431,015.29. The revenue growth was, in absolute terms, mostly brought on by the growth of revenue from the lease of business premises and in other items, except for common costs, with a high occupancy rate of 99.51% of the centre's net leasable area.

4.1 NAUTICS – MARINA KORNATI

In the first quarter, the nautical sector and Marina Kornati recorded an increase in both physical and financial results that are in line with the expectations and planned physical and financial indicators of the nautical sector in the area of vessel accommodation. The operations of Marina Kornati in 2023 is planned on the basis of the hitherto highest revenue as a result of further optimization of the accommodation of the vessel, while concurrently changing the commercial conditions of accommodation.

The physical indicators of Marina Kornati's business are arranged by items containing the names of service groups to which they refer, namely:

- 1 Contracted berth:
 - Contracted berth – individual
 - Contracted berth – charter
- 2 Transit berth – vessel arrival
- 3 Transit berth – vessel overnight stays
- 4 Port service – crane operations

In the reporting period, 318 berth use agreements for individual vessels were concluded, and 5 for charter vessels. In total, in the first three months of 2023, 5% more berth contracts were concluded compared to the same period in 2022, when 304 contracts were concluded. The increase in contractual berth vessels refers to individual vessels, while share of charter vessels is

smaller due to the delay in delivery of new vessels for the charter.

The physical turnover of transit vessels within the first three months of 2023 remained at the same level as in the corresponding period of the previous year, while the overnight stays of transit vessels decreased due to the regulation of vessel status, which has affected the difference in transit overnight stays, that is, their decrease in the first quarter of the reporting period by 35%. In the port service segment, 720 operations were realised, which was an increase of 9% compared to the same period in 2022, when 659 operations were realised.

As at the end of the first quarter of 2023, Marina Kornati generated revenue in the amount of EUR 2,004,769.00, which represents an increase of 8% compared to the first quarter of the previous year, when EUR 1,857,404.00 of revenue was generated, which is at the same time the record revenue of the Marina in the first quarter of the financial year.

Contractual berth revenue, as the most significant revenue item of the marina, was EUR 1,881,941.00, which comprises 94% of its total revenue, with a growth rate of 9% compared to the same period of the previous year, and, in absolute terms, providing the greatest contribution to the growth of the overall Marina Kornati revenue.

Daily (transit) berth revenue in the reporting period was EUR 13,372.00 and in decline by 35% compared to the same period in 2022 when it was EUR 20,596.00. The decrease in the daily (transit) berth revenue was caused by the absence of vessels that would arrive to the marina before the booked contractual period; these are mostly charter vessels that were in a servicing status until 1 April 2023. This was additionally emphasized by delays in the delivery of new charter vessels. Port service revenue in the first three months increased by 15% or to the amount of EUR 105,536.00 from EUR 91,633.00 generated in the same period in 2022, due to increased prices, as well as good weather conditions that are especially significant for vessel servicing.

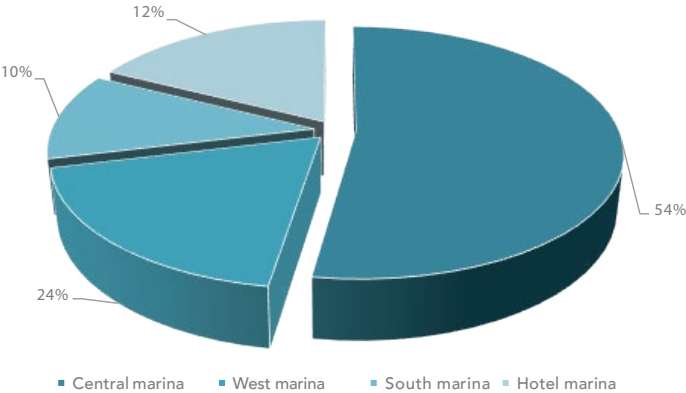
The first quarter of the financial year 2023 was carried out as expected, and given the usual increase in business activities in the upcoming period, especially the main season, as well as continued announcements for bookings regarding contractual berths, the Company expects further growth of physical and, consequently, financial operating results.



Marina Kornati capacities

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

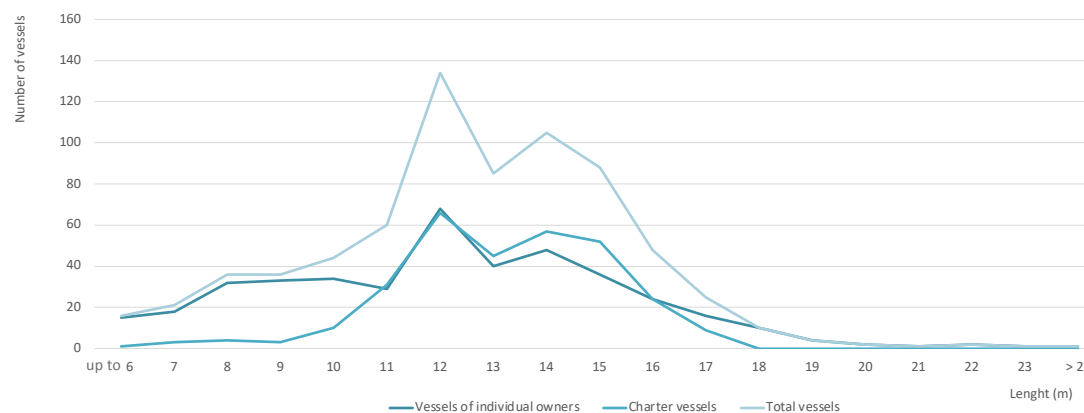
% Share of individual marina (number of berths)



Vessels on berth contract for the period from 01/01 to 31/03/2023 and comparison with the same period in 2022

Purpose	Type of berth	Position of berth	01/01-31/03	% Total	01/01-31/03	% Total	Index
			2023	Vessels	2022	Vessels	2023/2022
Vessel of individual owners	Annual berth in the sea	Central aquatorium	230	72	229	75	100
		South aquatorium	37	12	36	12	103
		Western aquatorium	1	0	1	0	100
		Hotel port	26	8	23	8	113
	Annual berth on the land	Marina land	3	1	5	2	60
	Seasonal berth in the sea	Marina aquatorium	11	3	2	1	550
		Hotel port	5	2	0	0	#DIV/0!
	Total individual vessels:		313	98	296	97	106
Charter vessels	Annual berth in the sea	Central aquatorium	0	0	1	0	0
		South aquatorium	0	0	0	0	#DIV/0!
		Western aquatorium	5	2	7	3	71
		Hotel port	0	0	0	0	#DIV/0!
	Total charter vessels:		5	2	8	3	63
	Total vessels:	318	100	304	100	105	

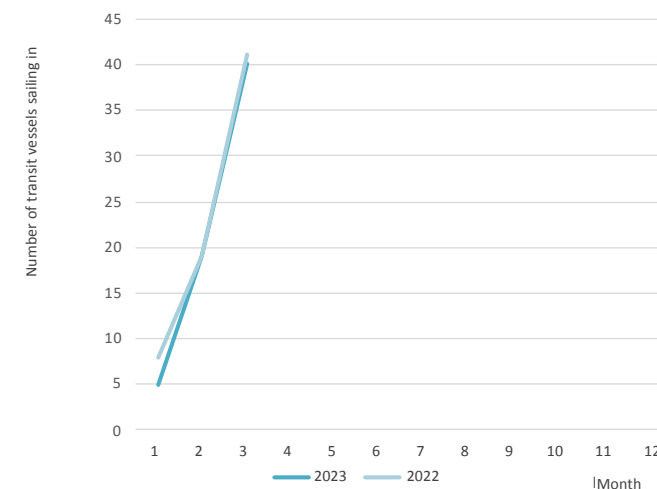
Vessels at contractual berth from 01/01 – 31/03/2023



Transit berth – inbound vessels sailing into the port in the period from 01/01 to 31/03/2023 and comparison with the same period in 2022

Individually monthly				Cumulatively monthly		
2023	2023	2022	INDEX	2023	2022	INDEX
Month						
1	5	8	63	5	8	63
2	14	11	127	19	19	100
3	21	22	95	40	41	98
4						
5						
6						
7						
8						
9						
10						
11						
12						
Total:	2023	40				
Total:	2022	41				
Index	2023/2022	98				

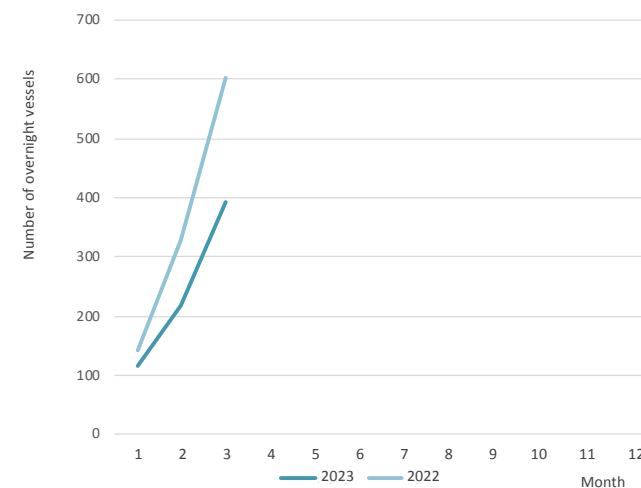
Sailing in of transit vessels by months (cumulatively)



Transit berth – vessel overnight stays in the period from 01/01 to 31/03/2023 and comparison with the same period in 2022

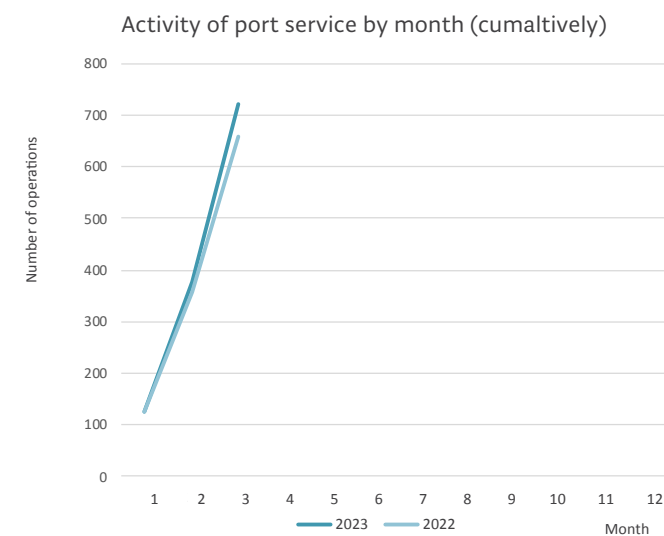
Individually monthly				Cumulatively monthly		
2023	2023	2022	INDEX	2023	2022	INDEX
Month						
1	117	141	83	117	141	83
2	101	187	54	218	328	66
3	174	275	63	392	603	65
4						
5						
6						
7						
8						
9						
10						
11						
12						
Total:	2023	392				
Total:	2022	603				
Index	2023/2022	65				

Overnight stay of transit vessels by month (cumulatively)



Activities of port services in the period from 01/01 to 31/03/2023 and comparison with the same period in 2022

Individually monthly				Cumulatively monthly		
2023	2023	2022	INDEX	2023	2022	INDEX
Month						
1	127	124	102	127	124	102
2	249	233	107	376	357	105
3	344	302	114	720	659	109
4						
5						
6						
7						
8						
9						
10						
11						
12						
Total:	2023	720				
Total:	2022	659				
Index	2023/2022	109				



Revenue generated by the Marina Kornati for the period from 01/01 to 31/03/2023 individually by months and comparison with the same period in 2022

REVENUES OF MARINA KORNATI 2023 INDIVIDUALLY BY MONTHS																
Revenue positions		Months 2023												2023	2022	Index
		1	2	3	4	5	6	7	8	9	10	11	12	Cumulat.	Total	2023/2022
I	Daily berths	2.250	3.707	7.415										13.372	20.596	65
II	Contracted berth with accessories	684.442	911.451	286.049										1.881.941	1.731.662	109
III	Port service	14.231	42.319	48.986										105.536	91.633	115
IV	Vehicle parking	200	642	1.341										2.182	2.029	108
V	Other services	184	436	1.117										1.737	11.484	15
VI	Business cooperation															#DIV/0!
VII	Boat fair and events															#DIV/0!
TOTAL:		701.307	958.555	344.907	0	0	0	0	0	0	0	0	0	2.004.769	1.857.404	108

REVENUES OF MARINA KORNATI 2022 INDIVIDUALLY BY MONTHS																
Revenue positions		Months 2022												2022		
		1	2	3	4	5	6	7	8	9	10	11	12	Cumulat.		
I	Daily berths	4.253	5.029	11.314											20.596	
II	Contracted berth with accessories	603.686	904.909	223.067											1.731.662	
III	Port service	11.489	36.628	43.515											91.633	
IV	Vehicle parking	274	307	1.448											2.029	
V	Other services	588	1.675	9.221											11.484	
VI	Business cooperation															
VII	Boat fair and events															
TOTAL:		620.290	948.548	288.565	0	0	0	0	0	0	0	0	0		1.857.404	

4.2 CITY GALLERIA BUSINESS AND SHOPPING CENTER

City Galleria Business and Shopping Centre is located in a heavily residential area in the immediate centre of Zadar, just a ten-minute walk from the old town. Due to the good location of the building and the fact 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.

The total gross area of the building is more than 28,500 m², spread over a total of six floors including two floors for an underground garage and four floors with commercial and retail space. The total gross area of the centre is comprised of an underground garage with a surface area of 10,863.50 m², commercial premises with a total net rentable surface area of 9,464.72 m², and connecting, technical and common areas. The total rentable area of the facility is 9,464.72 m². By purchasing the commercial premises in the neighbouring Phase 1 of the Zadar Shopping Centre facility, the Company secured an additional 289.96 m² of commercial space for lease, which increased the total rentable area of all commercial spaces owned by ILIRIJA d.d. to 9,754.68 m². As at 31 March 2023, a total of 36 commercial lease agreements were active, i.e. the occupancy rate was 99.51% of the indicated net rentable area of the Centre.

The business results achieved in the first quarter of 2023 show a visible growth of key market indicators in that period despite macroeconomic and political instabilities within the continent, which are continued in the current year. Operating revenue of the City Galleria Centre, generated in the first quarter of 2023 through lease of commercial premises, common costs, use of common areas of the centre, lease of advertising space, garage revenue and lease of commercial premises in Phase 1 of the Centre, amounts to EUR 475,466.32. Other operating revenue relating to insurance claims amounted to EUR 1,348.43 in the relevant period, which brings the total generated revenue in the first quarter of 2023 to EUR 476,814.75. Total revenue generated in the same period of the previous year amounted to EUR 431,015.29 (calculated at the medium exchange rate), which represents an increase of 10.63% in the current year.

In the category of revenue from the lease of commercial premises in the observed period of 2023, in comparison to the same period in 2022, an increase of 15.61% was recorded, while revenue from common costs recorded a decrease of 5.23%. The category of revenue from the use of common areas of the centre was increased by 25.84% compared to the results achieved in the same period in 2022. Revenue from the lease of advertising space also increased

by 12.85% compared to the first quarter of 2022. In the category of parking revenues there was also an increase of 13.86% compared to the same period of the previous financial year. Operating revenue from the lease of business premises in the neighbouring Phase 1 of the Centre in the first quarter of 2023 amounted to EUR 6,853.25, representing an increase of 60.98% compared to the same period in 2022 when they amounted to EUR 4,257.21 (calculated according to the exchange rate).

In the first quarter of 2023, the number of vehicles using the public underground garage of the centre amounted to 158,331 vehicles, while in the same period of the previous year the number amounted to 151,344 vehicles. This result represents an increase of 4.62% in the reporting year, and the centre also registered an increase in the retention time of users in the parking garage.



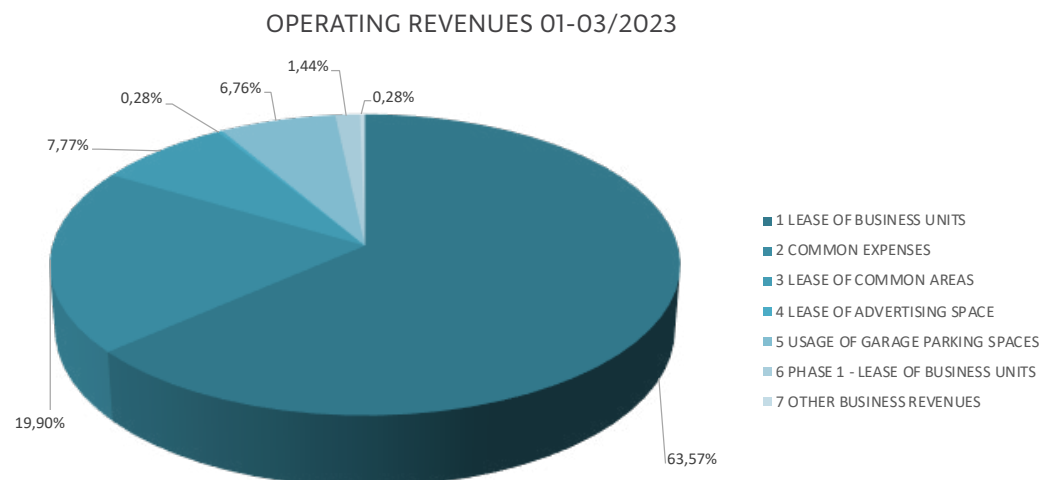
Business revenue of the City Galleria Business and Shopping Centre in Zadar for the period from 01/01-31/03/2023 and a comparison with the same period in 2022

DESIGNATION	DESCRIPTION	NUMBER OF ACTIVE CONTRACTS	SURFACE AREA (m ²)	REVENUES 01-03/2023	%	REVENUES 01-03/2022	%	INDEX 2023/2022
1	LEASE OF BUSINESS UNITS	36	9.464,72	€ 303.115,51	63,57%	€ 262.194,75	60,83%	116
2	COMMON EXPENSES	34	6.668,13	€ 94.872,43	19,90%	€ 100.108,64	23,23%	95
3	LEASE OF COMMON AREAS	27	1.536,00	€ 37.031,99	7,77%	€ 29.426,82	6,83%	126
4	LEASE OF ADVERTISING SPACE	8	130,98	€ 1.341,45	0,28%	€ 1.188,70	0,28%	113
5	USAGE OF GARAGE PARKING SPACES	410***	10.863,50	€ 32.251,69	6,76%	€ 28.325,46	6,57%	114
6	PHASE 1- LEASE OF BUSINESS UNITS	5	289,96	€ 6.853,25	1,44%	€ 4.257,22	0,99%	161
REVENUES				€ 475.466,32	99,72%	€ 425.501,59	98,72%	112
7	OTHER BUSINESS REVENUES			€ 1.348,43	0,28%	€ 5.513,70	1,28%	24
TOTAL REVENUES				€ 476.814,75	100,00%	€ 431.015,29	100,00%	111

* total net leasable surface area

** total net leasable area for calculation of common expenses

*** number of parking spaces in the garage

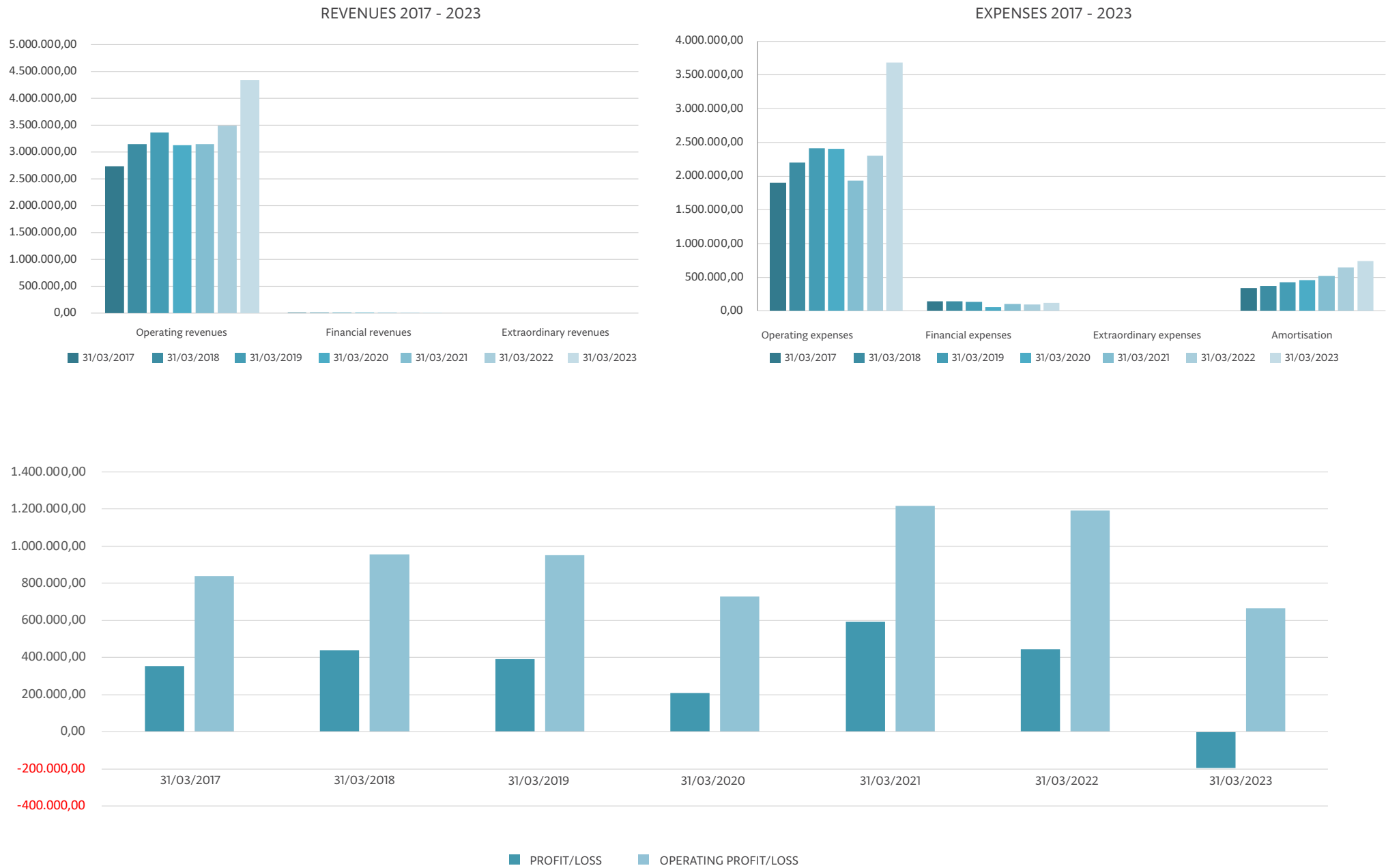


5 FINANCIAL PERFORMANCE RESULTS AT COMPANY LEVEL

5.1 FINANCIAL PERFORMANCE OF THE COMPANY

Overview of financial performance for the period from 1 January to 31 March 2023 and a comparison with the same period from 2017 to 2022

DESCRIPTION	31/03/2017	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023	Index 2023/2022
Operating revenues	2.739.713,66	3.152.136,48	3.361.901,67	3.132.055,58	3.149.755,38	3.491.442,82	4.346.282,86	124,48
Financial revenues	3.108,29	2.944,61	1.850,75	1.209,97	581,16	1.038,12	114,55	11,03
Extraordinary revenues	0,00	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
TOTAL REVENUES	2.742.821,94	3.155.081,09	3.363.752,42	3.133.265,55	3.150.336,53	3.492.480,94	4.346.397,41	124,45
Operating expenses	1.900.314,12	2.198.042,22	2.410.174,03	2.404.788,30	1.932.059,95	2.301.098,70	3.680.561,33	159,95
Financial expenses	148.785,94	146.252,29	136.869,00	56.773,48	106.299,67	101.704,60	119.219,88	117,22
Extraordinary expenses	0,00	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	338.603,99	370.146,54	424.609,99	461.296,00	520.062,85	644.774,49	741.049,19	114,93
TOTAL EXPENSES	2.387.704,05	2.714.441,06	2.971.653,02	2.922.857,78	2.558.422,46	3.047.577,78	4.540.830,40	149,00
PROFIT/LOSS	355.117,90	440.640,03	392.099,40	210.407,77	591.914,07	444.903,16	-194.432,99	-43,70
OPERATING PROFIT	839.399,54	954.094,25	951.727,64	727.267,28	1.217.695,43	1.190.344,12	665.721,53	55,93
EBITDA	842.507,83	957.038,87	953.578,39	728.477,25	1.218.276,59	1.191.382,25	665.836,08	55,89



1

In the reporting period, total revenue was generated in the amount of EUR 4,346,397.41, constituting an increase of 24.45% compared to the same period of the previous year, when they amounted to EUR 3,492,480.94.

Operating revenue was realised in the amount of EUR 4,346,282.86 compared to the same period of the previous year, when they amounted to EUR 3,491,442.82, and they recorded a growth of 24.48% owing to revenue growth at the level of all sectors of the Company due to a significant increase in the volume of business activities, especially in the hotel, camping and destination management company sectors, followed by revenue growth of the nautical and real estate sectors.

Revenue from sales amounted to EUR 4,317,556.18, representing an increase of 24.31% compared to the same period of the previous year, when it amounted to EUR 3,473,254.00 due to a 24% increase in revenue from sales on the domestic market and a 30% increase in revenue from sales on the foreign market.

2

Total expenses amounted to EUR 4,540,830.40 compared to the same period of the previous year, when they amounted to EUR 3,047,577.78. They increased by 49%, i.e. EUR 1,493,252.62 due to a 59.95% increase

in operating expenses, a 17.22% increase in financial expenses and a 14.93% increase in depreciation.

Operating expenses amounted to EUR 3,680,561.33 and were 59.95%, or EUR 1,379,462.63 higher compared to the first quarter of the previous year, when they amounted to EUR 2,301,098.70, and were generated due the increase in salary costs by 43%, costs of outsourced services by 76%, cost of raw materials, materials and energy by 45% and other costs by 107%.

3

Operating profit, i.e. profit from business activities, for the reporting period of 2023 amounted to EUR 665,721.53, which is a decrease of 44.07% compared to the same period of the previous year, when it amounted to EUR 1,190,344.12.

Profit before tax for the first quarter of 2023 was not realised, that is, a minimal loss was realised in the amount of EUR 194,432.99.

EBITDA, i.e. earnings before depreciation, interest and taxes, was generated in the amount HRK 665,836.08, and showed a 44.11% increase compared to the same period of the previous business year, when it amounted to HRK 1,191,382.25.

EBIT, i.e. earnings before interest and taxes was realised in the amount of EUR -75,213.11.

In the first quarter of the financial year, the Company achieved lower profitability indicators (operating profit, EBITDA), while profit and EBIT were not reported, that is, a minimal loss was realised. Although revenue achieved a double-digit growth, expenses also increased strongly at the same time, mostly generated by the growth of operating expenses at a rate of 59.95%, additionally followed by the increase in financial expenses by 17.22% and depreciation by 14.93%, which significantly affected the Company's achievements in the area of business profitability. Almost three-quarters of the growth of operating expenses was a result of the increase in the cost of wages and material rights of employees, the increase in the cost of maintenance of facilities and equipment, the cost of technical materials, increased marketing activities, the allocation of own shares to employees, along with the increase in depreciation and the distinct seasonality common in Croatian tourism in the first quarter, which, in a disrupted macroeconomic environment with strong inflationary pressures and disruptions in the labour market, had a strong impact on profitability indicators, i.e. their reduction.

**Financial statements of the Company
as at 31/03/2023 and a comparison with the same period in 2022 and 2021**

REVENUES	2021	2022	INDEX 2022/2021	2023	INDEX 2023/2022
Revenue on the domestic market	2.680.132,58	3.322.243,55	124	4.120.981,85	124
Revenues on foreign market	128.652,44	151.010,45	117	196.574,33	130
Other operating revenues	340.970,35	18.188,82	5	28.726,68	158
OPERATING REVENUES	3.149.755,38	3.491.442,82	111	4.346.282,86	124
FINANCIAL REVENUES	581,16	1.038,12	179	114,55	11
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL REVENUES	3.150.336,53	3.492.480,94	111	4.346.397,41	124
EXPENSES					
Raw material and material costs	216.779,71	357.498,08	165	518.268,63	145
Costs of services	391.707,04	455.785,05	116	801.988,29	176
Gross pays	962.915,20	1.124.968,14	117	1.609.424,92	143
Other expenses	360.658,00	362.847,42	101	750.879,49	207
TOTAL EXPENSES	1.932.059,95	2.301.098,70	119	3.680.561,33	160
AMORTISATION	520.062,85	644.774,49	124	741.049,19	115
FINANCIAL EXPENSES	106.299,67	101.704,60	96	119.219,88	117
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL EXPENSES	2.558.422,46	3.047.577,78	119	4.540.830,40	149
PROFIT/LOSS	591.914,07	444.903,16	75	-194.432,99	-44
OPERATING PROFIT/LOSS	1.217.695,43	1.190.344,12	98	665.721,53	56
EBITDA	1.218.276,59	1.191.382,25	98	665.836,08	56

REVENUE BY ACTIVITIES:

The hotel sector in the observed period, generated EUR 353,424.83 in revenue, recording a growth of 127% compared to the first quarter of the previous year, when it amounted to EUR 155,801.43, and is the result of a significant increase in the volume of business activities, especially in the part of realisation on the domestic market

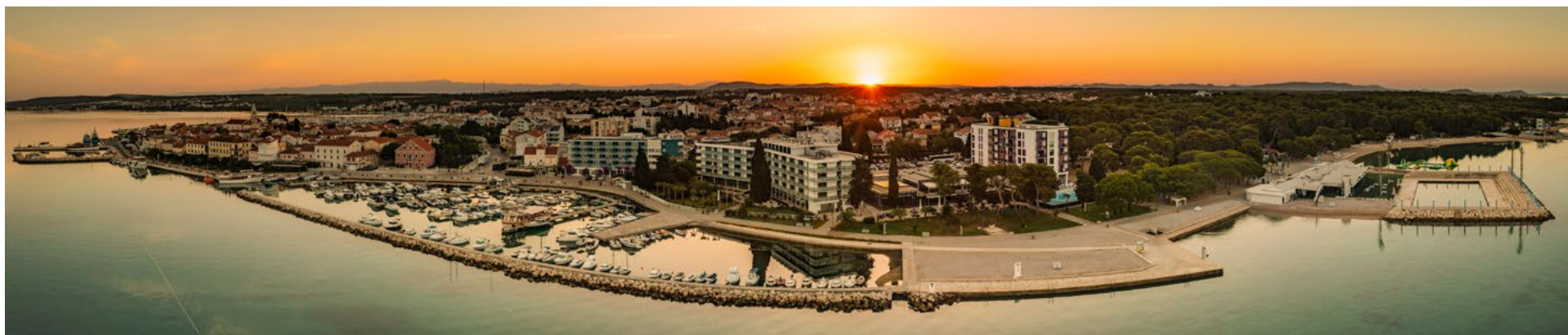
The nautical sector with a revenue of EUR 2,041,225.71, recorded an 8% increase in revenue compared to the first quarter of the previous year, when they amounted to EUR 1,892,920.28, owing to revenue growth in the part of vessel accommodation, i.e. Marina Kornati by 8% and a 3% growth of catering revenue.

The camping sector realised a revenue of EUR 1,289,742.78, representing an increase of 32% compared to the same period of the previous year, when the revenue amounted to EUR 976,342.25, owing to an increase in the revenue of the “Park Soline” campsite, in the part of fixed-lease camping pitches and plots.

The real-estate sector, i.e. the City Galleria Business Centre with a revenue of EUR 476,814.75, achieved an 11% growth, mostly owing to the growth of revenue from the lease of commercial premises, garage and common costs.

The destination management company and other profit centres realised revenue in the amount of EUR 185,074.79, representing a growth of 423%, and are the result of a significant increase in business activities.

GRAND TOTAL: Operating revenue per activity amounted to EUR 4,346,282.86, representing an increase of 24% compared to the same period of 2022.



5.2 FINANCIAL POSITION OF THE COMPANY

FUNDAMENTAL FINANCIAL INDICATORS OF THE STATUS AND BUSINESS OF THE COMPANY AS AT 31/03/2023 FOR THE SAME PERIOD OF PREVIOUS 10 YEARS

The table providing an overview of the Company's key indicators covers the period of 2023–2013 (ten years), and the realised described indicators are listed in absolute amounts and growth rates.

1 VALUE OF ASSETS

The value of the Company's assets as at 31 March 2023 amounted to EUR 71,228,528.39, showing an increase of EUR 3,514,578.41 compared to the same period of 2022, when it amounted to EUR 67,713,949.98, and its increase is a result of an increase in current assets and long term assets.

The value of the Company assets increased from EUR 38,638,368.34 in 2013 by EUR 32,590,160.05, or 84.35% to EUR 71,228,528.39.

2 TOTAL LIABILITIES

The Company's total liabilities amount to EUR 20,269,479.47, increasing by EUR 2,140,387.99, or 11.81% compared to EUR 18,129,091.48 for the same

period in 2022, as a result of an increase in current liabilities of the Company.

Total liabilities of the Company as at 31 March 2023 were higher by EUR 148,269.65, or 0.74%, compared to total liabilities of the Company as at 31 March 2013, when they amounted to EUR 20,121,209.82.

3 EQUITY AND RESERVES

Equity and reserves of the Company as at 31 March 2023 amounted to EUR 50,959,048.92, representing an increase by EUR 1,374,190.42, or 2.78%, compared to the same period of 2022, when they amounted to EUR 49,584,858.50, and this increase is a result of an increase in profit from previous years.

Comparing equity and reserves of the Company as at 31 March 2023, they increased by EUR 30,837,839.10 or 153.26% compared to the same the same period in 2013, when they amounted to EUR 20,121,209.82.

4 NET DEBT

Net debt of the Company as at 31 March 2023 amounted to EUR 5,790,375.29, constituting a decrease of 19.47%, or EUR 1,400,276.16, compared to the same period of the previous year, when it amounted to EUR 7,190,651.45.

This is also a 62.41%, or EUR 9,613,570.58, decrease compared to the same period of 2013, when the net debt amounted to HRK 15,403,945.87.

5 TOTAL REVENUE

The Company's total revenue amounted to EUR 4,346,397.41, increasing by EUR 853,916.47, or 24.45% compared to EUR 3,492,480.94 for the same period in 2022, as a result of an increase in the revenue at the level of all Company sectors.

Total revenue of the Company, compared to the same period of 2013 when it amounted to EUR 2,210,826.14, increased by EUR 2,135,571.27, or 96.60%.

6 OPERATING REVENUE

Operating profit was generated in the amount of EUR 665,721.53, representing an increase of EUR 524,622.59, or 44.07% compared to the same period of 2022, when it amounted to EUR 1,190,695.43.

Comparing the operating profit generated in the first quarter of 2023 compared to the same period in 2013, when it amounted to EUR 507,298.34, a 31.22% increase can be seen.

7 EBITDA

EBITDA was realised in the amount of EUR 665,836.08, decreasing by 44.11% or EUR 525,546.17 compared to EUR 1,191,382.25 for the same period in 2022.

The realised EBITDA in the reporting period increased by EUR 147,570.31, or 28.47% compared to the first quarter of 2013, when it amounted to EUR 518,265.77.

8 PROFIT

The Company's profit in the reporting period amounted to EUR -194,432.99, decreasing by EUR 639,335.35, compared to the first half of 2022, when it amounted to EUR 444,903.16.

Profit realised in the first quarter of 2023, compared to the profit generated in the same period of 2013, which amounted to EUR 150,010.62, has decreased by EUR 344,443.61.

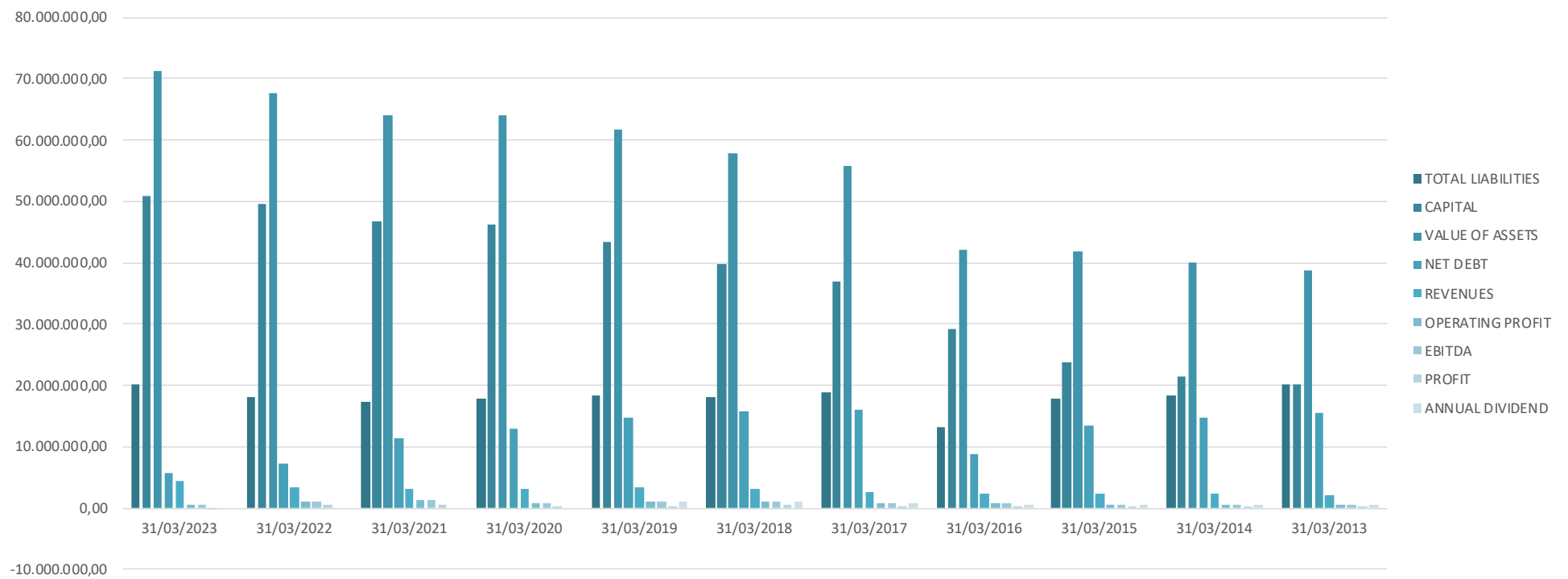


CUMULATIVE COMPARATIVE OVERVIEW

of fundamental indicators on the position of assets, capital, liabilities and operating results of the Company as at 31/03/2023
and also for the same period 2013-2023

YEAR	TOTAL LIABILITIES	CAPITAL	VALUE OF ASSETS	NET DEBT	REVENUES	OPERATING PROFIT	EBITDA	PROFIT	ANNUAL DIVIDEND
1	2	3	4	5	6	7	8	9	10
31/03/2023	20.269.479,47	50.959.048,92	71.228.528,39	5.790.375,29	4.346.397,41	665.721,53	665.836,08	-194.432,99	0,00
31/03/2022	18.129.091,48	49.584.858,50	67.713.949,98	7.190.651,45	3.492.480,94	1.190.344,12	1.191.382,25	444.903,16	0,00
31/03/2021	17.223.677,77	46.789.076,13	64.012.753,90	11.305.697,28	3.150.336,53	1.217.695,43	1.218.276,59	591.914,07	0,00
31/03/2020	17.767.745,05	46.231.162,22	63.998.907,27	13.025.640,04	3.133.265,55	727.267,28	728.477,25	210.407,77	0,00
31/03/2019	18.367.927,94	43.441.606,74	61.809.534,68	14.753.272,11	3.363.752,42	951.727,64	953.578,39	392.099,40	1.117.255,56
31/03/2018	18.199.248,31	39.720.649,22	57.919.897,53	15.709.207,68	3.155.081,09	954.094,25	957.038,87	440.640,03	958.423,25
31/03/2017	18.773.473,32	36.944.660,40	55.718.133,72	16.030.884,25	2.742.821,94	839.399,54	842.507,83	355.117,90	798.532,09
31/03/2016	13.117.248,76	29.067.715,29	42.184.964,06	8.885.823,22	2.428.318,58	731.142,04	735.215,25	349.662,61	655.272,15
31/03/2015	17.926.787,83	23.794.659,19	41.721.447,03	13.579.704,09	2.358.211,25	631.672,49	634.110,43	188.750,95	496.488,15
31/03/2014	18.467.097,01	21.568.858,83	40.035.955,84	14.738.625,97	2.299.958,66	576.162,45	562.306,98	154.923,45	496.488,15
31/03/2013	20.121.209,82	20.121.209,82	38.638.368,34	15.403.945,87	2.210.826,14	507.298,34	518.265,77	150.010,62	496.488,15

A graph of basic performance, as well as Company asset, capital and liability indicators as at 31/03/2023, and for the same period 2013-2023



Statement of the Company's financial position
as at 31 March 2023 and compared to 31 December 2022

		31/03/2023	31/12/2022	INDEX
		UNAUDITED	REVISED	
A	FIXED ASSETS	59.402.261,02	58.440.502,29	101,65
B	CURRENT ASSETS	11.826.267,37	11.674.389,90	101,30
A+B	TOTAL ASSETS	71.228.528,39	70.114.892,19	101,59
C	SHORT-TERM LIABILITIES	5.966.018,25	5.523.030,42	108,02
D	LONG-TERM LIABILITIES	14.303.461,22	13.525.545,65	105,75
E	TOTAL LIABILITIES	20.269.479,47	19.048.576,07	106,41
F	TOTAL SHARE CAPITAL AND RESERVES	50.959.048,92	51.066.316,12	99,79
E+F	TOTAL CAPITAL AND LIABILITIES	71.228.528,39	70.114.892,19	101,59

OPERATING AND OTHER COSTS

Operating expenses for the first quarter of 2023 amounted to EUR 3,680,561.33 and are higher by 59.95% compared to the same period of the previous business year, when they amounted to EUR 2,301,098.70, due to an increase in operating expenses caused by an increase in the gross salary cost and costs of raw materials, materials and energy, costs of outsourced services and other operating costs.

FINANCIAL EXPENSES

Financial expenses in the period observed amount to EUR 119,219.88, and they have increased by 17.22% compared to the first quarter of 2022, when they amounted to EUR 101,704.60.

LIQUIDITY

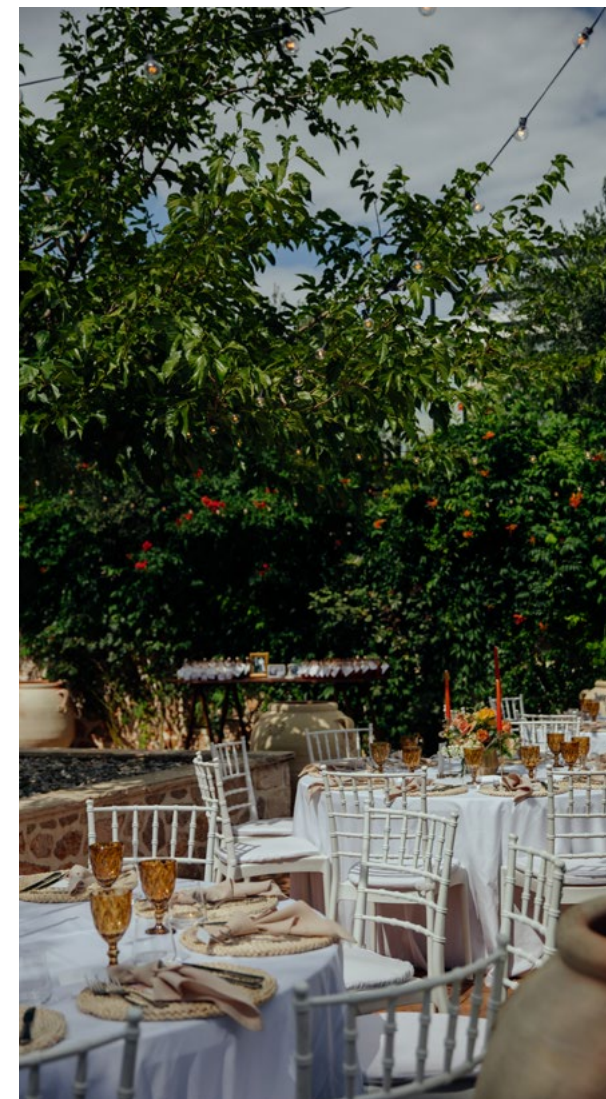
In the reporting period, the Company fully and properly maintained current liquidity and settled its liabilities towards the suppliers, the bank, the state, the employees, etc. in a timely manner and within the deadlines. The Company has secured a sufficient amount of liquid assets to settle its liabilities, regardless of and taking into account the fact that busi-

ness circumstances are complex as a result of the disrupted macroeconomic environment.

In June 2022, the Company concluded a Short-Term Limit Agreement with the commercial bank Erste&Steiermarkische Bank d.d. for the amount of EUR 2,000,000.00, which will secure a short-term credit limit for the duration of 2022 and the first half of 2023 for the purpose of maintaining current liquidity.

COLLECTION OF FUTURE REVENUE

With regard to the active collection of trade receivables, the Company will seek to collect them in the most appropriate manner and within the most appropriate deadlines, taking into account the aggravated circumstances of collection and implementation of the measures of payment in instalments where possible, and also undertaking compulsory collection measures if needed.



6 ADDITIONAL INFORMATION ON THE STATUS AND BUSINESS OPERATIONS OF THE COMPANY

6.1 SIGNIFICANT EVENTS

At its session held on 24 February 2023, the Management Board of the Company adopted the Company's Q4 2022 financial statements (unaudited, unconsolidated), the Annual Report and the 2022 annual financial statements (audited, unconsolidated). Also, at the session of the Supervisory Board held on the same day, the Company's Annual Report, 2022 annual financial statements (audited, unconsolidated) were adopted and draft decisions were established, which have been sent to the General Assembly for adoption.

The Company released 4135 own shares, constituting 0.17% of its share capital. Own shares were released under the Share Transfer Agreement, concluded with the Company's employees in compliance with the Decision on the allocation of own (treasury) shares to the Company's employees free of charge as a reward for the business results. Prior to disposing of the shares, the Company had 10881 own shares, constituting 0.45% of its share capital, while, following the disposal, it has a total of 6746 own shares, constituting 0.28% of the Company's share capital.



6.2 POST-BALANCE SHEET EVENTS

The General Assembly of the Company, held on 21 April 2023, took note of the Annual Report for 2022 together with the Audit Report for 2022, Report of the Supervisory Board on the Performed Supervision of the Company's Operations for 2022, and the Management Board' Report on the Acquisition of Own Shares. The General Assembly adopted the Decision on the Approval of the 2022 Report on the Remuneration of Management Board and Supervisory Board Members, the Decision on Granting Discharge to the Company's Management Board for the financial year 2022, Decision on Granting Discharge to the Members of the Supervisory Board for the financial year 2022, and the Decision on the Appointment of the authorised auditing company "UHY RUDAN d.o.o.", Illica 213, Zagreb, PIN: 717995390000 as the Company's Auditor for 2023 .

Moreover, the Decision on the Adjustment of the Share Capital of the Company was adopted by increasing the share capital from the Company's assets and amending the Articles of Association of the Company for the purpose of aligning the share capital with the Companies Act and rounding off the amount of capital to a whole number on the basis of the established and audited 2022 Annual Financial Statements. Consequently, the share capital is increased from EUR 30,412,964.36 by EUR 7,035.64 to EUR 30,420,000.00. The share capital has been increased

from the Company's assets by converting other reserves in the amount of EUR 7,035.64, into the share capital of the Company without issuing new shares in proportion to the increase in the share of all issued shares in the share capital of the Company.

The General Assembly adopted the Decision Amending the Decision on the Remuneration of Supervisory Board Members on the basis of which each member of the Supervisory Board is entitled to a fixed monthly remuneration for their work in the Supervisory Board of the Company in the net amount of EUR 1,350.00. Also, the Decision on the Use of Company Profit for the 2022 Financial Year was adopted, according to which the achieved net profit in the 2022 financial year (after tax) in the amount of EUR 3,117,753.76, is distributed as follows:

- EUR 1,794,045.66 into the retained profit, and
- EUR 1,323,708.10 for dividend distribution.

6.3 LEGAL MATTERS

- The Ilirija Tennis Centre real property in Biograd na Moru, under the cadastral plot no. 3232, in the Cadastral Municipality of Biograd na Moru, with a surface area of 48705 m², was allocated in 1988 by the Municipal Assembly of Biograd na Moru to the predecessor of the Company for the purpose of building a complex of tennis courts. By 1990, Ilirija had built 20 tennis courts with changing rooms and a restaurant facility, auxiliary roads, parking spaces and complete infrastructure on the property, and the land was subsequently evaluated and entered in the share capital of the Company within the national conversion process. Pursuant to the lawful conversion of the Company and the Act on Ownership and Other Real Rights, the Company had been registered as the sole owner and legal holder of said property until 2006, when, in the process of transforming the land registry for the Cadastral Municipality of Biograd na Moru in 2006, the entry in the land registry was changed for unknown reasons and 1/2 of the co-ownership share of Ilirija d.d. was removed, and the Town of Biograd na Moru was entered as the co-owner of the share in question for the first time. Consequently, Ilirija d.d. initiated civil proceedings for the establishment of the right of ownership and, under the 2012 ruling of the Commercial Court in Zadar, which was upheld by the 2016 ruling of the High Commercial Court of the Republic of Croatia, Ilirija was established as the owner of the entire real property Ilirija Tennis Centre. Under the decision of the Supreme

Court of the Republic of Croatia following the review initiated by the Town of Biograd na Moru, with which we were made aware of on 18 January 2022, first-instance and second-instance rulings were set aside and the case was remanded for a retrial, during which it shall be determined whether amenities have been constructed, i.e. “more comprehensive works” have been performed on the real property at issue – which is indisputably the case in our opinion. In the repeated proceedings at first instance, the Company continues to assert its right of ownership over the real property of the Ilirija Tennis Centre, which represents an equipped complex of 20 tennis courts with auxiliary facilities that has been in the possession and ownership of Ilirija d.d. for over 30 years.

- By the Decision of the Constitutional Court of the Republic of Croatia No. U-III-4392/16 of 5 July 2017, the Constitutional Complaint of the Company was adopted, and the ruling of the Supreme Court of the Republic of Croatia was set aside. The ruling set aside rejected the review initiated by Ilirija d.d. in the case pertaining to the compensation of damages against the Town of Biograd na Moru, for the purpose of conversion of the real property “Primorje” from a construction area into the so-called “area with landscape features”, and the case was referred back to the Supreme Court of the Republic of Croatia. In the repeated proceedings, the Supreme Court of the Republic

of Croatia in its ruling number: Rev-x 688/2017 of 27 April 2022 rejected the review initiated by Ilirija d.d. as unfounded. The Company will file a constitutional complaint to the Constitutional Court of the Republic of Croatia against the aforementioned ruling of the Supreme Court of the Republic of Croatia within the legal deadline.

- The ruling of the County Court in Zadar No. 6 Gž-751/16-2 of 13 June 2017 reversed the sentence of the Municipal Court in Zadar, Permanent Service in Biograd na Moru, of January 2016, and rejected the claim of the town of Biograd na Moru as unfounded. By said claim, the town of Biograd na Moru requested that the Forest Land Lease Agreement concluded between Ilirija d.d. and Hrvatske šume d.o.o. Zagreb, Forest Administration, Split Branch, be declared null and void. Thus, the dispute was finally disposed of in favour of Ilirija d.d., and given the fact that the land in question is tourist land not assessed in the process of conversion and privatization, Ilirija d.d. has already, within the legal deadline, submitted a request to the Government of the Republic of Croatia through the Ministry of Tourism of the Republic of Croatia, for a concession on the co-owned part of the Republic of Croatia, for the use of the "Park Soline" Campsite for 50 years. In the meantime, in May 2020, the new Act on Non-Evaluated Construction Land came into force, thus repealing the Act on Tourism and Other Construction Land Not

Evaluated in the Conversion and Privatisation Process. The new Act on Non-Evaluated Construction Land provides that buildings and land in a campsite which are estimated in the value of the capital, are owned by the company, whereas the campsite land not estimated in the value of the capital is owned by the Republic of Croatia. On 5 March 2021, Ilirija d.d. submitted, within the legal deadline, an application for a decision to the competent Croatian Ministry of Physical Planning, Construction and State Assets, under Article 17) of the Act on Non-Evaluated Construction Land, that is, for the determination/identification of the scope, evaluated and unevaluated parts and owners of the Park Soline campsite in Biograd na Moru and consequently for the conclusion of a lease agreement between the Republic of Croatia and Ilirija d.d. for a period of 50 years. The procedure is pending. In the meantime, on 1 April 2022 the Company, in accordance with Article 18 of the Act on Non-Evaluated Construction Land, obtained from the Centre for Restructuring and Sales the Certificate of Conformity of the Geodetic Survey Report, which confirms the conformity of the "Park Soline Campsite Geodetic Survey Report with the decision of the Croatian Privatisation Fund of 12 July 1996, by which the real property concerned was evaluated in the process of conversion of the socially-owned enterprise "Ilirija" Biograd na Moru.

- The predecessor of the Company was allotted the

maritime domain for permanent use by the Municipal Assembly of Biograd na Moru for the purpose of constructing a sport port or marina (1976) and an outdoor swimming pool with a beach facility (1986) in Biograd na Moru. In accordance with the valid building and operating permits, the Company built the Ilirija-Kornati hotel port (1977–1979) and an outdoor swimming pool with beach facilities (1988), and these investments were evaluated and entered in the value of the capital of Ilirija d.d. during the conversion process. The aforementioned permanent right to use the maritime domain was replaced in 1998 with a limited period concession, and in accordance with the Decisions of the Zadar County on the award of the concession on the maritime domain, the Maritime Domain Concession Agreement was concluded for the purpose of commercial use of the special purpose port - nautical tourism port for a period of 12 years (until 2011) as well as the Maritime Domain Concession Agreement for the purpose of commercial use of the outdoor swimming pool for a period of 10 years (until 2008). Prior to the expiry of the concession for the nautical tourism port – the Ilirija-Kornati hotel port and the outdoor swimming pool with a beach facility, Ilirija d.d. submitted the applications for the extension of the term of the concession by 20 years, i.e. to a total of 30 years. Until the decision on the applications for the extension of the term of concession and the legal resolution of the legal issues of conversion and lawful

capital investments in the maritime domain are reached, Ilirija d.d. has been regularly paying the fee for the use of maritime domain to the budget of the Republic of Croatia.

- During the conversion process, the property Dražice – Mini Golf was evaluated and entered in the value of the capital of the Company for the part with a surface area of 9,752 m², the part which Ilirija d.d. has been using uninterruptedly for the purposes of a parking lot and an entertainment and animation centre, and accordingly holds in its possession, while for the rest of the land of approximately 46,000 m² an application for a concession has been submitted. The dispute between Ilirija d.d. and the Town of Biograd na Moru before the Commercial Court in Zadar regarding the right of ownership is pending. The Republic of Croatia has joined the proceedings. No first-instance ruling has been rendered in this case.
- In the land registry renewal procedure for the Cadastral Municipality of Biograd na Moru, Ilirija d.d. was registered as the owner of the entire real property with an area of 1,416 m², which essentially represents the land around the hotels Ilirija and Adriatic in Biograd na Moru, considering that these land plots were evaluated and entered in the share capital of Ilirija d.d. in the process of conversion and privatisation of the Company. The Municipal Court in Zadar, in a proper

procedure, rejected the objections of the Town of Biograd na Moru regarding the registration of the ownership rights of Ilirija d.d. After the objections of the Town of Biograd na Moru to the registration of ownership rights on real property, which essentially represents the land around the hotels Ilirija and Adriatic, were rejected as unfounded, the Town of Biograd na Moru filed a lawsuit against Ilirija d.d. before the Commercial Court in Zadar for the purpose of correction and registration, asking to be established as the owner of the said real estate with a total area of 1,416 m². The first-instance ruling of the Commercial Court in Zadar rejected the claim of the Town of Biograd na Moru, and the said ruling was upheld by the ruling of the High Commercial Court of the Republic of Croatia of 16 May 2022, thus the registration of the ownership rights of Ilirija d.d. on the said real property for the whole remained unchanged.

- As for the disputes in which the Company participates, both actively or passively, we estimate that such disputes cannot significantly disrupt the Company's business, nor can they cause significant financial expenses for the Company or have a significant affect the Company's current and future financial results.



6.4 INVESTMENTS IN 2023

In the first quarter of the financial year, an increase in investments was recorded, which were realised in the amount of EUR 1,872,956.22 – a significant increase compared to the same period of the previous year. The investments made related to the Company's key tourism sectors, i.e. the hotel, camping, and nautical sector as well as Ilirija Travel, part of which was started already in the fourth quarter of the previous financial year, in order to preserve competitiveness, further investment in improving the quality and standards of service, and in changing the structure by segments of service provision.

The largest portion of the investments related to the camping sector, where a significant renovation of the campsite was carried out, including all of the infrastructure and landscaping work and the construction of the main roads in the campsite extra zone, as well as additional refurbishing and adaptation of amenities for children, and investments in changing the structure by segments of service provision with the aim raising the overall quality and amenities of the campsite. In the hotel sector, investments are continuously focused on improving and expanding services and raising the level of quality through additional arrangement and furnishing of accommodation units, expansion of wellness services through the development of capacities for health tourism, refurbishment of hotel catering facilities by purchasing new catering equipment and other common hotel amenities, while at the same time, roof repair works were completed, including a complete replacement of the waterproofing system. Furthermore, at the Kornati **** Hotel, roof repair works were completed with a complete replacement of the waterproofing system, the replacement of part of the exterior woodwork with more energy efficient ones, while the decoration of the hotel lobby was started in the first quarter. In the nautical sector, investments related to the refurbishing of the common facilities at the marina, the largest part of which referred to the complete reconstruction of the largest sanitary facility, including the replacement of all installations, placement of new floor and wall coverings, and equipping with modern sanitary equipment, while investment in Ilirija Travel were related to the "Nada" event boat.

6.5 NON-OPERATING ASSETS

An additional impact on the value of Company shares comes from non-performing assets, which are owned by the Company, but they are neither used for core activities of the Company, nor do they provide economic benefits to the Company. The most important non-performing assets owned by the Company are unused land plots (9 acres in total) at highly attractive locations:

Land plot, Sv. Filip i Jakov: The Company owns a building site of approximately 2.5 acres in Sv. Filip i Jakov, of which only a smaller portion is used (Villa Donat), while approximately 20,000 m² of the site is unused. According to the preliminary design, the Company plans to build 8 detached villas with apartments at the unused portion of the land plot, and expand the existing accommodation and service facilities. The Municipality of Sv. Filip i Jakov adopted a Detailed Plan for the Development of a Mixed Hospitality and Tourism Zone (T1-hotel).

Land plot, Villa Primorje: The Company owns approximately 2.5 acres of land near the Villa Primorje Hotel, of which only a smaller portion is used (approximately 10% of the total surface area). Apart from the existing physical plan, there is a possibility of building a settlement of traditional Dalmatian villas at the unused portion of the plot. The unused part of the plot is in direct contact with a building site.

Land plot, Polača: The Company owns a building site of approximately 2.5 acres in Polača, located along the state road, which connects Biograd with the local motorway (regional importance). The site is equipped with basic communal infrastructure and Ilirija d.d. plans to use it to build a dry marina, which would be functionally connected with the existing nautical capacities owned by Ilirija d.d.

Land plot, Sv. Filip i Jakov: In December 2021, the Company bought a land plot with a surface area of 9,600 m² in Sv. Filip i Jakov in the crafts and services zone, within the area of the newly planned industrial zone, with the intention of building a central warehouse, distribution and service facility for the needs of the Company, which would include laundry service, central warehouse of assets, equipment and inventory, central warehouse of food and beverages, technical service workshops, storage of machines, dry berth, ancillary mobile storages, office space for the needs of the storage and distribution facility, as well as traffic and parking areas.

6.6 OTHER

BUSINESS MONITORING AND REPORTING ON A DAILY, WEEKLY AND MONTHLY BASIS

At the level of all sectors and the Company as a whole, a business monitoring system for all business segments was established, namely for monitoring on a daily, weekly and monthly basis in accordance with the applicable Croatian and world reporting standards for the tourism industry. This enabled timely and quality monitoring of achieved operating results as well as the development of quality forecasts and business plans throughout the business year, which created the foundations for a more efficient and rational management of the entire business process, as well as improved and accelerated the overall reporting process at all levels, and especially in the operational part of the Company's business.

MERGERS AND ACQUISITIONS

There were no mergers and acquisitions.

7 BUSINESS EXPECTATIONS IN 2023

As an industry, world tourism experienced a strong recovery in 2022, namely after two years of significant stagnation due to the unprecedented travel crisis caused by the COVID-19 pandemic. An even stronger recovery was experienced by tourism as an industry in most European countries. This especially applies to the tourist season of all Mediterranean countries, including Croatian tourism.

With such favourable and optimistic positive trends for tourism as an industry, and thus also for the Company, the Company is more than optimistic when it comes to its 2023 business. The business expectations for 2023 are based on the assumption of no limiting circumstances related to the year-round business activities of all sectors and profit centres of the Company, i.e. a complete recovery of market demand and its intense growth in the pre-season (which was virtually non-existent in 2022 due to the global COVID-19 pandemic and the Russian-Ukrainian war), as well as further growth of the volume of business activities in peak and late season and their complete recovery.

The Company takes as its starting point the fact that Croatian tourism recorded a strong recovery in 2022 (mainly generated by activities in peak and late season), ultimately almost returning to the physical operating results (arrivals and overnight stays) from 2019 and achieving a significant financial turnover growth. More-

over, the Company is of the opinion that, in addition to the strong desire to travel, the key European outbound markets for Croatian tourism still possess sufficient purchasing power to generate demand (especially in peak season) at least at the 2022 level.

The main determinants of the 2023 Business Plan are aimed at:

- 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
- preservation of the Company's business operations and activities

In addition to the above-mentioned determinants and preconditions, we believe that it is realistic for the Company to achieve the following business goals in 2023:

- a) increase in demand evidenced by the growth in terms of all key physical business performance indicators at the level of all sectors of the Company,
- b) significant increase in operating revenue at the level of all sectors and profit centres, i.e. at the level of the entire Company,
- c) generating EBITDA, or its share in the total revenue, in line with the tourism industry standards; and

d) growth of other profitability indicators (profit, EBIT).

Moreover, the Company stresses that it is aware of objective and actual limiting circumstances and challenges that could to a certain extent affect the realisation of business expectations for 2023, including the existing global geopolitical instability as a direct consequence of the Russian invasion of Ukraine, the continuation of strong inflationary pressures, the unfavourable macroeconomic environment, labour shortage, and an intense increase in labour costs, as well as food, beverage, and energy costs. The aforementioned circumstances and challenges (most of which are of a global nature) can affect tourism-related transactions, namely by reducing them due to a limited possibility of smooth year-round business activities in the tourism sectors of the Company, as well as a decrease in demand and purchasing power.



8 NOTES

The Company has all the permits required for the performance of its activities, such as the decisions on categorisation and on the meeting of the minimum technical work requirements, as well as water rights permits, etc.

Goran Ražnjević,
President of the Management Board

ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



FINANCIAL STATEMENTS FOR THE PERIOD 01/01/-31/03/2023

Annex 1

ISSUER'S GENERAL DATA

Reporting period: 01/01/2023 to 31/03/2023

Year: 2023

Quarter: 1

Annual financial statements

Registration number (MB): 03311953 Issuer's home Member State code: HRVATSKA

Entity's registration number (MBS): 060032302

Personal identification number (OIB): 05951496767 LEI: 74780000VOGH8Q3K5K76

Institution code: 1271

Name of the issuer: ILIRIJA d.d. BIOGRAD NA MORU

Postcode and town: 23210 BIOGRAD NA MORU

Street and house number: TINA UJEVIĆA 7

E-mail address: ilirija@zd.t-com.hr

Web address: www.ilirijabiograd.com

Number of employees (end of the reporting period): 306

Consolidated report: KN (KN-not consolidated/KD-consolidated)

Audited: RN (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): Registered office: MB:

Bookkeeping firm: (Yes/No) (name of the bookkeeping firm)

Contact person: STRPIĆ ZORKA (only name and surname of the contact person)

Telephone: 023/383178

E-mail address: zorkas@ilirijabiograd.com

Audit firm: UHY RUDAN d.o.o. ZAGREB (name of the audit firm)

Certified auditor: (name and surname)

BALANCE SHEET			
balance as at 31/03/2023			in EUR
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	58.440.502	59.402.261
I INTANGIBLE ASSETS (ADP 004 to 009)	003	43.953	39.773
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	0	0
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	43.953	39.773
II TANGIBLE ASSETS (ADP 011 to 019)	010	58.391.632	59.357.571
1 Land	011	5.894.095	5.894.095
2 Buildings	012	33.247.270	32.929.369
3 Plant and equipment	013	8.731.544	9.396.076
4 Tools, working inventory and transportation assets	014	0	0
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	184.305	59.082
7 Tangible assets in preparation	017	159.339	966.140
8 Other tangible assets	018	0	0
9 Investment property	019	10.175.079	10.112.809
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	4.917	4.917
1 Investments in holdings (shares) of undertakings within the group	021	4.917	4.917
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	11.674.390	11.826.267
I INVENTORIES (ADP 039 to 045)	038	189.773	215.375
1 Raw materials and consumables	039	189.773	215.375
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	0	0
5 Advances for inventories	043	0	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0

II RECEIVABLES (ADP 047 to 052)	046	712.054	860.367
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	260.731	331.816
4 Receivables from employees and members of the undertaking	050	20.562	28.677
5 Receivables from government and other institutions	051	253.290	194.885
6 Other receivables	052	177.471	304.989
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	10.671.584	10.630.865
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	10.671.584	10.630.865
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	100.979	119.660
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065	70.114.892	71.228.528
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	51.066.316	50.959.049
I INITIAL (SUBSCRIBED) CAPITAL	068	30.412.964	30.412.964
II CAPITAL RESERVES	069	389.195	389.195
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	4.890.630	4.977.797
1 Legal reserves	071	3.195.698	3.195.698
2 Reserves for treasury shares	072	925.837	925.837
3 Treasury shares and holdings (deductible item)	073	-229.335	-142.169
4 Statutory reserves	074	0	0
5 Other reserves	075	998.431	998.431
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	12.255.773	15.373.526
1 Retained profit	084	12.255.773	15.373.526
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	3.117.754	-194.433
1 Profit for the business year	087	3.117.754	0
2 Loss for the business year	088	0	194.433
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	0	0
1 Provisions for pensions, termination benefits and similar obligations	091	0	0
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	0	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	0	0

C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	13.525.546	14.303.461
1 Liabilities towards undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	099	0	0
3 Liabilities towards companies linked by virtue of participating interest	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities towards banks and other financial institutions	103	13.525.546	14.303.461
7 Liabilities for advance payments	104	0	0
8 Liabilities towards suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	0	0
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	5.264.755	5.258.320
1 Liabilities towards undertakings within the group	110	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	111	0	0
3 Liabilities towards companies linked by virtue of participating interest	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities towards banks and other financial institutions	115	2.831.638	2.237.438
7 Liabilities for advance payments	116	11.285	11.285
8 Liabilities towards suppliers	117	1.308.143	1.771.691
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	329.401	325.192
11 Taxes, contributions and similar liabilities	120	630.180	843.013
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	154.107	69.701
E) ACCRUALS AND DEFERRED INCOME	124	258.276	707.698
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	70.114.892	71.228.528
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS					
for the period 01/01/2023 to 31/03/2023					
in EUR					
Submitter: ILIRIJA d.d.					
Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	3.491.443	3.491.443	4.346.283	4.346.283
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	3.473.254	3.473.254	4.317.556	4.317.556
3 Income from the use of own products, goods and services	004	0	0	0	0
4 Other operating income with undertakings within the group	005	0	0	0	0
5 Other operating income (outside the group)	006	18.189	18.189	28.727	28.727
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	2.945.873	2.945.873	4.421.610	4.421.610
1 Changes in inventories of work in progress and finished goods	008	0	0	0	0
2 Material costs (ADP 010 to 012)	009	813.283	813.283	1.320.257	1.320.257
a) Costs of raw materials and consumables	010	357.498	357.498	518.269	518.269
b) Costs of goods sold	011	0	0	0	0
c) Other external costs	012	455.785	455.785	801.988	801.988
3 Staff costs (ADP 014 to 016)	013	1.124.968	1.124.968	1.609.425	1.609.425
a) Net salaries and wages	014	686.444	686.444	962.489	962.489
b) Tax and contributions from salary costs	015	278.518	278.518	418.118	418.118
c) Contributions on salaries	016	160.006	160.006	228.818	228.818
4 Depreciation	017	644.774	644.774	741.049	741.049
5 Other costs	018	361.554	361.554	620.539	620.539
6 Value adjustments (ADP 020+021)	019	0	0	0	0
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	0	0	0	0
7 Provisions (ADP 023 to 028)	022	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	023	0	0	0	0
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	0	0	0	0
d) Provisions for renewal of natural resources	026	0	0	0	0
e) Provisions for warranty obligations	027	0	0	0	0
f) Other provisions	028	0	0	0	0
8 Other operating expenses	029	1.294	1.294	130.340	130.340
III FINANCIAL INCOME (ADP 031 to 040)	030	1.038	1.038	114	114
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0	0	0
4 Other interest income from operations with undertakings within the group	034	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0	0	0
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	2	2	0	0
8 Exchange rate differences and other financial income	038	1.036	1.036	114	114
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	0	0	0	0
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	101.705	101.705	119.220	119.220
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	0	0

2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	0	0
3 Interest expenses and similar expenses	044	101.097	101.097	119.102	119.102
4 Exchange rate differences and other expenses	045	608	608	118	118
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	0	0	0	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0	0	0
IX TOTAL INCOME (ADP 001+030+049 +050)	053	3.492.481	3.492.481	4.346.397	4.346.397
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	3.047.578	3.047.578	4.540.830	4.540.830
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	444.903	444.903	-194.433	-194.433
1 Pre-tax profit (ADP 053-054)	056	444.903	444.903	0	0
2 Pre-tax loss (ADP 054-053)	057	0	0	-194.433	-194.433
XII INCOME TAX	058	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	444.903	444.903	-194.433	-194.433
1 Profit for the period (ADP 055-059)	060	444.903	444.903	0	0
2 Loss for the period (ADP 059-055)	061	0	0	-194.433	-194.433
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 055-+062)	068	0	0	0	0
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	0	0	0	0
1 Attributable to owners of the parent	076	0	0	0	0
2 Attributable to minority (non-controlling) interest	077	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	444.903	444.903	-194.433	-194.433
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	0	0	0	0
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0	0	0

4 Actuarial gains/losses on the defined benefit obligation	084	0	0	0	0
5 Other items that will not be reclassified	085	0	0	0	0
6 Income tax relating to items that will not be reclassified	086	0	0	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	0	0	0	0
1 Exchange rate differences from translation of foreign operations	088	0	0	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0	0	0
6 Changes in fair value of the time value of option	093	0	0	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0	0	0
8 Other items that may be reclassified to profit or loss	095	0	0	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)	097	0	0	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	444.903	444.903	-194.433	-194.433
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	0	0	0	0
1 Attributable to owners of the parent	100	0	0	0	0
2 Attributable to minority (non-controlling) interest	101	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method			
for the period 01/01/2023 to 31/03/2023			in EUR
Submitter: ILIRIJA d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	444.903	-194.433
2 Adjustments (ADP 003 to 010):	002	745.873	860.151
a) Depreciation	003	644.774	741.049
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	0
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	2	0
e) Interest expenses	007	101.097	119.102
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	0	0
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	1.190.777	665.718
3 Changes in the working capital (ADP 013 to 016)	012	160.778	768.882
a) Increase or decrease in short-term liabilities	013	496.963	442.987
b) Increase or decrease in short-term receivables	014	-123.312	148.313
c) Increase or decrease in inventories	015	-406	25.602
d) Other increase or decrease in working capital	016	-212.466	151.980
II Cash from operations (ADP 011+012)	017	1.351.555	1.434.600
4 Interest paid	018	81.969	87.546
5 Income tax paid	019	0	138.973
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	1.433.524	1.661.119
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	1.038	0
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	1.038	0
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-591.484	-1.827.956
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-591.484	-1.827.956
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-590.446	-1.827.956
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	1.990.842	1.228.944
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	1.990.842	1.228.944
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-478.300	-597.490
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	-222.843	-445.937
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	-2.343.481	0

VI Total cash payments from financing activities (ADP 040 to 044)	045	-3.044.623	-1.043.427
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-1.053.781	185.517
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-210.703	18.680
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	495.915	100.979
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	285.213	119.659

STATEMENT OF CASH FLOWS - direct method			
for the period 01/01/2023 to 31/03/2023			in EUR
Submitter: ILIRIJA d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Cash receipts from customers	001	0	0
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	0	0
4 Cash receipts from tax refund	004	0	0
5 Other cash receipts from operating activities	005	0	0
I Total cash receipts from operating activities (ADP 001 to 005)	006	0	0
1 Cash payments to suppliers	007	0	0
2 Cash payments to employees	008	0	0
3 Cash payments for insurance premiums	009	0	0
4 Interest paid	010	0	0
5 Income tax paid	011	0	0
6 Other cash payments from operating activities	012	0	0
II Total cash payments from operating activities (ADP 007 to 012)	013	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 006 + 013)	014	0	0
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	015	0	0
2 Cash receipts from sales of financial instruments	016	0	0
3 Interest received	017	0	0
4 Dividends received	018	0	0
5 Cash receipts from the repayment of loans and deposits	019	0	0
6 Other cash receipts from investment activities	020	0	0
III Total cash receipts from investment activities (ADP 015 to 020)	021	0	0
1 Cash payments for the purchase of fixed tangible and intangible assets	022	0	0
2 Cash payments for the acquisition of financial instruments	023	0	0
3 Cash payments for loans and deposits	024	0	0
4 Acquisition of a subsidiary, net of cash acquired	025	0	0
5 Other cash payments from investment activities	026	0	0
IV Total cash payments from investment activities (ADP 022 to 026)	027	0	0
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 021 + 027)	028	0	0
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	029	0	0
2 Cash receipts the from issue of equity financial instruments and debt financial instruments	030	0	0
3 Cash receipts from credit principals, loans and other borrowings	031	0	0
4 Other cash receipts from financing activities	032	0	0
V Total cash receipts from financing activities (ADP 029 to 032)	033	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	034	0	0
2 Cash payments for dividends	035	0	0
3 Cash payments for finance lease	036	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	037	0	0
5 Other cash payments from financing activities	038	0	0
VI Total cash payments from financing activities (ADP 034 to 038)	039	0	0
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 033 + 039)	040	0	0
1 Unrealised exchange rate differences in respect of cash and cash equivalents	041	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 014 + 028 + 040 + 041)	042	0	0
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	043	0	0
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (042+043)	044	0	0

STATEMENT OF CHANGES IN EQUITY

for the period from 01/01/2023 to 31/03/2023

in EUR

[illegible]

1 Balance on the first day of the current business year	28	30.412.964	389.195	3.195.698	925.837	229.335	0	998.431	0	0	0	0	0	0	15.373.526	0	51.066.316	0	51.066.316
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (AOP 28 to 30)	31	30.412.964	389.195	3.195.698	925.837	229.335	0	998.431	0	0	0	0	0	0	15.373.526	0	51.066.316	0	51.066.316
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-194.433	-194.433	0	-194.433
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	48	0	0	0	0	-87.166	0	0	0	0	0	0	0	0	0	0	87.166	0	87.166
22 Carryforward per annual plane	49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	30.412.964	389.195	3.195.698	925.837	142.169	0	998.431	0	0	0	0	0	0	15.373.526	-194.433	50.959.049	0	50.959.049
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)	53	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-194.433	-194.433	0	-194.433
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	-87.166	0	0	0	0	0	0	0	0	0	0	87.166	0	87.166

NOTES TO THE FINANCIAL STATEMENTS – TFI-POD

(made for quarterly periods)

Name of the issuer: ILIRIJA d.d. BIOGRAD NA MORU

PIN: 05951496767

Reporting period: 01/01 – 31/03/2023**A. Notes on the Company's financial position:****Non-current assets**

The non-current asset value amounted to EUR 59,402,261.02, constituting an increase of EUR 961,758.72 compared to the value as at 31 December 2022, when it amounted to EUR 58,440,502.30. An amount of EUR 1,827,956.22 was invested in all sectors of the Company during the reporting period of 2023.

Current assets

The current asset value amounted to EUR 11,826,267.37 and increased by EUR 151,877.30 or 96.28 % compared to the value as at 31 December 2022, when it amounted to EUR 11,674,390.07. The largest portion of the increase in current assets was achieved by cash inflows from customers.

Short-term liabilities

Short-term liabilities amounted to EUR 5,966,018.25, recording an increase of EUR 442,987.92, or 8.02% compared to the balance as at 31 December 2022, when they amounted to EUR 5,523,030.33.

Non-current liabilities

Non-current liabilities amounted to EUR 14,303,461.22, recording an increase of EUR 777,915.57, or 5.76% compared to the balance as at 31 December 2022, when they amounted to EUR 13,525,545.65.

Equity and reserves

Equity and reserves equalled EUR 50,959,048.92, which represents a decrease of EUR 107,267.23, or 0.21% compared to the balance as at 31 December 2022, when they amounted to EUR 51,066,316.15.

Note – total revenue, expenses and operating profit**Total revenue**

Total revenue generated as at 31 March 2023 amounted to EUR 4,346,397.41, representing an increase of 24.45% of the total revenue as at 31 March 2022, when it amounted to EUR 3,492,480.94.

Total expenses

Total expenses as at 31 March 2023 amounted to EUR 4,540,830.40, representing an increase of 49.00% of the total expenses as at 31 March 2022, when it amounted to EUR 3,047,577.78.

Operating profit

The operating profit generated as at 31 March 2023 amounted to EUR 665,721.53, constituting a decrease of 44.07% of the operating profit generated as at 31 March 2022, when it amounted to EUR 1,190,344.12.

B. The last revised annual statements of the Company: are available on the website of ILIRIJA d.d. <https://ilirijabiograd.com/izvjesca-o-poslovanju>, Zagreb Stock Exchange (Zagrebačka burza d.d.) and the Croatian Financial Services Supervisory Agency within the framework of the central storage of regulated information.

C. Statement on the application of the same accounting policies during the preparation of the statement as at 31 March 2023 and the last revised annual statement as at 31 December 2022.

D. In the observed reporting period of 2023 operating revenue in the amount of EUR 4,346,282.86 was generated, which constitutes a 24.48% increase compared to the same period of the previous year, when it amounted to EUR 3,491,442.82. The Company's business activities are seasonal. The Company generates most of its revenue in summer. The Company generates revenue in the hotel, nautical, camping and real-estate sectors and the destination management company DMC Ilirija Travel. The hotel sector generates most of its revenue in summer.

In the observed reporting period of 2023, the hotel sector generated revenue in the amount of EUR 353,424.83, which constitutes an increase of EUR 197,623.40, or 127% compared to the same period of the previous year, when it amounted to EUR 155,801.43.

Revenue of the nautical sector in the observed period of 2023 amounted to EUR 2,041,225.71, constituting an increase of 7.84% compared to the same period of 2022, when they amounted to EUR 1,892,920.28. The majority of the revenue was generated by annual berth fees.

In the observed reporting period of 2023, the camping sector generated revenue in the amount of EUR 1,289,742.78, constituting an increase of EUR 313,400.53, or 32.10% compared to the same period of the previous year, when it amounted to EUR 976,342.25. The most significant revenue was realised from fixed-lease camping pitches and plots.

In the reporting period of 2023, revenue from the real estate sector, i.e. the City Galleria Business and Shopping Centre amounted to EUR 476,814.75, representing an increase of 10.63% compared to the same period of the previous year, when it amounted to EUR 431,015.28.

In the reporting period observed, i.e. as at 31 March 2023, the Company did not receive any grants.

As at 31 March 2023, the operating costs amounted to EUR 3,680,561.33, recording an increase of EUR 1,379,462.63, or 59.95% compared to the same period of 2022, when they amounted to EUR 2,301,098.70. Financial expenses in the reporting period amounted to EUR 119,219.88, and they have increased by 17.22% compared to the same period of the previous year, when they amounted to EUR 101,704.60. The depreciation charge for the reporting period of 2023 amounted to EUR 741,049.19, which is a 14.93% increase compared to the same period of 2022, when it amounted to EUR 644,774.49.

Total expenses amounted to EUR 4,540,830.40, recording an increase of 49.00% compared to the same period of the previous year, when they amounted to EUR 3,047,577.78. Operating profit, i.e. profit from business activities, for the reporting period of 2023 amounted to EUR 665,721.53, which is a decrease of 44.07% compared to the same period of the previous year, when it amounted to EUR 1,190,344.12. EBITDA, i.e. earnings before depreciation, interest and taxes, was generated in the amount EUR 665,836.08, and showed a 44.11% decrease compared to the same period of the previous year. EBIT, i.e. earnings before interest and taxes was realised in the amount of EUR -75,213.11. In the period observed, a loss in the amount of EUR 194,432.99 was generated.

Additional clarifications of individual items can be found in the Company comments, which comprise an integral part of the statement as at 31 March 2023.

E. There were no significant changes.

F. Point 1 ILIRIJA d.d. BIOGRAD NA MORU, Tina Ujevića 7, 23210 Biograd na Moru, Croatia, Company Reg. No: 060032302, PIN:05951496767.

Point 2 There has been no change in the accounting policies compared to the last revised annual statement.

Point 3 Point 3 does not apply to our Company and is not used.

Point 4 The majority of the revenue was generated on the domestic market in the amount of EUR 4,120,981.85 and the foreign market in the amount of EUR 196,574.33, while other revenue was generated in the amount of EUR 28,726.68. Operating revenues were generated as follows; the hotel sector EUR 353,424.83, the nautical sector EUR 2,041,225.71, the camping sector EUR 1,289,742.78, City Galleria EUR 476,814.75. Revenue from other activities, i.e. profit centres, including Ilirija Travel, and hospitality, has been realised in the amount of EUR 182,255.17. Total expenses amounted to EUR 4,540,830.40. Business expenses amounted to EUR 3,680,561.33. Most of them were incurred in connection to the cost of raw material, other materials and energy, accounting for EUR 518,268.63; outsourcing costs, accounting for EUR 801,988.29; other operating costs, accounting for EUR 1,609,424.92; and staff costs, accounting for EUR 750,879.49.

Point 5 Long-term loans which will become due in the period from 2026 to 2034 amount to EUR 8,536,188.51. Securing payment of mortgages on property.

Point 6 In the period from 1 January to 31 March 2023, the average number of employees was 304.

Point 7 The employee cost presented in the income statement amounted to EUR 1,609,424.92 (net salary being EUR 962,488.60, contributions from salaries being EUR 271,492.24, the salary tax being EUR 146,626.04, and the contributions to salaries being EUR 228,818.04). Due to the restrictions of the form, which does not include Other Employee Costs, e.g. travel expenses, severance pay, etc., this amount is supplemented by said costs of EUR 36,881.67, which brings the total employee cost to EUR 1,646,306.59. The Company does not capitalise the salary costs.

Point 8 and 9 do not apply to our Company and are not used.

Point 10 As at 31 March 2023, the share capital of the Company amounted to EUR 30,412,964.36, and it is divided into 2,413,488 no-par-value ordinary shares.

Points 11 to 17 do not apply to our Company. There was no consolidation.

REPRESENTATION LETTER

ILIRIJA d.d.

BIOGRAD NA MORU

Biograd n/M 24/04/2023

Statement by the persons responsible for the preparation of the financial statements for the period from 1 January 2023 to 31 March 2023

Pursuant to Articles 403–410 of the Capital Market Act, we hereby state that the Financial statements of Ilirija d.d. Biograd na Moru, Tina Ujevića 7, PIN: 05951496767 for the period from January to March 2023 are prepared in accordance with the International Financial Reporting Standards and pursuant to the Croatian Accounting Act. The financial statements provide realistic and objective data on the Company's financial position as at 31 March 2023, its business results and cash flow in accordance with the International Financial Reporting Standards.

The Company's Management report contains a legitimate representation of its results and position as at 31 March 2023.

The financial statements for the period from 01/01 to 31/03/2023 have not been audited.

Accounting Manager::
Zorka Strpić

Management Board:
Goran Ražnjević



ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru





ILIRIJA D.D.

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