



 *Ilijia d.d.*

FINANCIAL STATEMENTS FOR THE PERIOD 01/01 – 30/06/2021

Biograd na Moru, July 2021

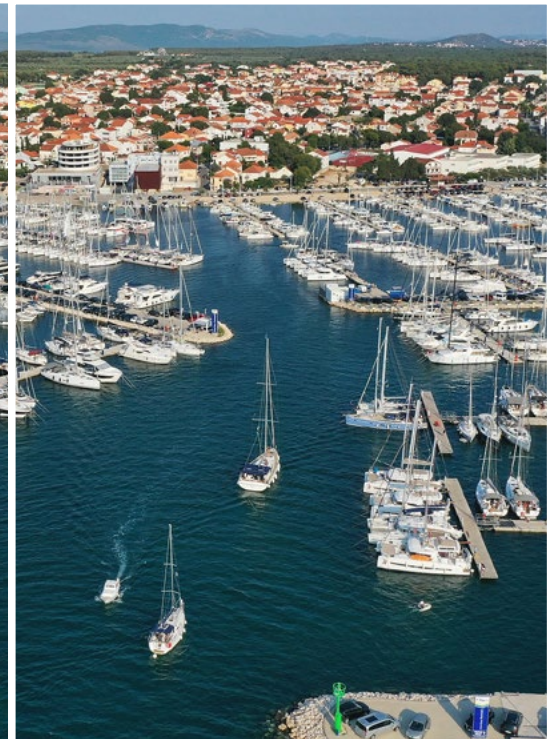


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OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE PERIOD FROM 01/01-30/06/2021

in HRK	I-VI 2021	I-VI 2020	% of change 2021/2020
Financial indicators			
Total revenues	53.332.739,16	49.125.867,87	108,56
Operating revenues	53.323.424,94	49.102.175,85	108,60
Revenues from sales	48.339.570,12	45.420.839,58	106,43
Operating profit	21.265.122,30	15.843.835,52	134,22
EBITDA	21.274.436,52	15.867.527,54	134,08
EBIT	13.453.631,06	8.791.815,73	153,02
Profit	11.773.602,58	7.109.586,24	165,60
Value of assets	488.102.422,35	492.271.518,95	99,15
Capital	359.846.120,10	353.852.960,62	101,69
Total liabilities	128.256.302,25	138.418.558,33	92,66



KEY INFORMATION FOR THE PERIOD 01/01 - 30/06/2021

1 During the first six months of 2021 and in the ongoing unfavourable business circumstances brought on by the COVID-19 pandemic, the state-wide epidemiological situation took a negative turn in the first half year (January – June), the period when the tourism sectors of the Company usually see an increase of tourism-related transactions, which has significantly affected the Company's achievements, i.e. the scope of its business operations and business results. Despite the absent, and in the best case prolonged booking period for the months of May and June in certain tourism sectors, during the first half-year period the Company operated at a continuity, with the revenue on the rise and a significant increase of all profitability indicators, which makes the Company consider the results achieved, with regard to the ongoing unfavourable business circumstances, as satisfactory.

During the said period, despite a number of measures and recommendations of competent authorities limiting a multitude of activities in the Company's sectors operating year-round – the nautical and real estate sectors – it has managed not only to maintain operational stability, but also in nautical sector that is in Marina Kornati generate operating revenue growth and increase its profitability indicators, operating profit and income, compared to the pre-pandemic period, i.e. the first half of 2019, which has significantly affected its positive business trend, despite the absent, i.e. post-

poned booking in the hotel and camping sectors. Moreover, during the first six months of 2021, apart from a pronounced increase in revenue and the camping sector, which was followed by a significant increase of profitability indicators, the Company managed to maintain its key objectives in such extraordinary business circumstances.

2 Total revenue in the first half of the year amounted to HRK 53,332,739.16, constituting an increase of 8.56% compared to the same period of the previous year, when it amounted to HRK 49,125,867.87, as a result of an increased operating revenue of HRK 53,323,424.94, with a growth rate of 8.60%.

In spite of the unfavourable circumstances, the Company's results with regard to revenue generated at the end of the first quarter were continuous, that is, they were maintained on the basis of revenue growth in key sectors, along with intensified business operations in May and June, following an improvement of the epidemiological situation, especially in the nautical sector. The sectors operating year-round – the nautical and real estate sector, contributed significantly to operating revenue generated in the part of the business year marked by different limitations.

The nautical sector saw revenue generated in the amount of HRK 28,058,561.27 with a growth rate of

7%, whereas the most significant revenue by far was generated by the vessel segment, i.e. Marina Kornati, in the amount of HRK 27,061,101.83, with a growth rate of 5% compared to the same period of the previous year. Moreover, other profit centres with the nautical sectors have also generated growth. Marina Kornati, the most significant profit centre of the nautical sector, managed to not only generate revenue growth despite a multitude of limitations, but also revenue growth in relation to the same period in 2019. Marina Kornati, as well as the entire nautical sector, demonstrated the ability to generate revenue at the pre-pandemic level even in periods of adjustment, which makes the results achieved all the more significant.

The real estate sector generated revenue in the amount of HRK 6,349,432.01, which constitutes a decrease of 4% compared to the same period of the previous business year, as a result of limited operations conditioned by a series of decisions reached by competent authorities for the purpose of controlling the pandemic, which significantly affected the scope of the centre tenants' business operations, which, in turn, affected generated revenue.

The Company's camping sector generated revenue in the amount of HRK 11,252,701.20, constituting an increase of 22% compared to the first half-year period of the previous year, when it amounted to HRK

9,234,427.43. Revenue growth was generated by both of its profit centres, i.e. the Park Soline camp in the accommodation segment by 19%, and the Park Soline restaurant by an increase of 150%. The increase in operating revenues of the camping sector was mostly generated by a significant increase in business operations of the Park Soline camp in the form of physical business indicators, arrivals by 51.14% and overnight stays by 56.63%, realised mostly in May and June in the form of increased sales of lump-sum, mobile homes and individual guest segments.

The hotel and destination management company sectors, which are also the Company sectors most affected by the COVID-19 pandemic, saw a complete halt in business operations in the most part of the first half of the year due to a significant negative course that the national epidemiological situation took, meaning that operating revenue was generated almost exclusively during May and June, making the realised 5% revenue growth in the hotel sector all the more significant, especially since it was generated on the foreign market.

The Ilirija Travel destination management company saw a lack of tourism transactions, as expected, due to the exacerbation of the global COVID-19 pandemic, which also affected the sector's generated revenue. During the first half of the year, special programs, concerts, incentives, events, conferences, congresses,

weddings, excursions, regattas, etc. were either prohibited or limited to a predefined number of participants and subject to a series of measures due to which there was no interest in organising them, or restricted to a reduced number of people, which substantively affected the generation of revenue, totalling at HRK 297,622.06.

3 Total expenses amounted to HRK 41,559,136.58, which constitutes a decrease of 1.09% compared to the same period in 2020, as a result of the decrease in operating expenses, which amounted to HRK 32,058,302.64 in the reporting period, constituting a decrease of 3.61%, or HRK 1,200,037.69 due to an optimisation of operating costs.

4 Operating profit was generated in the amount of HRK 21,265,122.30, constituting an increase of 34.22%, whereas profit amounted to HRK 11,773,602.58, constituting an increase of 65.60%. EBITDA was realized in the amount of HRK 21,274,436.52, i.e. it was 34.08% higher than in the same period of 2020, when it amounted to HRK 15,867,527.54, while EBIT was realized in the amount of HRK 13,453,631.06, constituting an increase of 53.02%.

In such challenging operating conditions, apart from achieving all key profitability indicators, the Company also managed to generate significant growth thereof,

in light of the fact that business operations were run in accordance with measures and recommendations of competent authorities, i.e. in a limited scope, especially during March and April due to a sudden negative turn of the national epidemiological situation, which resulted in halted business operations of the Company's tourism sectors – hotels, camping and destination management companies – whereas the operations of the real estate and nautical sector were limited. The achieved profitability indicators are a result of a more significant boost of business operations of the Company's tourism sector in May and June, also for the hotel and camping sector, which makes the results achieved even more significant. The amount of aid for preservation of employment granted by the Croatian Government and received by the Company in the amount of HRK 4,680,830.54 contributed, in part, to the resulting profitability indicators. We would also like to point out the fact that the Company has used the aid for preservation of employment granted by the Croatian Government in the amount of HRK 3,426,545.92 during the first six months of 2020.

5 Company equity amounted to HRK 359,846,120.10, with a growth of 1.69% or HRK 5,993,159.48 compared to HRK 353,852,960.62 in the first half of 2020, whereas the growth was mostly generated by a profit increase.



6 The Company's total liabilities in the first half of the business year amount to HRK 128,256,302.25, representing a decrease by 7.34% or HRK 10,162,256.08 in comparison to HRK 138,418,558.33 for the same period in the previous year, which is the result of a reduction in short-term loan interest liabilities, interest liabilities and trade payables, and we would like to emphasise the importance of this fact since it is favourable for the Company given the circumstances and conditions of doing business in the first half of 2021.

7 The last share price in the reporting period was achieved in the amount of HRK 166.00 in comparison to HRK 132.00, which is the last share price in the same period of the previous year, constituting an increase of 25.76%. The market capitalization calculated by applying the methodology of multiplying the last achieved share price and the number of shares grew in proportion to the last share price, from HRK 318,580,416.00 to HRK 400,639,008.00 generated in the first half of the current year.

8 Total turnover of the Company shares designated as ILRA was generated in the amount of HRK 593,226.00, representing an increase of 28.03% compared to the turnover generated in the same period of the previous year, when it amounted to HRK 463,349.00, which is a result of increased liquidity of Company shares.

The increased liquidity of the Company shares was, in part, a result of the increase of the number of Company shareholders due to a decision of the Centre for Restructuring and Sale (CERP) regarding the award of free ILRA shares to Croatian veterans of the War of Independence and family members of fallen and missing Croatian veterans of said war, as well as the Decision on placing ILRA shares on the list of shares to be transferred to previous owners of seized assets. In line with the aforementioned decisions, CERP intends to release a total of 49 216 ILRA shares of Ilirija, whereas 26 150 shares were released as at the end of the first half of the year, resulting in the Company having an ownership structure of 274 shareholders as at 30 June 2021, compared to 187 in the same period of the previous year.

9 The Company is a beneficiary of the package of business measures adopted by the Government of the Republic of Croatia aimed at job retention in business conditions affected by the COVID-19 pandemic for the period of January, February, March, April and May 2021, which amounted to a total of HRK 4,680,830.54, i.e. HRK 2,500.00 per employee for the said period.

10 At its meeting on 30 April 2021, the General Assembly adopted the Decision to Appoint a Member of the Supervisory Board, with which Mr Goran Medić from Zadar, Ive Senjanina 12c, PIN: 54770742757 was re-ele-

cted as a member of the Company's Supervisory Board. The term of the Supervisory Board member starts on 21 June 2021 with the possibility of re-appointment. Moreover, at the meeting held on 24 June 2021, the Supervisory Board appointed one of its members to be the Chairman of the Supervisory Board. Mr Goran Medić from Zadar, Ive Senjanina 12c, PIN: 54770742757 was re-appointed as Chairman.

11 The Company, i.e. all tourism and hospitality facilities in its portfolio are holders of the national safety label Safe Stay in Croatia, awarded by the Ministry of Tourism and Sports, which confirms the implementation of health and safety measures and recommendations aligned with the World Health Organization's recommendations.

12 In April, the Ministry of Tourism and Sports conducted a regular process of recategorising the Park Soline camp, during which it was established that the Park Soline camp fully meets the requirements as prescribed by the Ordinance for the Four-Star Camp Category, thus all facilities of the Company, except for the Hotel Adriatic, have been categorised under the high-quality accommodation category.

BUSINESS (REORGANIZATION) OF COMPANY'S BUSINESS ACTIVITIES, PROCESSES AND OPERATIONS, AS WELL AS IMPLEMENTATION OF MEASURES AND ACTIVITIES AS A RESPONSE TO THE GLOBAL COVID-19 PANDEMIC

The travel, tourism and hospitality sectors are among the sectors most affected by the COVID-19 pandemic globally, as they are labour-intensive sectors which generate a great amount of business and other economic activities due to their direct and indirect impact on the national and global economy. Due to the very nature of the activities of these sectors, they will be among the last to recover after the end of the pandemic. On 12 March 2020, from the date of declaring the pandemic, i.e. as of 12 March 2020, the Company began adjusting its business processes to the new circumstances caused by the COVID-19 pandemic and implementing the new Organizational structure. In other words, the business reorganization and adjustment processes (organizational, staffing and operational-technical processes) were initiated in order to manage the crisis and mitigate its consequences, which remain priorities in 2021 as well:

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

VI. continuation of business operations and activities in the Company's sectors and capacities, where possible. In the period since the declaration of the pandemic, the Company has undertaken a number of activities and measures in order to adjust business operations to the new circumstances and, at the same time, mitigate the consequences of the COVID-19 pandemic on the Company:

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

Even before the pandemic started, the Company established the Service for Occupational Safety and Health, Health Care and Environmental Protection and, thereby formed a professional and operational team headed by three educated and qualified persons (master of sanitary engineering, health and safety engineer, master and engineer of food engineering) from the domain of health control and safety, occupational safety and hygiene and health standards and procedures in operational processes, with special emphasis on the food and beverage and the household departments. Among others, the expert and operational team consists of leaders from different Company's departments (Communications, Operational Business and Business Processes, Legal Sources and Human Resources) with the aim of quick and efficient implementation and coordination of Company's and competent authorities' measures

and decisions in view of the COVID-19 pandemic. The Company's managers of health control and protection, occupational safety and the control of quality and standards of the food and beverage and the household departments are implementing and undertaking all necessary measures to protect the health and life of the guests and employees through implementation, as well as to control the implementation of recommendations issued by competent authorities. The already high standards of hygiene and cleanliness we have been applying so far have been further improved. In addition, we have taken the necessary measures to further improve all measures and procedures aimed at protecting the health and safety of our employees and guests.

II Preservation of the Company's assets, i.e. facilities and the four-star standard we have already achieved for future business activity, i.e. the retention and preservation of all key facilities within the sector, i.e. our diversified tourism portfolio, which ensures the stability of Company's business system, market competitiveness and more flexible response to market demands in the new circumstances. We would especially like to note that despite the global pandemic, in October 2020, the Company considerably improved the quality and standard of the nautical sector when the Ministry of Tourism and Sport raised Marina Kornati's category from a two- to a four-anchor (star) rating. Addition-

ally, it should be noted that in April 2021 the Ministry of Tourism and Sports conducted a regular process of recategorising the "Park Soline" camp, during which it was established that the "Park Soline" camp fully meets the requirements as prescribed by the Ordinance for the four-star camp category. In this way, almost all tourism facilities of the Company in the hotel, camping and nautical sectors (except the Adriatic Hotel) were awarded a high four-star rating, thereby achieving one of the strategic and long-term goals of the Company.

III Business operations and activities in the Company's sectors and facilities, where possible

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

Therefore, the Company started initiating business activities according to the following phases:

1) The hotel sector, with no significant business operations in the first half of 2021; opening of the Company's largest hotel, the Ilirija****, and, in the second half

of June, the Adriatic*** hotel. In the post-season, there was an absence of more significant business activities due to the deterioration of the health situation and implementation of strict epidemiological measures in the key outbound markets of the Company's hotel sector.

2) Facilities within the destination management company (DMC) Ilirija Travel - no major business activity in the first half of 2021, given that these are facilities intended mainly for the event organization, MICE and incentive industry, which, in organizational terms, implies gatherings of a larger number of people.

3) Restaurant facilities in the nautical sector and restaurant facilities on the hotel sector were operating in accordance with measures and recommendations set by the competent authorities. Other sectors of the Company in the observed period performed activities with an adjusted business volume:

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

5) City Galleria Business and Shopping Centre, continues its business activities with an adjusted business

volume, in accordance with the measures and recommendations of competent authorities.

6) The camping sector of the Company, i.e. the Park Soline camp, was opened on 1 April 2021, with the Company initiating more intense business operations in the beginning of June 2021, a common starting period in the Croatian camping tourism, not including fixed-lease pitches / mobile homes.

IV Job retention of existing employees and preservation of their financial situation, i.e. the retention of the Company's highly-qualified and professional employees who able to work at all levels for future business activity of the Company, after the pandemic ends. At the time of the declaration of the pandemic, on 12 March 2020, the Company had a total of 262 employees, of which 246 were actively working, while the rest were on maternity leave etc. The Company retained full employment, with 317 employees (including seasonal employees) as at 30 June 2021, of which 310 are active and have an assigned job position.

V Using aid for preservation of employment in 2021

The Company is a beneficiary of the package of business measures adopted by the Government of the Republic of Croatia aimed at job retention in business conditions affected by the COVID-19 pandemic for the

first half of 2021 (January, February, March, April and May), which amounted to a total of HRK 4,680,830.54 for the said period. Despite the fact that the Company's business activities were still strongly affected by the pandemic during the first half of 2021, i.e. were performed under aggravated circumstances and in a limited scope, the Company retained its employees and regularly paid their salary.

VI Deferral of payments of all liabilities due in respect of the principal of the long-term loans until 30 April 2021

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

In line with the above, the deferral of payments of all due principals of long-term loans expired on 30 April 2021 and the Company is required to pay all annuities, as well as interest that the Company was regularly paying the entire time.

VII The conversion of an existing short-term loan in the amount of EUR 600,000.00 with repay-

ment maturity in the summer of 2020 into a medium-term loan of the same amount with a three-year repayment period and a one-year grace period, with repayment to be started from 1 July 2021

The Company was the beneficiary of a short-term loan in the amount of EUR 600,000.00, which it repaid in advance in full in agreement with Erste & Steiermärkische Bank d.d. from its own current funds in June 2020, two months ahead of schedule. At the same time, the Company requested a loan from Erste & Steiermärkische Bank d.d. for permanent working capital in the same amount, EUR 600,000.00, with a three-year repayment period and a one-year grace period. By concluding a loan agreement on 3 June 2020 between the Company, as the borrower, and Erste & Steiermärkische Bank d.d., as the lender, a new loan sub-account in the amount of EUR 600,000.00 was fully realized.

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

In accordance with the above, liabilities in respect of the medium-term loan will become due on 1 July 2021, while the Company was regularly paying interest the entire time.

VIII Deferral of payment of all liabilities due in respect of the lease until 31 March 2021

Deferral of payment of all liabilities due in respect of the principal of the financial lease by the Company's commercial bank Erste & Steiermarkische Bank d.d. for the period from 1 April 2020 to 31/03/2021. Request for refinancing of all liabilities deferred in respect of the principal of the financial lease in the period from 1 April 2020 to 31 March 2021 and transferring to regular increased repayment scheme by lease instalments until the end of the Repayment Plan.

In accordance with the above, the deferral of payment of several individual financial lease subaccounts expired on 31 March 2021. Starting with 1 April 2021, the Company pays all financial lease principals, as well as interest that the Company was regularly paying the entire time.

IX Short-term limit with the commercial bank in order to retain the current liquidity of the Company

In June 2021, the Company concluded a Shot-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 the year for the purpose of maintaining current liquidity.

Moreover, in May 2021, the Company concluded a Permanent Working Capital Agreement with the commercial bank Erste&Steiermarkische Bank d.d. for the amount of HRK 15,000,000.00 to be used by 30 June 2022 with a one-year grace period and a five-year repayment plan starting from 1 July 2023, for the purpose of reinforcing current liquidity if necessary. As at 30 June 2021, the Company has not used any funds provided by the loan.

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

Adjustment, i.e. maximum and appropriate reduction, i.e. optimization of all operating costs that are not necessary and indispensable for current operations, given the Company's significantly reduced business activity, which is expected also in 2021.

XI Cooperation with suppliers

The Company will proceed with its continuous and integrated mutually successful business cooperation with all significant suppliers of goods and services in 2021, as it did during the entire period of operation in 2020 under significantly aggravated circumstances.

XII Monitoring and management of trade receivables

By implementing active collection of both future trade receivables from customers and trade receivables existing at the moment the pandemic was declared, the Company will seek to collect them in the most appropriate manner, 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.

XIII Investments for the business year 2021

The Company considers that, so far, no conditions for significant investments have been created, especially considering the current business scope, results achieved in 2020 and the expected business results in 2021.

Exceptionally, the Company will invest certain funds in the Park Soline camp, in accordance with the current

investment plan, as well as the City Galleria Business and Shopping Centre, for the purpose of maintaining the existing content and service quality.

XIV Principles of corporate social responsibility (CSR) and the application of the principle of diversity in operation of public limited companies

Preserving the CSR system and principles in the circumstances which disrupted the Company's business operations as much as possible and acceptable. Considering the extraordinary circumstances and the business environment in 2021 that especially endangered the economic goals of the Company, these goals are considered the priority by the Company in order to ensure its long-term financial stability and business viability.

In addition to the financial statements, the Company also draws up a separate non-financial report, i.e. Annual Report on Corporate Social Responsibility in Croatian and English, in which it provides key information, data and indicators (both qualitative and quantitative) as well as a description of economic, social and environmental aspects of the Company's activities. In its financial and non-financial reports, the Company provides a complete overview of the Company's achievements related to its operating results, its effects and impacts on its stakeholders, as well as

of its activities related to social and environmental aspects, i.e. a transparent and complete overview of its actions.

The Company is a signatory of the Croatian Diversity Charter, which forms part of a broader regional project implemented by the Croatian Business Council for Sustainable Development (HR BCSD) for the Republic of Croatia with the support of the European Commission. The President of the Company's Management Board is one of the five promoters of the Croatian Diversity Charter in Croatia. The aim of the Croatian Diversity Charter is to promote and encourage diversity, non-discrimination, inclusiveness and equal opportunities in the workplace. Also, in 2020 the Company joined the Alliance for Gender Equality, which aims to: (i) achieve an equal level of representation, i.e. gender balance at all levels and positions; (ii) promote equal opportunities (employment, training and promotion) for both women and men; and (iii) enable provision of equal pay for jobs of equal value. The values the Company cherishes most are equal opportunities in the workplace for all Company employees, both permanent and seasonal, as well as diversity of knowledge and experience and preservation of the personal and business integrity and dignity in the workplace, and the Company channels them towards the creation of a community, that is, of a motivating and stimulating business system

that cares about its employees. One of the permanent goals is to create a working environment that encourages and ensures professional development of employees, while taking care of their social needs by respecting their personal and professional diversities. Knowledge, experience, education and competencies are the principles on which long-term and sustainable development of the Company as a responsible business system is based, with full respect for the personality and dignity of employees.

XV Digitalization of the Company and virtual business

Following the first day of reorganization of business activities and business processes due to COVID-19 pandemic, the Company ensured rapid digital transformation of most of the business processes. In other words, the Company established virtual business operations at the level of all sectors, especially the sales and marketing departments and corporate services department, with the aim of enabling uninterrupted operation of the Company's key business processes during the global pandemic.

The digitalisation of business processes involves technological and marketing solutions, as well as novelties in practical solutions. Technological solutions include improvements in business monitoring and digitalisation of a major part of business processes, digital

payment solutions, online booking platforms, cross and contactless payment in all accommodation and accompanying hospitality, health or sport facilities of the Company.

Some marketing solutions introduced in all accommodation segments of the Company's tourism activities include flexible booking terms, self-check-in, digitalisation of information for guests, online orders and communication with staff, food delivery to accommodation units, etc. The Company's health protection service places even greater emphasis on the cleanliness, privacy and safety of guests by applying its health and safety protocols.

In conclusion:

By implementing the above mentioned measures and activities, pertaining to the period from the moment the pandemic was declared (12 March 2020) and to whole business year 2020 and the current business year 2021, the Company has adjusted its business processes and activities to the new circumstances in order to: (I) maintain the long-term business stability of the Company, (II) ensure smooth operation of business processes in the sectors and profit centres in compliance with all health, epidemiological and sanitary measures and recommendations of the competent authorities, (III) preserve the Company's current liquidity,

(IV) preserve the Company's assets and facilities, and (V) retain full employment and preserve the social and material rights of employees. The Company based the resilience of its business system for the purpose of maintaining its main business goals on three key areas:

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

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

3. financial resilience – based on the Company's ability to maintain financial stability of the business system by maintaining liquidity, assets and business activity through realisation of revenue ensuring the Company's business stability until the end of the pandemic. The Company achieved this by using exclusively its own funds - both its business and current funds from its own cash flow - without any additional foreign or loan funds, ex-

cept for funds which were allocated to it by the Government of the Republic of Croatia in form of job retention grants, which are offered as assistance to the Croatian economy in the context of the COVID-19 pandemic. In addition, we want to express our great satisfaction with our commercial bank Erste & Steiermärkische Bank d.d., which has been very understanding of the difficulties we are facing, and which helped the Company by approving all of our requests related to a one-year deferral of repayment of all principals of loans and financial leases.

We believe that the Company as a whole, by undertaking a series of above-mentioned actions and procedures at the level of all sectors and business segments relating to the organization of business activities and the activities of the Company, in a very successful way eliminated, i.e. neutralized all negative and unplanned risks to the Company, which emerged as a result of the unpredictable, extraordinary and unfavourable circumstances brought on by the COVID-19 pandemic, which caused an unprecedented economic crisis in the world, Europe and the Croatian economy, especially in tourism and hospitality sectors, which are the main activities of our Company.

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 **64** 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 10.110,25m² 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.

Years 2000 – 2021 | During this period, that is, by 30/06/2021, the Company invested HRK 633,496,912.12 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, which resulted in a growth in total revenues and newly created value in the mentioned period in the amount of HRK 987,532,305.60.

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 (currently commercially inactive).

1.5 AFFILIATED COMPANIES

Arsenal Holdings d.o.o., Perivoj Gospe od Zdravlja 1, Zadar, Company Tax Number - OIB: 59794687464, holds 1,429,032 shares in the Company, which accounts for 59.21% of the shares in the share capital of the Company and the same number of votes in the Shareholders' Assembly.

The controlling company Arsenal Holdings d.o.o. is registered with the Commercial Court in Zadar, Company Reg. No. MBS: 060014554; share capital HRK 21,027,500.00 paid in whole.

Mr. Davor Tudorović is the major owner of the company Arsenal Holdings d.o.o. with 75.25% shares in its share capital, who also holds 95,744 shares of Ilirija d.d. which accounts for 3.97% of the shares in its equity capital.



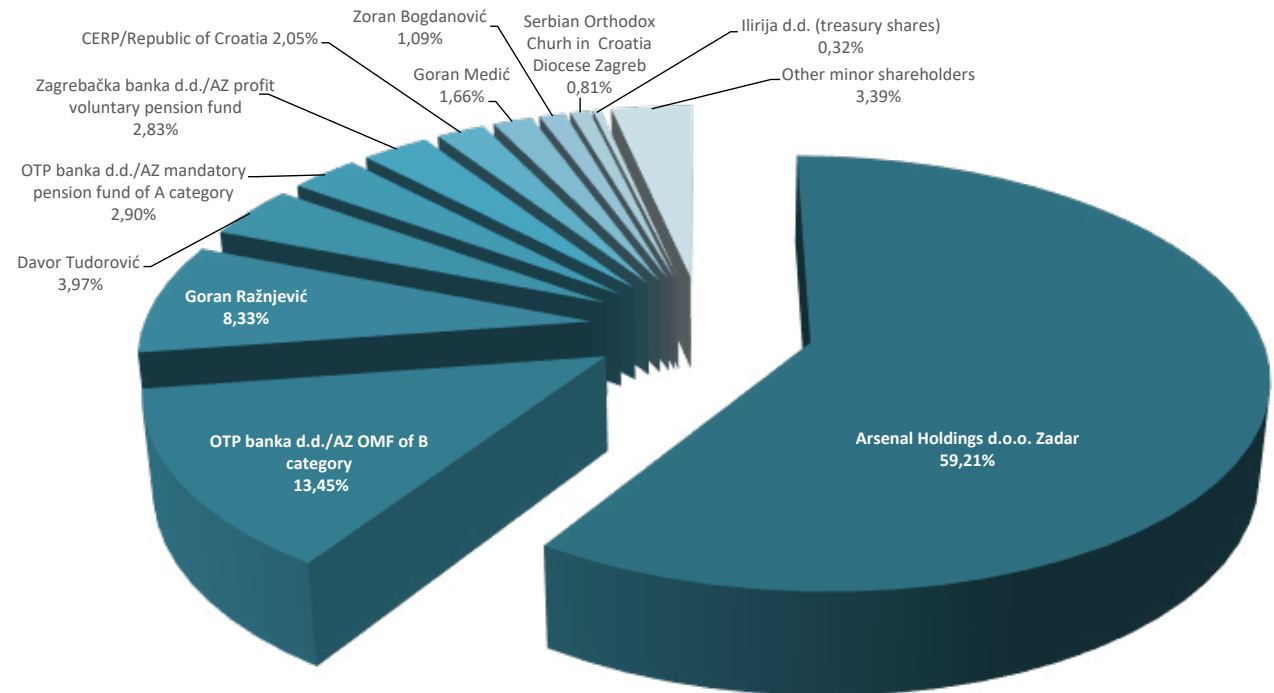
1.6 OWNERSHIP STRUCTURE OF THE COMPANY AND TRADING IN THE COMPANY'S SHARES AT THE ZAGREB STOCK EXCHANGE

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

As at 30 June 2021, there were no significant changes in the ownership structure, while an overview of the major shareholders of the Company as at 30 June 2021 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	324.605	13,45
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
CERP/Republic of Croatia	49.466	2,05
Goran Medić	40.000	1,66
Zoran Bogdanović	26.216	1,09
Serbian Orthodox Church in Croatia Diocese Zagreb	19.609	0,81
Ilirija d.d. (treasury shares)	7.833	0,32
Other minor shareholders	81.765	3,39
TOTAL	2.413.488	100

OWNERSHIP STRUCTURE OF THE COMPANY AS AT 30/06/2021



TRADING IN COMPANY'S SHARES ON THE CROATIAN CAPITAL MARKET IN THE PERIOD 01/01-30/06/2021

(amounts in HRK)	I-VI 2021	I-VI 2020	% of change
Total turnover	593.226,00	463.349,00	28,03%
Average share price	166,16	176,45	-5,83%
Average turnover per transaction	6.741,20	14.479,66	-53,44%
Average daily turnover	15.611,21	28.959,31	-46,09%
Last share price	166,00	132,00	25,76%
Market capitalization*	400.639.008,00	318.580.416,00	25,76%
Market capitalization**	401.025.166,08	425.859.957,60	-5,83%
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 half of 2021, the ILRA share generated a turnover of HRK 593,226.00, which is a 28.03% increase in comparison to the same period of 2020. A total of 3,570 were traded, which is 35.95% more than in the first half of 2020. Since the traded amount equals 0.15% of the total issued shares of the Company, the ILRA share can be considered a low-liquidity share. The low liquidity of ILRA shares has been expected and occurred as a consequence of the business circumstances caused by the Covid-19 pandemic, which had a particularly adverse impact on companies whose core business includes hospitality and tourism and uncertainties related to the tourist season in the context of the global COVID-19 pandemic, which directly affected its turnover.

The average share price amounted to HRK 166.16, which is a 5.83% decrease over the first half of 2020. The last price of the Company's share as at 30 June 2021 amounted to HRK 166.00, representing a 25.76% increase compared to the last price on the same day in 2020 (HRK 132.00). The amount of market capitalization of the Company calculated by applying the methodology of the last achieved share price was proportionally increased, and it amounts to HRK 400,639,008,00.

The number of transactions increased from 32 transactions made in 2020 to 88 of them in the first half of 2021. Despite the increase in the number of transactions, due to lower individual amounts, the average turnover per transaction equalled HRK 6,741.20 or 53.44% less than in the same period in 2020. For the same reason, the average daily turnover equalled HRK 15,611.21, which is a 46.09% decrease.

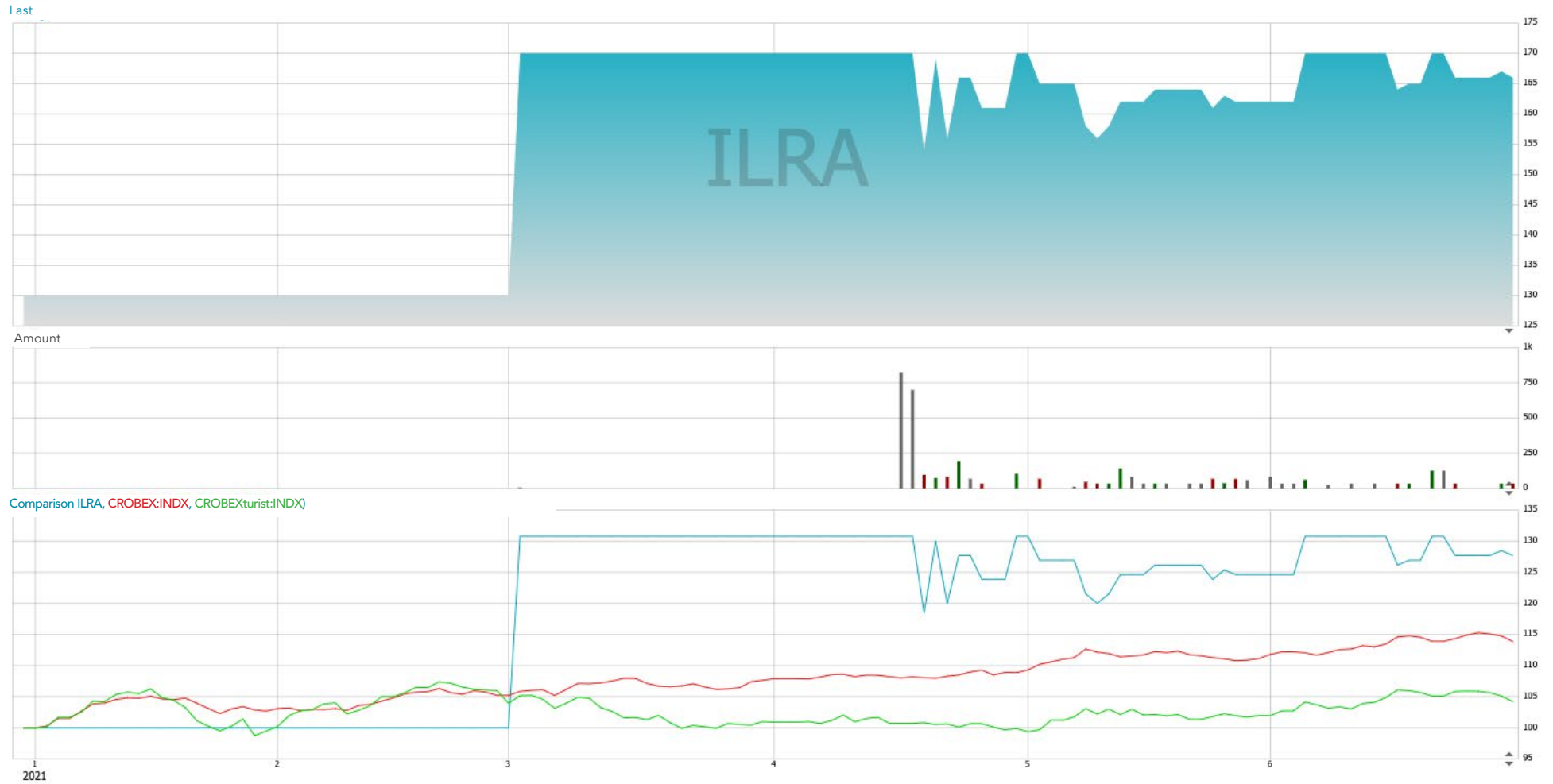
THE MOVEMENT OF THE ILRA SHARE IN COMPARISON WITH CROBEX AND CROBEXTURIST INDICES

In the first half of 2021, the turnover of shares in the order book of bids was realized in the amount of HRK 804,521,226 on the Zagreb Stock Exchange. This is HRK 728,005,602 or 47.52% less than in the same period in 2020, when a turnover of HRK 1,532,526,868 was generated. The block trading of shares amounted to HRK 291,699,952, which is a 4.35% decrease, while the turnover of obligations decreased; i.e. it amounted to HRK 92,556,627 or 28.89% less than in the first half of 2020. The total turnover of securities on the Zagreb Stock Exchange amounted to HRK 1,220,201,943, which is 37.98% less than in the same period of 2020 (HRK 1,967,677,590).

In the first half of the year, the CROBEX index increased by 13.87% — from 1,739.29 on 1 January 2021 to 1,980.49 on 30 June 2021. The CROBExturist index, an index of shares of tourism sector companies, increased in the same period from 3,477.97 to 3,624.25, or by 4.20%.



A graph of the movement of the ILRA share compared to the movement of the CROBEX and CROBESTURIST indices



1.7 COMPANY BUSINESS MODEL

The Company has been present on the domestic and international tourism market for over six decades and since 2016 when it acquired the Commercial-Shopping Center City Galleria, it became the Company with a wide range of activities, the portfolio of which is composed of 5 sectors:

- **Hotel sector** – 4 hotels, 443 rooms, 922 beds
- **Nautics** – 805 berths, 2,000 persons
- **Camping** – 1,208 pitches, 3,624 persons
- **Destination management company/DMC Ilirija Travel** – through which in 2020 were organized 106 special events for 9.658 persons
- **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 the 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, nautics and camping) additionally strengthened by the destination management company Ilirija Travel and the real estate sector. Besides such a diverse portfolio, is worth noting that 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 the new ones, which is also the foundation of the Company's business and development policy. The presence on the market for more than 6 decades and the related knowledge and experience, enable the Company to maximize its economic, financial, market and human resources potential **through the development of a complementary and integrated product through the destination management company. The Company strives for one of its strategic goals – year-round business operations of its sectors**, with an emphasis on the hotel sector and camping, through a good extension of the high season to the shoulder season and creating added value for both the Company and the destination, or the wider community. Through the destination management company, the Company contributes to the development and recognizability of the destination by organizing the events and by offering contents and programs in their own organization and their own facilities and capacities.

1.8 BRANDS OF THE COMPANY

ILIRIJA RESORT
HOTELS & VILLAS

 **marina Kornati**

**** *camping park soline*

 **ILIRIJA Travel**
DMC&PCO • WWW.ILIRIJA-TRAVEL.COM

City Galleria

ARSENAL
ZADAR

EVENT SHIP
Nada

 **Villa Primorje**

 **RAŽNJEVIĆA DVORJ**
POLAČA

 **TENIS CENTAR ILIRIJA**
BIOGRAD NA MORU

 **ILIRIJA aquatic center**

 **salvia spa**
medical wellness

LAVENDER BAR

 **Restaurant marina Kornati**

 **PARK SOLINE**
RESTAURANT

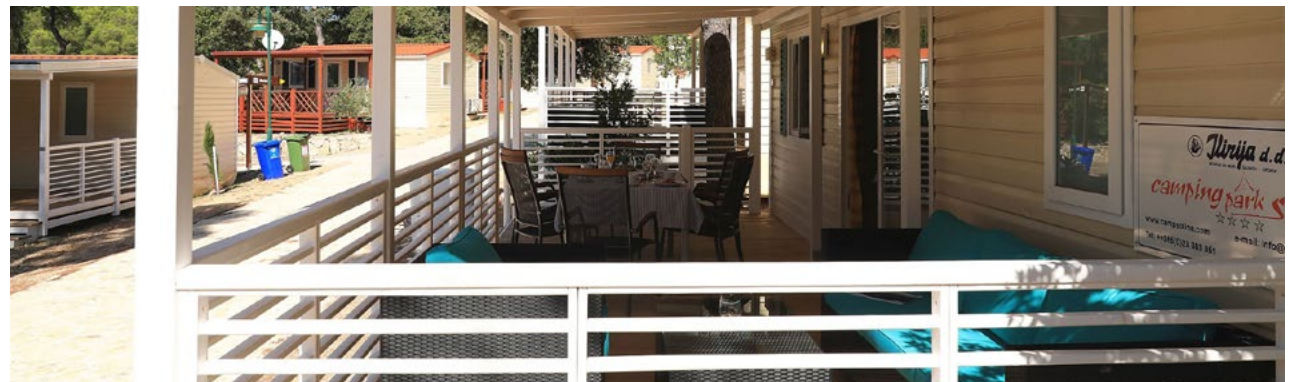
Donat BEACH BAR

1.9 STANDARDS AND CERTIFICATES

By implementing health and safety measures in line with the World Health Organisation recommendations, the Company has assumed responsibility over the health and safety of its guests, employees and the environment, as further demonstrated by the Safe Stay in Croatia national label of safety introduced in all of the Company's facilities at the level of all its tourism sectors (hotel sector, camping, nautics and the hospitality facilities we do business in).

Green Key is a certification program for accommodation units designed to raise awareness among owners, staff and clients regarding the need for environmental protection and the need to promote sustainable development. It is awarded to accommodation facilities, which decrease adverse impacts on the environment through the optimisation of the use of energy sources, waste management, educating the guests and staff on the most significant aspects of sustainable development and environmental protection. "Park Soline" camp was awarded this international certificate in 2013, when it was one of only two camps in Croatia that had met all the criteria for this eco-label, and nine years later, i.e. in 2021, the commitment of the "Park Soline" camp to sustainable development was confirmed with its recertification.

The international certification company SGS Adriatica d.o.o. carried out the recertification according to the HACCP Codex Alimentarius system, whereby it was verified that all of the Company sectors meet the HACCP standards with respect to the provision of food and beverage-related services; that is, that the Company exercises a high level of control in the process of production and distribution of food products which enables identification and assessment of any potential risks, their prevention and control and ensures effective implementation of the standard measures.





2 CORPORATE STRATEGY AND GOVERNANCE

2.1 VISION, MISSION AND FUNDAMENTAL VALUES

The vision is to permanently secure position among the 3 leading tourism companies in the region of the North Dalmatia and among the 15 leading tourism companies in the Republic of Croatia in the key segments of the Croatian tourism offer (hotel sector, nautics and camping), be and stay the leader of the tourism and economic development of our region and destinations such as Biograd na Moru, Zadar and Sv. Filip i Jakov thereby developing the whole year's business by offering the complementary and selective forms of tourism offer in the destinations where we conduct business.

According to the foregoing, the mission is: increasing the assets and achieving the financial results of the business operations, which will ensure long-term business and financial stability, establish an optimal level of quality and competitiveness in business at the level of the overall Croatian tourist offer, with continuous investment in human resources and ensuring optimal employment level, ensuring and complying with sustainable development principle which is manifested in recognizing and satisfying the needs of tourists, 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 – equal treatment of all of our stakeholders is the fundamental value of our company's business.

Quality – a top-quality product, professional service and individual approach to clients are the basis of the relation to the guest which is 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, relationship with its employees, business partners, clients (guests), local, regional and regional community, shareholders and day-to-day operations by integrating the economic, social aspects and environmental protection aspects into decision-making processes and corporate strategy of the Company. Harmonization of these aspects is the foundation of success and sustainable development of the Company.

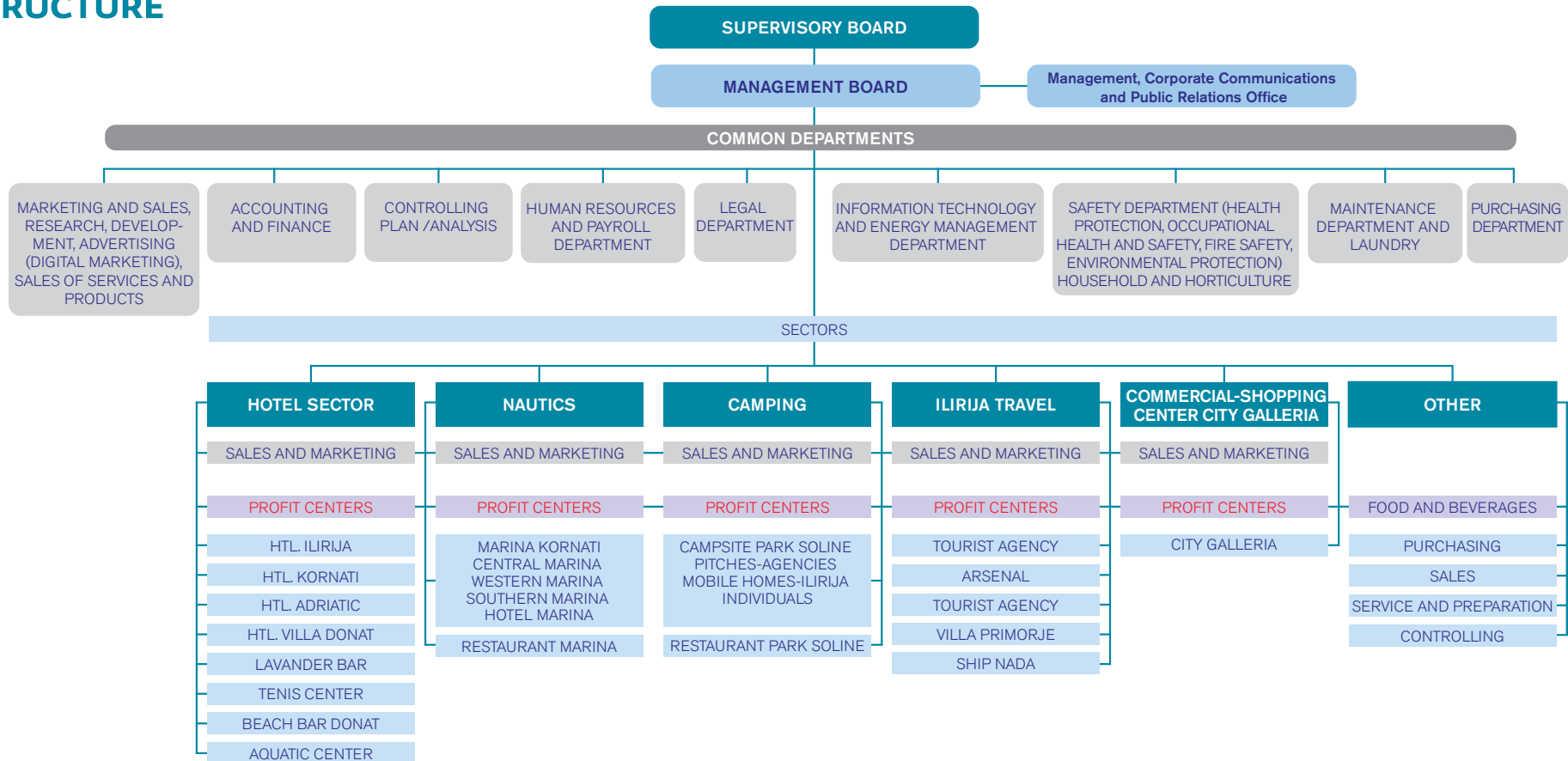
Transparency – in business and communication with all stakeholders of the company while com

plying with the principles of timely and accurate information provision as a prerequisite for further strengthening the Company's market position and its further growth.

Corporate social responsibility - In its operations, the Company applies the principles of corporate social responsibility, 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 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 the risks at the macro and micro level for each of the business sectors, assessing them according to the criterion of likelihood of risk occurrence and consequences or impact of each individual risk on the 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, as most entrepreneurs in the tourism sector, is exposed to currency, price, credit and liquidity risks, environmental risks, the risk of the tourism industry, the risk of macroeconomic developments and the risk of changes in tax and other regulations.

As one of the biggest risks in business operations of tourism companies, Ilijia d.d. included, the Company points out unresolved property-legal issues concerning tourism land and maritime domain and related issues of protection of acquired rights, legitimate investments and the

protection of legitimate expectations of companies performing their activities on the maritime domain, i.e. tourism land.

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

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

Indebtedness of the Company with the commercial bank is mainly subject to fixed interest rates, so taking this into consideration, the Company is not exposed to interest rates based on that, but only due to exceptional circumstances and disturbance in the operations which are not attributable to the Company. For the purpose of reducing credit risk, the Company strives to reduce its credit liabilities to an adequate, i.e. optimum level in order for them to be lower than its own source of funds. Financial assets that may potentially expose the Company to credit risk are cash and trade receivables. Trade receivables pertaining to certain customers may entail credit risk, depending on the level of turnover realised with certain customers and the general state of liquidity in the co-

untry. Trade receivables are reported with reference to real values. The Company actively monitors and manages trade receivables, at the same time taking especially into account the difficult collection-related circumstances caused by the COVID-19 pandemic; where possible, it applies the measures of collection in instalments; and, if necessary, eventually undertakes measures of enforced collection, including by activating security instruments for the purpose of collection of its claims. An adjustment of the value of trade receivables is indicated when there is objective evidence that the Company will not be able to collect all of its claims in accordance with the agreed terms. Apart from the aforementioned, the Company has no exposure to any other significant credit risk.

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

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

Bookkeeping values of the following items of financial assets and financial liabilities reflect their respective fair

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

The Company is exposed to changes in tax and other regulations within the legal system of the Republic of Croatia. In particular, this applies to the regulations pertaining to the maritime domain and tourist land, in which domain the Company has made significant long-term investments crucial for its business, while not all rights guaranteed by the Constitution from the field of vested rights before, during and after conversion, the protection of legal capital investments and legitimate expectations regarding legal investments have been fully realized under Art. 48 and 49 of the Constitution of the Republic of Croatia.

Pursuant to the Act on Tourism and Other Construction Land Not Evaluated in the Transformation and Privatization Process (hereinafter: the Act), the Company submitted to the Republic of Croatia a request for a concession on tourism land for the "Park Soline" Camp in Biograd na Moru for a period of 50 years. Due to unclear provisions of the Act, no decision has been rendered to date regarding the Company's request. According to the information available to the Company, no concession contract for tourism land plots in campsites has been concluded in the Republic of Croatia since the Act has come into force (01/01/2011). Until the issue of concession for tourism land in campsites is resolved, the Company timely pays its debts arising from using the said land in the campsite.

In the meantime, in May 2020 the new Act on non-evaluated construction land was adopted, and thus the Act on tourist and other construction land not evaluated in

the transformation and privatization process ceased to have effect. The new Act provides for the right of tourism companies to submit an application for leasing construction tourist land for a period of 50 years. In March 2021 the Company submitted the appropriate application for leasing construction land of the camp site 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 camp-sites that were evaluated and entered into the value of social capital in the transformation and privatization process, while the Republic of Croatia shall become the owner of buildings and land in camp-sites that were not evaluated and entered into the value of social capital in the transformation and privatization process (so called Parts of camp-sites owned by the Republic of Croatia).

The Company is a concessionaire of the Kornati nautical tourism port in Biograd na Moru (hereinafter: Marina Kornati) for a period of 32 years, counting from 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, a request for modification and amendment of the Decision on Concession and the Concession Agreement, that is, for extending the term of the concession by a period of 50 years, i.e. until the year 2049 (extension of the concession term if new investments are economically feasible for it), primarily considering the same or similar cases from the recent Croatian practice

where, according to the request for extension of the concession term submitted by other companies engaging in nautical tourism and which compete with Ilirija d.d., the concession term was extended to them in marinas by a period of 50 years. The mentioned request is yet to be decided on.

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

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

Other business risks, such as large-scale fires, epidemics of infectious and easily transmitted infectious diseases, accidental pollution of the coastal and marine aquarium, which are beyond the Company's control, but may potentially jeopardize the Company's business safety, are the circumstances which the Company attends to insofar as it can actively contribute to as low impact on the Company's long-term business viability as possible, being aware of the fact that the Company's impact here is

reduced to measures which cannot be of key importance to the elimination of all the risks posed to the Company. From the business year 2020, the world faces an unpredictable, serious and extremely dynamic risk related to the epidemiological situation, i.e. the global COVID-19 pandemic, which has had an extremely negative impact on business entities in almost all industries, albeit the most severely affected ones are certainly the travel industry, tourism and hospitality, all of which form an integral part of the Company's core business. COVID-19 risk is also the biggest and most serious risk that the Company has faced so far, which it has successfully mitigated by implementing a series of measures and activities described in the chapter Reorganisation of Business Activities, Processes and Operations and Implementation of Measures and Activities as a Response to the Global Covid-19 Pandemic.

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

With regard to the forgoing, we present an overview of the key obstacles, that is, of the risks and restrictions with regards 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 con-

version on the maritime domain, i.e. of acquired rights, legitimate investments and legitimate expectations in the maritime domain, having in mind, in particular, the contracted permanent right to utilization of the maritime domain, while companies which completed the conversion process, as is the case with our Company, carry out economic activity on the maritime domain, contrary to the provisions of Article 49 of the Constitution

(III) The 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 to regulations,

(V) complex and time-consuming procedure of issuing spatial plans and issuing building and operating permits,

(VI) inadequate management of the area by regional or local self-government,

(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 para-fiscal benefits unsuitable to seasonal business activities with frequent changes in fiscal regulations.

3 BUSINESS CAPACITIES OF THE COMPANY AND ADDITIONAL FACILITIES

Portfolio of ILIRIJA d.d. is composed of four hotels and villas, Marina Kornati with Hotel port Ilirija-Kornati, campsite "Park Soline," destination management company Ilirija Travel with its own capacities (Arsenal in Zadar, „Nada“ event boat, agrotourism and Villa Primorje), Commercial–shopping center City Galleria, Tennis Center, Aquatic Center and hospitality facilities.





3.1 HOTEL SECTOR

Hotel sector capacity consists of 443 accommodation units (hotel rooms and apartments) with a total of 922 beds located in Biograd na Moru (Ilirija****, Kornati****, Adriatic***) and Sv. Filip i Jakov (hotel Villa Donat***/****), mainly classified as four star hotels.

Hotel accommodation is located in Ilirija Resort Hotels & Vilas in Biograd and Sv. Filip i Jakov. The hotels are located along the coast, not far from the own center and beach that is awarded the Blue Flag, which are owing to the ideal location and infrastructure, intended for leisure and congress tourism. In addition to modern and technically equipped conference halls and meeting rooms intended for conferences, seminars, presentations, workshops and meetings, there is a number of supporting amenities such as Wellness & beauty center Salvia, Olympic pool, outdoor and indoor swimming pools, fitness center, a la carte restaurants and coffee bars.

As part of Ilirija Resort there is a conference center that consists of 8 halls with a total capacity to accommodate 30 to 250 persons, and there is also a magnificent garden with terraces ideal for

banquets, receptions and entertainment, outdoor swimming pools, beach and from May 2018, an indoor swimming pool.

ILIRIJA RESORT – HOTEL & VILLAS

Hotel Ilirija the largest hotel in Ilirija Resort classified as a four-star hotel, with a capacity of 165 rooms and 338 beds, and includes a restaurant with 200 seats, a terrace with 70 and aperitif bar with 50 seats. It is located the along the coast, close to the old town, surrounded by magnificent nature, sea and pinewood, as well as many amenities.

Hotel Kornati classified as a four star hotel, with the capacity of 106 rooms and 230 beds, a restaurant with the capacity for 230 persons, a terrace for 50 persons and a bar for 40 persons, by its design and atmosphere is linked to and associated with the most beautiful Croatian national park – Kornati. Kornati Hotel is a unique for its connection with the Nautical tourism port Hotel port Ilirija - Kornati, which is located in the very center of Biograd with a beach right next to the hotel.

Hotel Adriatic classified as a three star hotel, with the capacity of 100 rooms and 210 beds, with a restaurant with the capacity for 230 persons, a terrace for 300 persons and a bar with the capacity for 110 persons. It is located in a pine forest, almost on the beach, and there is Aquatic center next to it, which is ideal for family fun and for a range of attractive summer sea activities.

Villa Donat is located in Sv. Filip i Jakov and consists of Villa with 16 superb and modern rooms, classified as a four star hotel, and the annex which is classified as a three star hotel. The total capacity is 72 rooms and 144 beds, a restaurant with 120 seats, a terrace for 50 persons, aperitif bar for 20 persons and outdoor swimming pool. The hotel is located near the main beach and the town center which reminds of the rich history of this region.





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3.2 NAUTICAL SECTOR

Nautical sector the Company began to develop in 1976 when it concluded the Contract on purchase of 40 ELAN vessels from Slovenia or 1977 when the Company began with the construction of the first nautical marina in Croatia (Hotel port Kornati) with 100 berths and organization of the first own charter fleet in the Adriatic sea with more than 40 vessels for the needs of sailors. Therefore Ilirija d.d. deserves to be considered to be a pioneer of nautical tourism at the Adriatic sea. Today, the nautical sector of the Company consists of Marina Kornati and Hotel port Kornati, in which the Company has 805 berths on sea and land, which in one day can accept up to 2000 sailors, and by the number of berths, modern technical equipment, quality of service, cleanliness and neatness (Blue Flag) the Marina Kornati is one of the three leading Croatian marinas which annually attracts over 60,000 sailors.

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

Marina Kornati is the winner of numerous awards, where we wish to emphasize the Special Award in the "XVI Tourism Flower - Quality for Croatia 2012" action, organized by the Croatian Chamber of Com-

merce and the Croatian Radio and Television, which is an award for the best marina in the category of over 450 berths. In 2013, in the "XVII Tourism Flower - Quality for Croatia 2013" action, it received an award in the competition of the largest marinas, while in the same action in 2014 and 2015 it ranked second in the "Best big marina" category and in 2016 it ranked third in the same category. In 2017, it received an award for the third place in the category of Large marina in the addition to "XXI Tourism Flower - Quality for Croatia". In 2018, Marina Kornati was awarded with two prizes: (I) a special prize from The Nautical Patrol of the Jutarnji List for the greatest progress in the tourism season 2018 and for an exceptional contribution to the development of Croatian nautical tourism and (II) in the "XXII Tourism Flower - Quality for Croatia" action, it was ranked third in the Large marina category.

In 2019, the Company was awarded the recognition "XXIII. Tourist Flower - Quality for Croatia", organized by the Croatian Chamber of Commerce and the Croatian Radio and Television for the 2nd place in the category Large Marina and Nautical patrol of the Jutarnji List awarded special recognition and gratitude to Marina Kornati for its outstanding contribution to the organization and success of the nautical patrol.

Ilirija d.d. is the organizer of the leading boat show in Croatia „BIOGRAD BOAT SHOW“ which has been continuously held in Marina Kornati for 22 years in a row.



3.3 CAMPING SECTOR

The four-star "Park Soline" Campsite is located in Biograd na Moru within the boundaries of the populated area, but as a separate town-planning and urban and economic entity in the southeastern part of the town of Biograd na Moru, right by the main beach in the coastal length of approx. 1.5 km where the beach of 450 meters is positioned right in front of the campsite itself.

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

In addition to the enriched restaurant offer, the newly built promenade that stretches along the entire campsite and the beach leading to the Biograd city center, the "Park Soline" Campsite is the right choice for a family vacation. In addition to entertainment for children and evening entertainment, active holiday with attractive sports, you can relax walking along

the long walking trails and recreational routes in a healthy environment, and the campsite is an excellent 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 landscape architecture 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 so far in the campsite "Park Soline" from the year 2000 till the end of 2020 amounted to approximately HRK 209,000,000.00 and owing to these investments, the number of overnight stays rose from 4,556 in 1996 to 290,487 overnight stays in 2019 that is to 139,052 overnight stays in the extraordinary business circumstances in 2020.



3.4 ILIRIJA TRAVEL

Ilirija Travel – destination management company:

owing to the development of new services and facilities, a high-quality, integrated and complementary tourism product has been created in response to the needs of the modern tourism demand, conditioned by technological, social, market factors and trends of ever more demanding markets.

Among the most important backbones of the offering and implementation of these special programs and products there is the business operation in own additional facilities such as:

Event ship „Nada“ a multifunctional yacht, sized 36m and a capacity to accommodate 180 persons, with a complete restaurant, kitchen and bar which provides an excellent hospitality service during the voyage. Conferences, seminars, special events, unique business meetings, gala receptions and banquets, unique weddings, exclusive day and night cruises, incentive events are all activities organized in the event ship “Nada” which adapts to the individual requirements of the clients.

Arsenal is a heritage site and multimedia center located in Zadar, built in the 17th century, which was renovated in 2005 as an indoor town square or as the center of public, cultural and entertainment life in the

region in which over 100 public and private events are organized on an annual level.

Diffuse Hotel Ražnjevića dvori AD 1307 multi-functional facility, located in the settlement of Polača named after the municipality in this settlement, in the heart of Ravni Kotari, which lies halfway between Biograd na Moru and Benkovac and is the first facility of such a category in the Republic of Croatia. This tourist complex has originated from the rural estate tradition, is an example of innovative tourism product conceived as a blend of tradition and contemporary trends.

Villa Primorje, built in the second half of the 19th century, is a typical traditional Dalmatian stone nobleman’s house with the outbuildings. Newly renovated, luxuriously decorated and equipped in line with the latest standards for facilities of its kind and category, it has its own restaurant that offers the possibility of organizing a number of events, the Mediterranean garden with a promenade and, from the tourist season 2017, an outdoor swimming pool. Offers of trips, special offers according to the requirements of clients, sports programs, MICE etc.



3.5 HOSPITALITY

Restaurant „Marina Kornati“ is located in Marina Kornati, having the capacity for over 350 persons, which together with the recently refurbished Captain's Club having the capacity to accommodate 70 persons, or with the overall capacity for 420 persons meets the requirements of boaters for holding various and numerous events in Marina Kornati. Besides hospitality services, Captain's Club also provides services for a number of presentations on nautical products, and is an ideal venue for holding small conferences and events.

Restaurant „Park Soline“ is located in campsite "Park Soline"****, close to the sea, ten minutes of walk from the center of Biograd na Moru with an offer of food based on Mediterranean cuisine. The restaurant with a capacity to accommodate 280 people offers the possibility of organizing various events - family celebrations, banquets and receptions as well as meetings. The restaurant includes a Dalmatian tavern with a fireplace, coffee bar and taps of wine decorated as a wine cellar, which offers the possibility of buying and tasting top quality red and white wines produced from the native Croatian species.

Beach bar "Donat" is located in the building-ma-

gazine located in a protected cultural and historical complex of village Sv. Filip i Jakov settlement, which is also entered in the Register of Croatian cultural monuments of the Republic of Croatia. Today, it is classified as a beach hospitality facility or beach bar/cocktail bar with capacity to accommodate 140 persons.

Lavender lounge bar, located inside of Adriatic hotel, next to the beach, known for its Mediterranean design, fully designed for people to relax, with a beautiful view of the Pašman Channel, a place that offers the possibility of organizing a number of events of different character (MICE, weddings, banquets, cocktail bar, night club, etc.).



A large, modern, multi-story building with a curved facade and balconies, situated on a waterfront. The building is surrounded by greenery and a paved promenade. In the foreground, a marina with several boats docked at a pier is visible. The sky is clear and blue.

A paved promenade runs along the waterfront, featuring a white metal fence and several tall, thin trees. A few people are walking along the path, and a bicycle is parked near the water's edge.

A marina with several boats docked at a pier. The boats are mostly white with blue or black accents. The water is a clear, light blue-green color. The pier is made of concrete and has several blue buoys attached to it.

3.6 ADDITIONAL FACILITIES

Event: Biograd Boat Show, the largest international autumn boat show in the Republic of Croatia and the largest boat show in South East Europe among the shows, which takes place on the water and brings together all the key representatives of the nautical industry and tourism. At the beginning, that is, in the year 1999 the boat show was 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 win the top nautical event considering its status of the city as a cradle of nautical tourism, at which all sectors of the nautical and charter business will be presented, the Open Days grew into Biograd Boat Show. Since 2004, the event has been organized as an autumn boat show which has contributed to an improved boat offer and extension of the tourism season. Biograd Boat Show was admitted to the International Federation of Boat Show Organisers-IFBSO at the 50th meeting of the Federation that took place in Istanbul, Turkey, in June 2014, and in 2015 it became its gold member. The shows of former members of the Federation were mainly organized in the major world centers, and the fact that the Biograd Boat Show is organized in the city of only 5,000 residents makes this success even greater, which is a great recognition not only to the Company as the boat show organizer, but also the Croatian nautical industry and tourism.

Today the leading international autumn nautical show has grown into the major Croatian nautical event and in the last three years it has grown into the nautical industry congress in the Republic of Croatia. From its early beginnings the boat show brings together all representatives of the nautical industry and tourism, government institutions, major organizations in tourism and nautics as well as professional associations. Owing to this partnership with all relevant subjects, and now longterm exhibitors and partners, we have been developing Biograd Boat Show by listening to their needs, keeping up with trends in the nautical and trade fair industry while implementing our own vision of its development creating a high quality, distinctive, and above all, sustainable economic and tourism product, which since its beginnings further enriches the Croatian tourism supply, especially its post-season.

The 2020 Show marking its 22nd anniversary gathered more than 240 exhibitors, as well as about 60 owners, operators, and charter agents which hold over 1600 charter vessels, as well as all interested in making business contacts, with over 300 of them held through the B2B platform.

Sports facilities:

“Tenis centar Ilirija”, located in a pinewood Soline near the old city center, covers an area of 48.000 m², consists of 20 tennis courts and multipurpose courts (14 clay and 6 artificial grass tennis courts) with night lighting, restaurant and changing rooms as well as related facilities.





City Galleria



RESTAURANT 2

City Galleria

TENDA

3.7 CITY GALLERIA BUSINESS AND SHOPPING CENTER

Business and shopping center City Galleria is located near the old centre of the city of Zadar and 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, 10.110,25 m² of net rentable area, as well as ancillary rooms and corridors. The occupancy of the centre was 99.77% of total capacities as at 30th June 2021.

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, specialized food and beverage shops, clothing, footwear and sportswear boutiques, children's shops, cafes, and 6 multiplex movie theatres. The offer is conceptually divided into floors, the ground floor of the centre is designed as a space with a mixed offer of food and services; the first floor operates as a fashion floor with the supply of footwear, clothing and fashion accessories stores and a perfumery/cosmetics store; the second floor

of the centre is designed as a floor for fun and recreation with the offer of cafes, entertainment, cosmetics and sports facilities; while the third floor is intended for the lease of office space.

The unique features of the City Galleria business and shopping centre have been recognized at the international level when in 2010 at the award ceremony of the International Property Award, the most prestigious international competition in the real estate business, the City Galleria business and shopping centre Zadar received the prestigious five-star award in the category Best Retail Development. The unique features of the Commercial-shopping Centre City Galleria, which distinguish it from the rest of the market offer can be summarized in a few features, such as: a very attractive location within the city's pedestrian zone that provides great visibility of the building, accommodation of the town marketplace with accompanying food facilities in the Centre and the offer of the first and only multiplex cinema in the city of Zadar.

4 KEY OPERATING PERFORMANCE INDICATORS OF THE COMPANY

The operating performance results achieved in the Company's tourism sector at the level of its key sectors, although significantly improved compared to the same period of the previous year, except for the destination management company which generated a significant part of business activities in the last business year in the pre-pandemic period, are still strongly influenced by the global pandemic. For the Company as a whole, the business results achieved in Marina Kornati are of special importance, which are even higher compared to the best results of the nautical sector, i.e. the Marina Kornati profit centre achieved in the period before the pandemic. The Company considers the achieved results of Marina Kornati to be exceptionally successful, considering the conditions in which the business year is taking place, and especially because they have contributed to the stability of the entire Company.

The nautical sector, i.e. Marina Kornati, with its key operating performance results, vessels on contractual berth, that were achieved at the same level as in the previous year, along with the growth of other operating performance indicators, except for overnight stays of transit vessels, generated not only growth compared to the same period of the previous business year, but also in relation to the same period of 2019 as the best business year of the nautical sector. The achieved results are owed to the adjustment of sales

activities and operational processes and procedures to difficult business circumstances, with an additionally pronounced individual approach to customers in the part of contractual berths, both individual and charter, which, despite maintaining the operating indicators at the level of the previous year, generated not only the majority of the revenue of Marina Kornati, but also had a significant contribution to its growth, which in turn resulted in seeing revenue return to the pre-pandemic levels. The results achieved by Marina Kornati contributed to the stability of the entire nautical sector and the Company as a whole, showing resilience, flexibility and ability to carry out business activities in the maximum possible volume and in unprecedented business conditions.

In the camping sector, growth of key physical indicators of business, overnight stays and arrivals has been recorded, which resulted in an increase in operating revenues. Despite the pronounced seasonality and usual business activity of Croatian camping tourism only from the end of the second quarter of the business year, which due to the COVID-19 pandemic was further emphasized by delaying booking due to epidemiological measures implemented in May and June, which significantly affected its key outbound markets. In addition, significant business activity was realized only from June, which is a very short period of business activity in the first half of the year, and whi-

achieved significant results, especially in the part of realized arrivals and overnight stays that grew at a rate of 51% and 57%, accompanied by a 19% increase in revenue.

The hotel sector, despite the growth of physical indicators of business and overnight stays by 21% and revenue by 5% compared to the same period of the previous business year, is still strongly affected by the pandemic. Given the nature and character of hotel accommodation and services, the result is in line with expectations, especially considering significant worsening of the epidemiological situation at the national level in March and April, which significantly contributed to the delay and reduction of bookings in the first quarter and its realization in the second half of May and June.

Ilirija Travel destination management company is the sector that has been affected the most by the COVID-19 pandemic, both in terms of the operating performance and revenue indicators. Ilirija Travel is an integrated and complementary product of all tourism sectors of the Company, which includes the organization of special events or gatherings of a large number of people at one location; therefore, due to epidemiological measures the events planned in advance were either cancelled or postponed for the next year, while the events that were organized were

held in accordance with all epidemiological measures and involved significantly fewer people, resulting in fewer events and significantly less revenue.

The City Galleria Business and Shopping Centre maintained its business stability despite numerous decisions of the competent authorities banning or restricting certain activities, limiting the number of visitors within the centre, etc. (some of which were abolished at the end of the half year). Despite the unfavorable epidemiological situation, the Company increased the number of lease agreements in the real estate sector, although this growth was not accompanied by revenue realized. The decline in rent revenue was mostly caused by the absence of additional rent in January, calculated based on the realised net turnover of tenants for 2020 due to the underperformance of individual tenants' businesses compared to 2019, and additionally lowered commercial terms of lease for business premises granted to tenants whose business operations were suspended or significantly restricted compared to their regular business circumstances in the first half of 2021.



4.1. HOTEL SECTOR

In the hotel sector in the first six months of 2021, the COVID-19 pandemic and measures against it were somewhat less drastic than in the first half of 2020, but still had significant adverse effects on the Company's hotel sector, which were significantly more pronounced due to the restrictions in the key outbound markets. At first, the Company's hotel sector opened only its largest hotel – Ilirija, while the Adriatic Hotel opened in June (19 June 2021), which is much earlier than in the previous year. Under such circumstances, instead of 2,393 arrivals realized in the first half of 2020, a total of 2,278 arrivals, or 5% less arrivals, were realized in the reporting period with 7,064 overnight stays, constituting a 21% increase.

The achieved operating and financial operating results were significantly lower because of a 20% decrease in the average prices in the hotel sector in the first half of the previous year (in the pre-pandemic January and February), i.e. in this period in 2021 due to the general circumstances of the pandemic. This led to a 4% decline in the total revenue realized in the hotel sector despite a decrease in the physical turnover; thanks to a more substantial increase in the accompanying revenue of accompanying facilities, they were still 5% higher than in the first half of 2020.

Operating in such changed circumstances with the third

wave of the pandemic advancing across the outbound markets and the national market required additional effort and quick adjustment of the sales and marketing activities, together with a number of additional clarifications with respect to operational, health and safety standards and a flexible cancellation policy. The hotels and all accompanying amenities were aligned with the measures and took part in all national- and regional-level projects; for example, all of the facilities participated in the Safe Stay in Croatia project, ensured rapid and PCR tests for guests and implemented continual intensive trainings for the staff.

Arrivals mostly came down to individual guests, which accounted for 46.6% of the arrivals – which in turn represents a 110% increase. Significant changes the sales channels started to go through this year continued this year. So far, the fixed-lease segment has been entirely lacking, while the demand in the tourism segment of business groups is also visibly lacking, in line with all forecasts. Allotment guests are gradually returning, with their share in the reporting period equalling 27%, which represents a 43.6% increase achieved with the return of partner agencies, while the demand in the group segment – to which the Company paid special attention in previous years, especially in relation to the pre-season (and post-season), business arrivals and extending the

tourism season – is still falling (an index of 63.8). Therefore, considering the sales and demand at the end of the first half of the year, the segment of individual sales will remain dominant in the Company's hotel sector this year as well, with an already clearly stronger impact of allotments and indications of the group segment becoming active, which will depend on the epidemiological circumstances in the high season.

In such circumstances, domestic guests are still absolutely dominant with a share of 43% and a growth trend of 10% as compared to the last year's period. Guests from Slovenia account for 17%, which is a result similar to the last year's one. Even though previous figures were low, as in other segments, the Hungarian market recorded a significant growth with a 9% market share. The number of guests from Austria decreased, while the German market increased by 18%. Moreover, in the hotel sector, there has been a considerable increase in the share of guests from Slovakia and almost even more considerable rates of increase – due to previously low numbers – in the share of guests from Belgium, Estonia and France.

In the first half of the year, 87% of the total physical turnover was realized in the Ilirija Hotel, while the share of the Adriatic Hotel – which opened in the second half of June – in this turnover equalled 13%. Under such condi-

tions, occupancy and facility utilisation days had been reduced to a minimum. The utilisation of the Ilirija Hotel reduced to 19%, counting only days of availability, while the utilisation of the Adriatic Hotel in the reporting period equalled 36% due to its later opening; that is, fewer days of its availability.

In June, the capacity occupancy of the Ilirija Hotel equalled 47%, while the capacity occupancy of the Adriatic Hotel, which opened as late as 19 June 2021, equalled 12.5%.

The average stay lasted for 3.1 days, which is appropriate for the pre-season. More specifically, the average stay lasted for 2.99 days in the Ilirija Hotel and 4.12 days in the Adriatic Hotel.

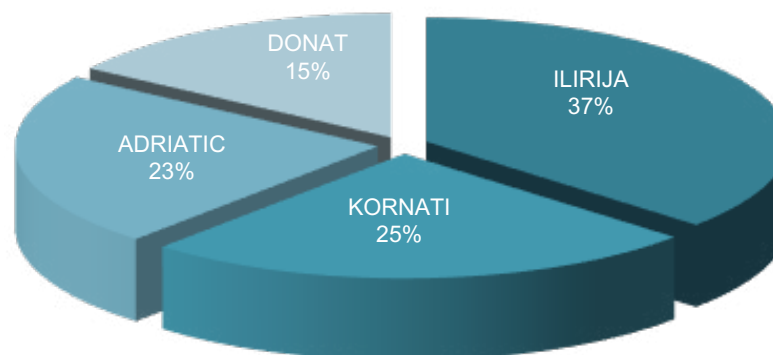
As to the financial operating results, the board revenue of the hotel sector was realized in the amount of HRK 2,133,115.17, which is a 4% decrease compared to the same period of the previous year, when it amounted to HRK 2,212,869.10. This is partially due to reduced sales prices, i.e. the revenue per room reduced to HRK 598.35, or EUR 79.28, from the last year's average of HRK 702.28, or EUR 93.26.



Capacities of hotel sector

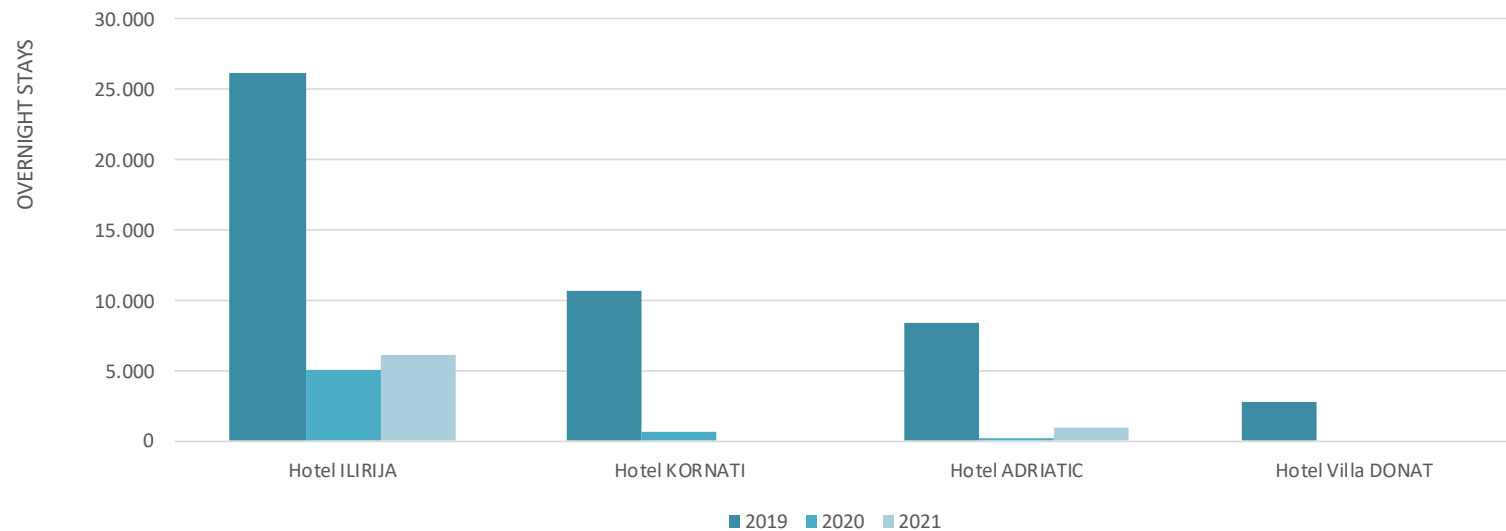
ILIRIJA D.D.	NUMBER OF ROOMS				NUMBER OF BEDS			
	2019	2020	2021	INDEX 2021/2020	2019	2020	2021	INDEX 2021/2020
ILIRIJA	165	165	165	1,00	338	338	338	1,00
KORNATI	106	106	106	1,00	230	230	230	1,00
ADRIATIC	100	100	100	1,00	210	210	210	1,00
DONAT	72	72	72	1,00	144	144	144	1,00
TOTAL	443	443	443	1,00	922	922	922	1,00

% Share of individual hotel (number of beds)

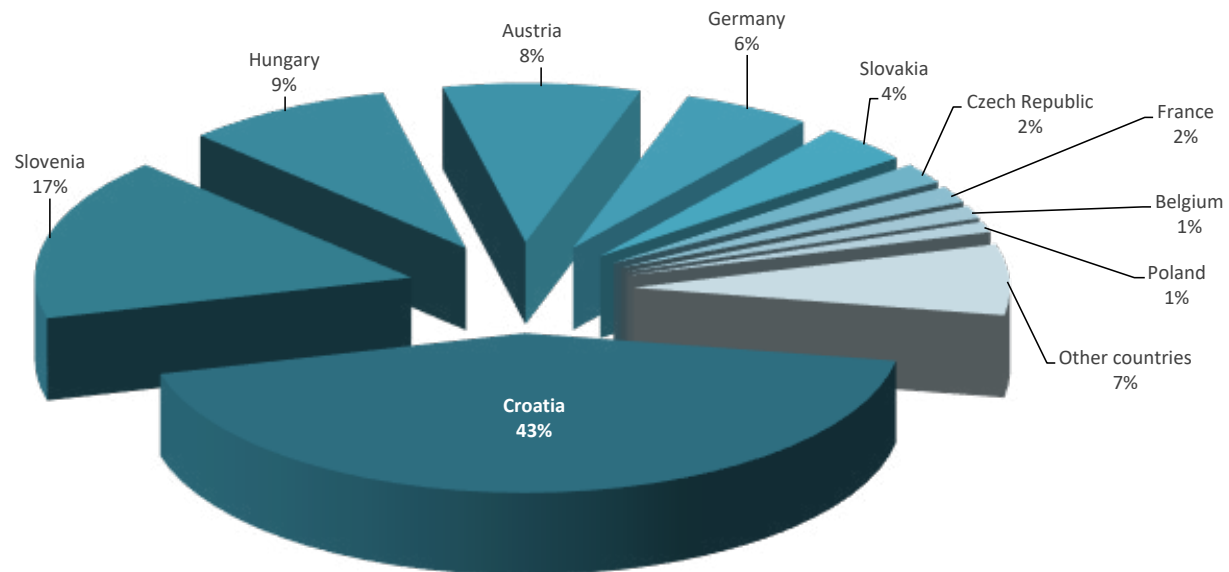


Arrival and overnights stays for the period 01/01 - 30/06/2021 and comparison with the same period in 2019 and 2020

PROFIT CENTER	HOTEL SECTOR							
	ARRIVALS			INDEX	OVERNIGHT STAYS			INDEX
	2019	2020	2021	2021/2020	2019	2020	2021	2021/2020
Hotel ILIRIJA	12.500	2.026	2.059	102	26.215	5.021	6.161	123
Hotel KORNATI	4.826	365	0	0	10.672	657	0	0
Hotel ADRIATIC	2.694	2	219	10.950	8.360	144	903	627
Hotel Villa DONAT	783	0	0	#DIV/0!	2.762	0	0	#DIV/0!
TOTAL	20.803	2.393	2.278	95	48.009	5.822	7.064	121



Graph of the realized overnight stays by source markets for the period from 01/01/ to 30/06/2021



Capacity occupancy for the period from 01/01 – 30/06/2021 and comparison with the same period in 2020

Percentage

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total rooms	2020	%	2021	%	Total rooms	2020	%	2021	%	Total rooms	2020	%	2021	%	Total rooms	2020	%	2021	%	Total rooms	2020	%	2021	%
JANUARY (I)	5.115	574	11,22%	0	0,00%	3.286	189	5,75%	0	0,00%	3.100	80	2,58%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	843	6,14%	0	0,00%
FEBRUARY (II)	4.620	620	13,42%	0	0,00%	2.968	211	7,11%	0	0,00%	2.800	0	0,00%	0	0,00%	2.016	0	0,00%	0	0,00%	12.404	831	6,70%	0	0,00%
MARCH (III)	5.115	278	5,43%	23	0,45%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	278	2,02%	23	0,17%
APRIL (IV)	4.950	0	0,00%	294	5,94%	3.180	0	0,00%	0	0,00%	3.000	0	0,00%	0	0,00%	2.160	0	0,00%	0	0,00%	13.290	0	0,00%	294	2,21%
MAY (V)	5.115	12	0,23%	559	10,93%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	12	0,09%	559	4,07%
JUNE (VI)	4.950	1.187	23,98%	2.316	46,79%	3.180	0	0,00%	0	0,00%	3.000	0	0,00%	373	12,43%	2.160	0	0,00%	0	0,00%	13.290	1.187	8,93%	2.689	20,23%
JULY (VII)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
AUGUST (VIII)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
SEPTEMBER (IX)	4.950	0	0,00%	0	0,00%	3.180	0	0,00%	0	0,00%	3.000	0	0,00%	0	0,00%	2.160	0	0,00%	0	0,00%	13.290	0	0,00%	0	0,00%
OCTOBER (X)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
NOVEMBER(XI)	4.950	0	0,00%	0	0,00%	3.180	0	0,00%	0	0,00%	3.000	0	0,00%	0	0,00%	2.160	0	0,00%	0	0,00%	13.290	0	0,00%	0	0,00%
DECEMBER (XII)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
TOTAL	60.225	2.671	4,44%	3.192	5,30%	38.690	400	1,03%	0	0,00%	36.500	80	0,22%	373	1,02%	26.280	0	0,00%	0	0,00%	161.695	3.151	1,95%	3.565	2,20%

Capacity occupancy for the period from 01/01 – 30/06/2021 and comparison with the same period in 2020

Occupancy days

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total rooms	2020	Days	2021	Days	Total rooms	2020	Days	2021	Days	Total rooms	2020	Days	2021	Days	Total rooms	2020	Days	2021	Days	Total rooms	2020	Days	2021	Days
JANUARY (I)	5.115	574	3	0	0	3.286	189	2	0	0	3.100	80	1	0	0	2.232	0	0	0	0	13.733	843	2	0	0
FEBRUARY (II)	4.620	620	4	0	0	2.968	211	2	0	0	2.800	0	0	0	0	2.016	0	0	0	0	12.404	831	2	0	0
MARCH (III)	5.115	278	2	23	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	278	1	23	0
APRIL (IV)	4.950	0	0	294	2	3.180	0	0	0	0	3.000	0	0	0	0	2.160	0	0	0	0	13.290	0	0	294	1
MAY (V)	5.115	12	0	559	3	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	12	0	559	1
JUNE (VI)	4.950	1.187	7	2.316	14	3.180	0	0	0	0	3.000	0	0	373	4	2.160	0	0	0	0	13.290	1.187	3	2.689	6
JULY (VII)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
AUGUST (VIII)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
SEPTEMBER (IX)	4.950	0	0	0	0	3.180	0	0	0	0	3.000	0	0	0	0	2.160	0	0	0	0	13.290	0	0	0	0
OCTOBER (X)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
NOVEMBER(XI)	4.950	0	0	0	0	3.180	0	0	0	0	3.000	0	0	0	0	2.160	0	0	0	0	13.290	0	0	0	0
DECEMBER (XII)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
TOTAL	60.225	2.671	16	3.192	19	38.690	400	4	0	0	36.500	80	1	373	4	26.280	0	0	0	0	161.695	3.151	7	3.565	8

Monthly comparison of generated revenues/realized overnights stays in the period from 01/01 - 30/06/2021 and the comparison with the same period in 2020

MONTH	GENERATED REVENUES			GENERATED OVERNIGHT STAYS			AVERAGE PRICE IN HRK		AVERAGE PRICE IN HRK		
	2020	2021	INDEX	2020	2021	INDEX	2020	2021	2020	2021	INDEX
JANUARY	777.544,20	4.318,06	0,01	1.437	0	0,00	541,09	#DIV/0!	72,73	#DIV/0!	#DIV/0!
FEBRUARY	388.042,39	29.483,29	0,08	1.484	0	0,00	261,48	#DIV/0!	35,11	#DIV/0!	#DIV/0!
MARCH	199.027,83	19.403,36	0,10	503	50	0,10	395,68	388,07	52,42	51,23	0,98
APRIL	0,00	195.256,90	#DIV/0!	0	656	#DIV/0!	#DIV/0!	297,65	#DIV/0!	39,34	#DIV/0!
MAY	41.829,77	329.714,27	7,88	21	1.038	49,43	1991,89	317,64	263,20	42,23	0,16
JUNE	806.424,91	1.554.939,29	1,93	2.377	5.320	2,24	339,26	292,28	44,84	39,00	0,87
JULY	3.078.461,88	0,00	0,00	7.609	0	0,00	404,58	#DIV/0!	53,71	#DIV/0!	#DIV/0!
AUGUST	5.722.058,28	0,00	0,00	14.124	0	0,00	405,13	#DIV/0!	54,03	#DIV/0!	#DIV/0!
SEPTEMBER	763.847,92	0,00	0,00	1.488	0	0,00	513,34	#DIV/0!	68,46	#DIV/0!	#DIV/0!
OCTOBER	593.383,93	0,00	0,00	1.679	0	0,00	353,42	0,00	46,70	0,00	0,00
NOVEMBER	-796.387,07	0,00	0,00	798	0	0,00	-997,98	0,00	-132,02	0,00	0,00
DECEMBER	50.554,03	0,00	0,00	332	0	0,00	152,27	0,00	20,20	0,00	0,00
TOTAL	11.624.788,07	2.133.115,17	0,18	31.852	7.064	0,22	364,96	301,97	48,47	40,01	0,83
30/06	2.212.869,10	2.133.115,17	0,96	5.822	7.064	1,21	380,09	301,97	50,24	40,29	0,80

Revenue per sold room 30/06/2021	598,35 kn	79,28 €
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Revenue per sold room 30/06/2020	702,28 kn	93,26 €
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Selected profit centers within the hotel sector

Lavender	2020.		
31/12	2021.	INDEX	
434.563,31			
30/06.	58.334,03	135.277,26	2,32

Aquatic center	2020.		
31/12	2021.	INDEX	
823.522,69			
30/06.	19.880,89	114.600,22	5,76

Tennis center	2020.		
31/12	2021.	INDEX	
365.097,94			
30/06.	106.991,31	143.434,86	1,34

Beach bar Donat	2020.		
31/12	2021.	INDEX	
48.350,25			
30/06.	66,76	0,00	0,00

Hotel sector

TOTAL	2020.		
31/12	2021.	INDEX	
13.296.322,26			
30/06.	2.398.142,09	2.526.427,51	1,05

Revenues per sold room - 2021:	708,68 kn	93,90 €
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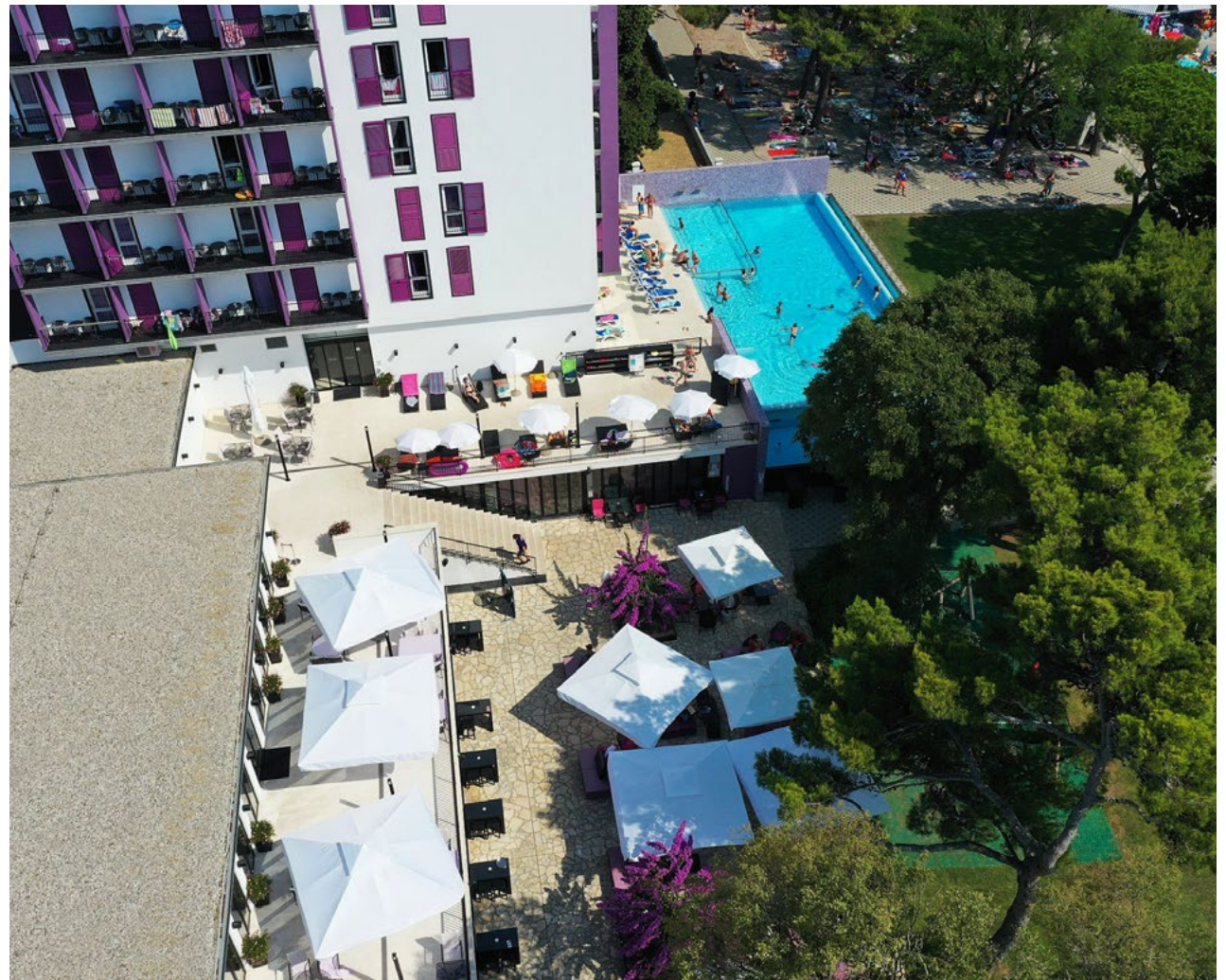
Revenues per sold room - 2020:	761,07 kn	101,07 €
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REVENUE BY ACTIVITIES

Revenue from the hotel services amounted to HRK 2,133,115.17, which is a 4% decrease as compared to the previous year.

Other revenue of the hotel sector, including the revenue realized in selected profit centres, was realized in the amount of HRK 393,312.34, which is a significant increase.

The total revenue of the hotel sector amounted to HRK 2,526,427.51 and is 5% higher than the revenue realized in the first half of 2020.



4.2 NAUTICAL SECTOR – MARINA KORNATI

Under significantly strained conditions caused by the COVID-19 pandemic, in the first six months of 2021, the Company's nautical sector in the vessel accommodation segment, i.e. Marina Kornati demonstrated great resilience, preparation and flexibility with its financial and physical operating results, which resulted in extremely successful business operations.

Marina Kornati generated a revenue of HRK 27,095,180.00, or a 5% higher revenue than in the first six months of the previous years, when it realized HRK 25,738,655, which represents an increase of HRK 1,356,524 accumulated in absolute amounts, for the most part through an increase in the revenue from contractual berths, vehicle parking, business cooperation and port service.

The physical indicators of Marina Kornati's business are realized in the following segments:

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

The achieved operating results of Marina Kornati are a consequence of the key indicators remaining at the level of the same period of the previous year, in particular in the

segment pertaining to vessels at contractual berth, and of the growth of other key physical performance indicators.

In the segment pertaining to vessel accommodation or contractual berth, 687 agreements for the use of berths were concluded, of which 387 were agreements for individual vessels and 300 were agreements for charter vessels, which is identical to the number of agreements concluded in the same period in 2020. Revenue from contractual berths was generated in the amount of HRK 22,373,963.00, accounting for 83% of the total revenue of Marina Kornati, while in 2020, the revenue for the same period and the same number of contractual vessels was realized in the amount of HRK 21,700,439.00, which represents an increase in the revenue of 3% or HRK 673,524.00.

The reason behind the increased revenue in the key market segment of Marina Kornati is partially due to better organisation of the port, with the technical and operational sector aligns berths with the aim of their maximum utilisation and with an average increase in the price of individual vessels of about 1.5%.

In the reporting period, there were 546 arrivals of vessels in transit, which is a significant increase in comparison to the same period in 2020, when there were 286 arrivals of vessels in transit, and represents a 104% growth. Overnight stays of vessels in transit decreased because a large

number of the contractual berth vessels were transferred to transit berths in the previous year, but these vessels could not depart from the marina due to the pandemic and stayed moored at transit berths in Marina Kornati. The revenue from daily berths in the observed period amounted to HRK 666,986, which represents a 13% decrease in the daily berths revenue in comparison to the same period in the previous year. The reason behind this decrease in the observed period is the departure of vessels from transit berths, which were departing from contractual berths in the previous year, but could not depart sooner due to an uncertain epidemiological situation.

In the reporting period, 1851 port service operations were carried out (vessel lifting, lowering and washing), which was a 27% increase compared to the same period in 2020, when 1450 port service operations were carried out, which resulted in an increase in revenue in the amount of HRK 178,315.00 over the same period of the previous year. Port service of both contractual vessels and vessels in transit, which was delayed last year due to the aggravated circumstances of arrival of guests, especially foreign ones, was reactivated in the first half of this year because of the need for regular maintenance of vessels. Considering the above, the port service revenue was realized in the amount of HRK 1,858,682.00, which is a 11% increase.

The parking revenue was realized in the amount of HRK 551,399.00, which represents a 149% increase in compa-

ison to the first half of the previous year, when it amounted to HRK 221,672.00. The increased parking revenue is a result of the increased number of arrivals of guests, especially of charter guests, who usually use parking lots to park their personal vehicles for 7 or 14 days, depending on the period of their charter. This data makes us optimistic about the continuation of the positive trend of slow, but certain return of guests in the remainder of the high season despite the limiting circumstances.

In addition, the revenue generated by the nautical fair and events in this period are almost minimal since this is a period of planning and contracting, therefore the realisation of revenue can be expected in the upcoming period. The revenue of Marina Kornati realized in the aforementioned segments (except for the revenue from contractual berths) for the first six months of 2021 amounted to 17% of its total realized revenue.

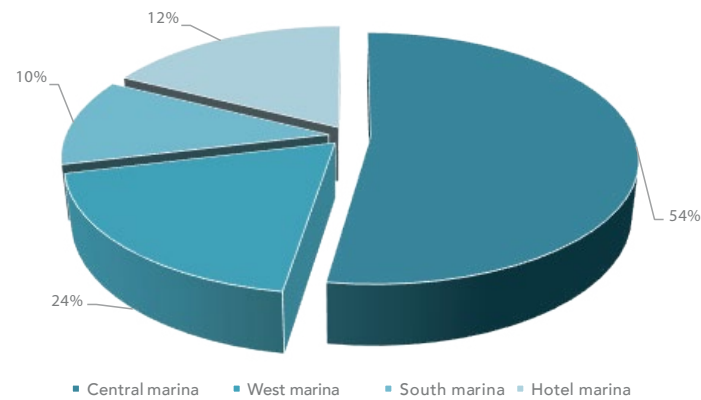
Due to the specific nature of the nautical sector, such as high guest loyalty, proximity to key destinations and the perception of reduced health risks for guests given that most services are provided outdoors, with minimum contact with other guests and shared amenities, provided that there are no additional market disruptions associated with the global pandemic, the Company expects stability of its operations in the nautical sector in the upcoming months of the business year.



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)



Cumulative overview of physical turnover of Marina Kornati during the period from 01/01-30/06/2021 and comparison with the same period in 2020

		2021 BY MONTH											
Name of position	Measurement unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth-individual	Contracted vessel	77	248	294	345	366	387						
Contract-based berth-charter	Contracted vessel	0	4	22	285	299	300						
TOTAL Contract-based berth	Contracted vessel	77	252	316	630	665	687	0	0	0	0	0	0
Transit berth-sailing in port	Sailing in port	1	8	30	79	214	546						
Transit berth-overnight stay of vessels	Boat / day	282	568	954	1.461	2.147	3.281						
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	139	322	629	961	1.421	1.851						

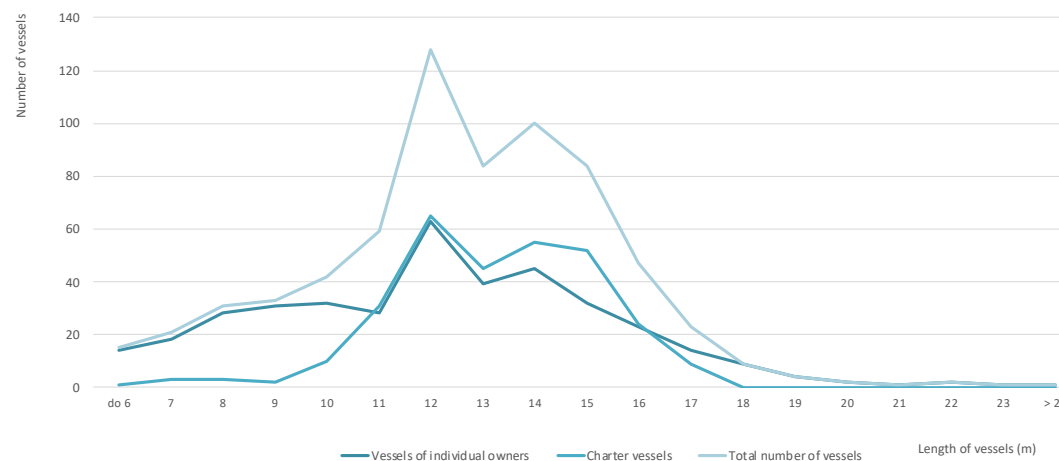
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		2020 BY MONTH											
Name of position	Measurement unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth-individual	Contracted vessel	101	274	303	343	351	379						
Contract-based berth-charter	Contracted vessel	0	10	21	271	290	309						
TOTAL Contract-based berth	Contracted vessel	101	284	324	614	641	688						
Transit berth-sailing in port	Sailing in port	5	17	31	52	80	268						
Transit berth-overnight stay of vessels	Boat / day	150	444	797	1.607	2.694	3.990						
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	180	387	568	687	965	1.450						

Vessels on berth contract in the period from 01/01-30/06/2021 and comparison with the same period in 2020

PURPOSE	Type of berth	Position of berth	01/01-30/06	% Total	01/01-30/06	% Total	Index
			2021	Vessels	2020	Vessels	
VESSEL OF INDIVIDUAL OWNERS	Annual berth in the sea	Central aquatorium	280	41	280	41	100
		South aquatorium	42	6	42	6	100
		Western aquatorium	1	0	1	0	100
		Hotel port	25	4	27	4	93
	Annual berth on the land	Marina land	5	1	4	1	125
	Seasonal berth in the sea	Marina aquatorium	20	3	14	2	143
		Hotel port	14	2	11	2	127
	Total individual vessels:			387	56	379	55
CHARTER VESSELS	Annual berth in the sea	Central aquatorium	111	16	117	17	95
		South aquatorium	1	0	0	0	#DIV/0!
		Western aquatorium	188	27	189	27	99
		Hotel port	0	0	3	0	0
	Total charter vessels:			300	44	309	45
Total vessels:			687	100	688	100	100

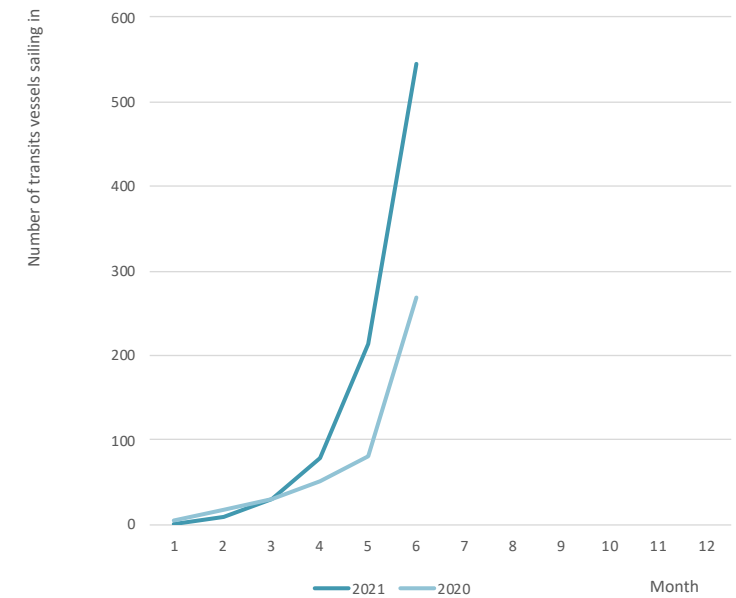
Vessel on berth contract 01/01- 30/06/2021



Transit berth-inbound vessels in the period from 01/01-30/06/2021 and comparison with the same period in 2020

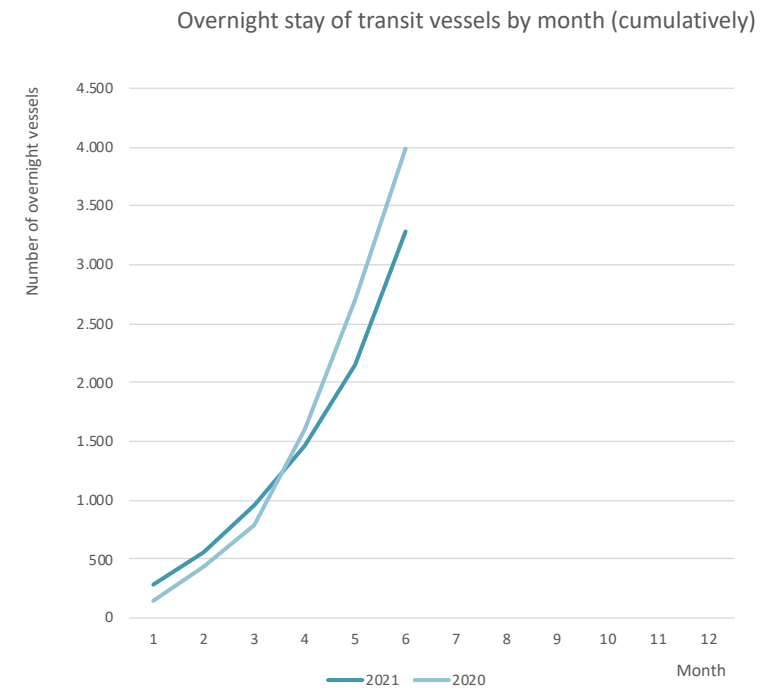
2021	Individually monthly			Cumulatively monthly		
	2021	2020	INDEX	2021	2020	INDEX
Month	2021/2020					2021/2020
1	1	5	20	1	5	20
2	7	12	58	8	17	47
3	22	14	157	30	31	97
4	49	21	233	79	52	152
5	135	28	482	214	80	268
6	332	188	177	546	268	204
7			#DIV/0!			#DIV/0!
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10			#DIV/0!			#DIV/0!
11			#DIV/0!			#DIV/0!
12			#DIV/0!			#DIV/0!
Total 2021	546					
Total 2020	268					
Index 2021/2020	204					

Sailing in of transit vessels by months (cumulatively)



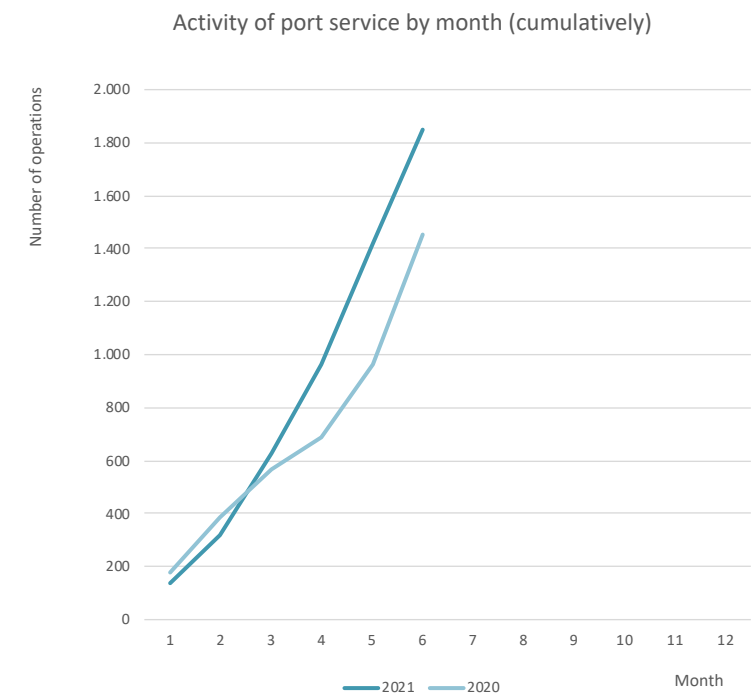
Transit berth - overnight stay of vessels in the period from 01/01-30/06/2021 and comparison with the same period in 2020

2021	Individually monthly			Cumulatively monthly		
	2021	2020	INDEX	2021	2020	INDEX
Month	2021/2020			2021/2020		
1	282	150	188	282	150	188
2	286	294	97	568	444	128
3	386	353	109	954	797	120
4	507	810	63	1.461	1.607	91
5	686	1.087	63	2.147	2.694	80
6	1.134	1.296	88	3.281	3.990	82
7						
8						
9						
10						
11						
12						
Total 2021	3.281					
Total 2020		3.990				
Index 2021/2020		82				



Activities of port service in the period from 01/01-30/06/2021 and comparison with the same period in 2020

2021	Individually monthly			Cumulatively monthly		
	2021	2020	INDEX	2021	2020	INDEX
Month	2021/2020			2021/2020		
1	139	180	77	139	180	77
2	183	207	88	322	387	83
3	307	181	170	629	568	111
4	332	119	279	961	687	140
5	460	278	165	1.421	965	147
6	430	485	89	1.851	1.450	128
7						
8						
9						
10						
11						
12						
Total 2021	1.851					
Total 2020		1.450				
Index 2021/2020			128			



Revenues of Marina Kornati for the period from 01/01-30/06/2021 separate by months and comparison with the same period in 2020

REVENUES OF MARINA KORNATI 2021 SEPARATE BY MONTHS																	
Revenue positions		Months 2021												2021	2020	Index	
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.	TOTAL	2021/2020	
I	Daily berths	24.596	19.361	70.954	120.430	133.816	297.829								666.986	763.830	87
II	Contracted berth with accessories	3.033.918	7.590.522	1.574.717	8.813.647	775.786	585.373								22.373.963	21.700.493	103
III	Port service	126.180	183.749	339.050	375.232	474.186	360.285								1.858.682	1.680.367	111
IV	Vehicle parking		1.240	6.581	40.874	173.487	329.217								551.399	221.672	249
V	Other services	378	8.870	103.792	13.210	32.113	88.463								246.826	179.369	138
VI	Business cooperation				0	1.363.246	0								1.363.246	1.174.923	116
VII	Boat fair and events			3.600		11.988	18.490								34.078	18.001	189
TOTAL:		3.185.072	7.803.742	2.098.694	9.363.393	2.964.622	1.679.657								27.095.180	25.738.655	105

REVENUES OF MARINA KORNATI 2020 SEPARATE BY MONTHS																	
Revenue positions		Months 2020												2020	2019	Index	
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.	TOTAL	2020/2019	
I	Daily berths	32.900	46.712	75.157	95.259	229.069	284.733								763.830	928.697	82
II	Contracted berth with accessories	4.052.194	6.716.752	1.213.953	6.446.857	1.743.239	1.527.498								21.700.493	21.700.493	100
III	Port service	447.000	227.908	222.515	42.506	275.600	464.839								1.680.367	1.680.368	100
IV	Vehicle parking	1.029	6.456	3.136	192	10.108	200.751								221.672	221.672	100
V	Other services	10.772	47.371	4.058	788	10.878	105.502								179.369	179.369	100
VI	Business cooperation	0	0	0	0	1.102.707	72.216								1.174.923	1.174.923	100
VII	Boat fair and events	2.277	17.060	0	0	0	-1.336								18.001	18.001	100
TOTAL:		4.546.172	7.062.259	1.518.819	6.585.602	3.371.601	2.654.203								25.738.655	26.992.617	95



4.3 CAMPING - CAMP "PARK SOLINE"

In the first six months of 2021, the camping sector had 7,261 arrivals, which represents a 51.14% increase compared to the same period in the previous year. In line with the above, an increased number of arrivals also resulted in an increase in the number of overnight stays. 39,601 arrivals, i.e. a 56.63 % increase relative to the same period of 2020 were realized.

The aforementioned increase is definitely due to the market affected by the COVID-19 pandemic opening earlier in 2021 than in the previous business year, both in Croatia and in Europe, and due to excellent booking levels in the second half of June thanks to the end of the school year and a good schedule of banks holidays.

All four market segments of the camp business (allotment, lump sum guests, individuals and mobile homes) recorded an increase in arrivals and overnight stays. The allotment market segment recorded an increase of 93.02% in overnight stays and of 60.09% in arrivals, which resulted in an increase in the average number of days of stay of agency guests from 5.83 to 7.03 days. The lump sum market segment realized an increase of 64.60% in arrivals and of 69.13% in overnight stays as compared to the first six months of 2020. The aforementioned increase is mostly a consequence of opening the market, an increase in the number of leased lump sum stays and a good schedule of bank holidays in June (the Slovenian and the Croatian market

account for the largest share in lump sum guests). The market segment referring to individuals realized an increase of 72.99% in arrivals and of 71.35% in overnight stays. The mobile homes segment also realized an increase of 19.87% in arrivals and of 20.67% in overnight stays in the first six months of this year in comparison to the observed period of 2020. Most of this increase occurred in June and was due to the Slovenian and the Croatian market.

Camp "Park Soline" recorded both an increase in the physical turnover and in the revenue, with the contractual and realized revenue amounting to HRK 10,704,006,02. This represents a 19% increase in comparison to the same period last year, with a 55% increase in the revenue from mobile homes and 31% increase in the contractual revenue from lump-sum guests, which is a result of a larger number of leased lump sum pitches than in the previous year, with the larger part of the lump sums pertaining to mobiles homes, which generate more revenue. The revenue from individuals increased by 96% in comparison to the same period last year.

Considering that the increase in the number of arrivals is more or less equal to the increase in the number of overnight stays, the total number of days of stay increased from 5.26 to 5.45 days at minimum in the first half of 2021.

In the structure of realized overnight stays, among the five leading outbound markets is (I) the Slovenian market with a 33% share of overnight stays, (II) the Croatian market with a 24% share, (III) the Czech market with 18% of overnight stays, (IV) the German market with 6% of overnight stays and (V) the Polish market with 6% of overnight stays.

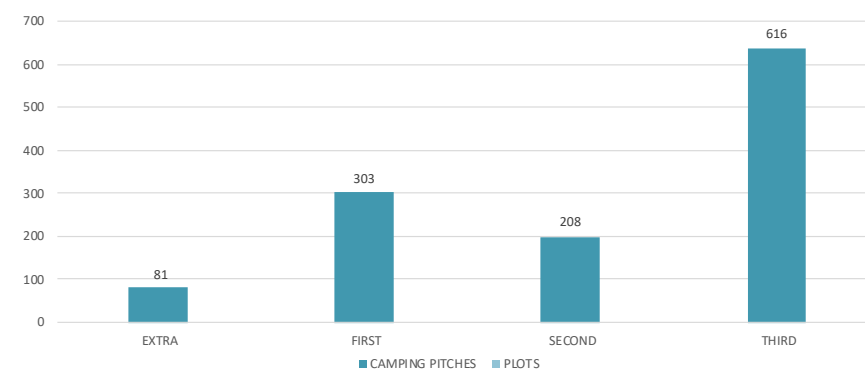
In the business segment of mobile homes, the largest increase – of 53.28% – was recorded for the Croatian market guests in comparison to the same period of the previous business year. In the business segment of camping units, the largest share of overnight stays is recorded by guests from the Austrian market (103.82%), Slovenian market (83.59%) and German market (26.27%). At the same time, when it comes to market segments, lump sum payments and guests in mobile homes prevail in the structure of overnight stays, with a share of 42% and 26% in overnight stays respectively.

The increase in overnight stays, arrivals and revenue in the first six months of 2021 is the result of the opening of the market once the epidemiological situation became favourable, as well as of investments in the previous business year in new mobile homes, in the quality of camp facilities and services with more intense marketing activities and strategically planned investments in key sales channels.



Capacities of the camp "Park Soline"

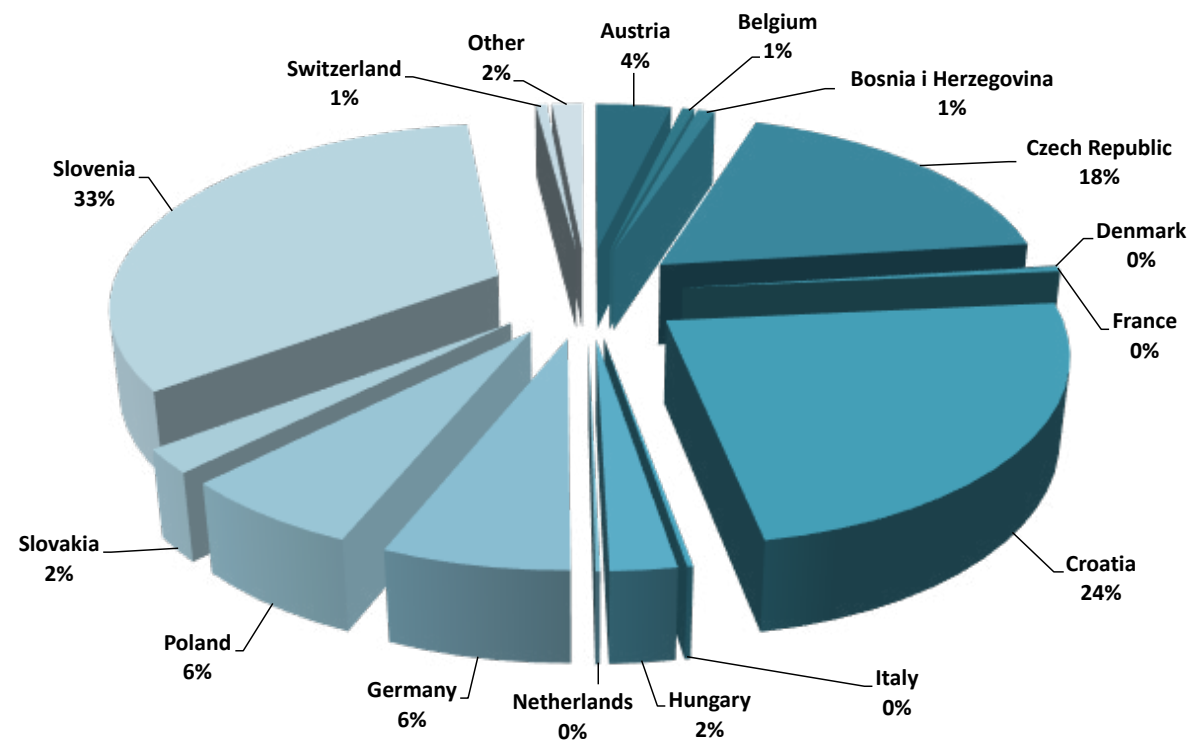
		2017	2018	2019	2020	2021
I.	EXTRA ZONE					
	CAMPING PITCHES	81	81	81	81	81
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	81	81	81	81	81
II.	FIRST ZONE					
	CAMPING PITCHES	326	303	303	303	303
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	326	303	303	303	303
III.	SECOND ZONE					
	CAMPING PITCHES	182	198	208	208	208
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	182	198	208	208	208
IV.	THIRD ZONE					
	CAMPING PITCHES	347	638	628	616	616
	CAMPING PLOTS	194	194	0	0	0
	TOTAL	541	832	628	616	616
Σ	GRANDTOTAL					
	CAMPING PITCHES	936	1220	1220	1208	1208
	CAMPING PLOTS	194	193	0	0	0
	GRANDTOTAL	1130	1413	1220	1208	1208



Arrivals and overnight stays per source markets for the period 01/01 - 30/06/2021, and the comparison with the same period in the 2020

COUNTRY	2021		2020		INDEX 2021/2020		AVERAGE STAY (DAYS)	
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	2021	2020
Austria	216	1.466	121	739	178,51	198,38	6,79	6,11
Belgium	38	240	9	56	422,22	428,57	6,32	6,22
B&H	66	331	77	367	85,71	90,19	5,02	4,77
Czech Rep	972	7.080	583	3.444	166,72	205,57	7,28	5,91
Denmark	2	2	8	18	25,00	11,11	1,00	2,25
France	34	181	13	96	261,54	188,54	5,32	7,38
Croatia	2.046	9.354	1.209	5.694	169,23	164,28	4,57	4,71
Italy	21	82	1	4	2100,00	2050,00	3,90	4,00
Hungary	159	907	52	271	305,77	334,69	5,70	5,21
Netherlands	14	65	7	62	200,00	104,84	4,64	8,86
Germany	472	2.553	312	1.820	151,28	140,27	5,41	5,83
Poland	366	2.524	114	637	321,05	396,23	6,90	5,59
Slovakia	152	831	28	103	542,86	806,80	5,47	3,68
Slovenia	2.537	13.174	2.217	11.723	114,43	112,38	5,19	5,29
Switzerland	55	215	6	12	916,67	1791,67	3,91	2,00
Other	111	596	47	237	236,17	251,48	5,37	5,04
TOTAL	7.261	39.601	4.804	25.283	151,14	156,63	5,45	5,26

Arrivals and overnight stays per source markets for the period 01/01 - 30/06/2021



Cumulative overview of daily and monthly occupancy of accommodation units of the campsite during the period from 01/04 to 30/06/2021

MONTH	APRIL				MAY				JUNE				TOTAL				
SEGMENT	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY
MOBILE HOMES ILIRIJA	6.750	54	0,80%	0,24	6.975	221	3,17%	0,98	6.750	2.557	37,88%	11,36	225	20.475	2.832	13,83%	12,59
AGENCIES	5.100	5.100	100,00%	30,00	5.270	5.270	100,00%	31,00	5.100	5.100	100,00%	30,00	170	15.470	15.470	100,00%	91,00
LUMP SUM	7.530	7.530	100,00%	30,00	7.781	7.781	100,00%	31,00	7.530	7.530	100,00%	30,00	251	22.841	22.841	100,00%	91,00
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	10.110	169	1,67%	0,50	10.447	370	3,54%	1,10	10.110	1.707	16,88%	5,07	337	30.667	2.246	7,32%	6,66
INDIVIDUALS CAMPING STANDARD IV ZONE	6.750	0	0,00%	0,00	6.975	0	0,00%	0,00	6.750	42	0,62%	0,19	225	20.475	42	0,21%	0,19
INDIVIDUALS TOTAL	16.860	169	1,00%	0,30	17.422	370	2,12%	0,66	16.860	1.749	10,37%	3,11	562	51.142	2.288	4,47%	4,07
TOTAL	36.240	12.853	35,47%	10,64	37.448	13.642	36,43%	11,29	36.240	16.936	46,73%	14,02	1208	109.928	43.431	39,51%	35,95

Revenues generated by the camp in the period 01/01 - 30/06/2021 and comparison with the same period in the 2020

SEGMENT		2020.					2021			INDEX	
		GENERATED IN 2020			GENERATED PRIOR 30/06/2020		GENERATED PRIOR 30/06/2021			2021/2020	
		NUMBER OF PITCHES	OVER-NIGHT STAYS	REVENUES	REALIZED OVERNIGHT STAYS	REVENUES	NUMBER OF PITCHES	REALIZED OVERNIGHT STAYS	REALIZED REVENUE	OVERNIGHT STAYS	REVENUES
1.	MOBILE HOMES ILIRIJA	225	36.319	6.115.016,97 kn	8.533	788.527,71 kn	225	10.297	1.221.179,51 kn	121	155
2.	AGENCIES	234	31.762	3.398.117,90 kn	3.783	2.381.956,39 kn	170	7.302	1.827.103,09 kn	193	77
3.	INDIVIDUALS	529	19.733	1.893.510,85 kn	3.218	162.085,92 kn	562	5.514	318.445,06 kn	171	196
4.	LUMP SUM	220	51.238	5.673.901,43 kn	9.749	5.438.192,64 kn	251	16.488	7.111.309,01 kn	169	131
5.	OTHER SERVICES	-	-	920.607,31 kn	-	244.105,10 kn	0		225.969,35 kn	#DIV/0!	93
TOTAL:		1208	139.052	18.001.154,46 kn	25.283	9.014.867,76 kn	1208	39.601	10.704.006,02 kn	157	119

4.4 BUSINESS AND SHOPPING CENTER "CITY GALLERIA"

City Galleria Business and Shopping Center is located in a heavily residential area in the immediate centre of Zadar, just a ten-minute walk from the old town. Apart from the new housing, business, and commercial projects, as well as developmental and cultural projects of the local community, which have recently been completed, this entire urban area is expanding into a new central zone, with a number of new facilities concentrated in the area, ultimately having a significant positive impact on the number of visitors to the centre.

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 building is comprised of an underground garage with an area of 10,863.50 m², commercial premises with a total net rentable area of 9,924.60 m², and connecting, technical and common areas. By purchasing the business premises in the neighbouring Phase 1 of the Zadar Shopping Centre facility in December 2020, the Company secured an additional 142.13 m² of business premises intended for lease. In June 2021, the Company also bought business premises with a surface area of 43,52 m² and currently has a total of 185.65 m² in the Phase 1 of the facility making the total net leasable area amount to 10.11025 m².

As in the previous business year, which was marked by the declaration of a global COVID-19 pandemic, in the first half of 2021 the City Galleria Business and Shopping Centre achieved positive business results despite the significant and unpredictable disruptions in the operations of all global and domestic markets.

The extraordinary circumstances, in which domestic and foreign markets still continue to operate in 2021, combined with the unpredictability regarding their ultimate duration and all the pertaining consequences of the measures adopted so far to protect the health of the citizens, have significantly affected the operations of the City Galleria Centre. In such circumstances of life and business, caused by the measures prohibiting gatherings, imposing restrictions of movement, closing of borders, temporary suspensions or restrictions of operation for many business entities, industries and business activities are suffering significant disturbances.

The decision on necessary epidemiological measures restricting gatherings and introducing other necessary epidemiological measures and recommendations to prevent the transmission of COVID-19 through gatherings, as adopted on 27 November 2020, introduced the suspension of operations for hospitality facilities and gyms, as well as the ban on consumption of food and beverages during cinema screenings nation wide. The possibility of re-opening gyms and fitness cen-

tres was approved by amending a part of the provisions of said decision as of 15 February 2021. To this day the hospitality facilities of the centre have not been allowed to operate on a regular basis. By amending a part of the provisions of said Decision, as of 1 March 2021, limited operation of hospitality facilities was allowed in such a way that food and beverages can be served on outdoor terraces only, with strict adherence to the prescribed epidemiological measures and within restricted working hours lasting from 6 a.m. until 10 p.m. With the new Decision, adopted on 11 June 2021, hospitality facilities were allowed to extend their working hours and work from 6:00 a.m. to 12:00 a.m. The same restrictions on providing service only on outdoor terraces remained in place for coffee shops, while hospitality facilities serving food and desserts were allowed to also provide service indoors.

The Decision on Introducing Specific Work Organisation for Trade Carried out in Stores and Shopping Centres of 10 December 2020, introduced the restriction of the number of visitors in shopping centres, resulting in an additional decline in the number of visitors, as well as a drastic reduction of the duration of the visitors' stay in shopping centres. The application of the provisions of said Decision prevented a part of the tenants of the centre providing entertainment services to visitors within the common premises of the facility from operating. The said restriction on the operation

of arcade machines within the common areas was lifted as late as 30 June 2021.

Disruptions in business operations caused by the global coronavirus pandemic have greatly affected all tenants of the City Galleria Business and Shopping Centre; for this reason, the Company continues its efforts to mitigate the financial challenges of the current situation by continually and regularly communicating with the tenants, whose activities have been limited by the decisions of the competent authorities, and by responding to inquiries and requests relating to possible short-term changes or adjustments to commercial terms in a timely manner, thus helping to maintain the existing lease agreements, which is the Company's ultimate goal.

Despite the listed negative indicators and epidemiological measures, a high occupancy rate in the first half of 2021 has been maintained. As at 30 June 2021, the occupancy of the centre amounted to 99.77% of all capacities, that is, 37 commercial lease agreements were active, with a surface area range from 9,80 m² to 1.836 m². In the business premises of Phase 1 of the facility, there are 2 active lease agreements for the surface area of 142.13 m². Plans for leasing the newly bought business premises with the surface area of 43.52 m² are also underway.

As of 1 January 2021, the Ferivi Co d.o.o. company has been operating in business premises B10B11, which have the surface area of 185 m² and are located on the first floor of the Centre. This company took over the existing monobrand Adidas store from the previous tenant, the Adidas Croatia d.o.o. company. On the first floor of the Centre, the tenant of business premises B9 also changed, and a lease agreement was concluded for the hospitality facility with the company Tri amigos d.o.o., which has been operating there since 1 February 2021. For the said hospitality facility, the subtenant was changed to expand the offer of food – so, as of 14 June 2021, instead of the company Vražap d.o.o., the Pizzara d.o.o. company has been operating there with its offer of simple meals. After the tenant Shooster left the Centre, a lease agreement was concluded with the company Servus d.o.o. for the business premises G1 with 241.5 m² at the -1 level of the Centre, which began its business operations on 15 March 2021 with a store of its Optika Anda chain. Moreover, new lease agreements were concluded with the existing tenants, companies Ross d.o.o. and Zdrava navika j.d.o.o., so they continue leasing their office spaces.

Apart from the said lease agreements, agreements for the use of common areas were also concluded with companies Amas d.o.o., Roca d.o.o., Eko mlkarija d.o.o., Fotofix – Croatia d.o.o., In case perfection j.d.o.o., OPG Šušić, as well as new agreements on lease of ATM spa-

ces with commercial banks Hrvatska poštanska banka d.d., Raiffeisenbank Austria d.d. and OTP banka d.d. The Muraj d.o.o. company, with its Muraj footwear shop, and the company Nina Commerce d.o.o., with its Planet Obuća shop, operate in the business premises within the neighbouring office building Phase 1 of the Zadar Shopping Centre.

Business revenue generated in the first half of 2021 through lease of commercial premises, common costs, use of common parts of the centre, lease of advertising space, garage revenue and lease of business premises amount to HRK 6,252,775.27, while in the same period of 2020 they amounted to HRK 6,585,236.55, which accounts for 94.95%. Other operating revenue, relating to insurance claims, amounted to HRK 96,656.74 in the first half of 2021, and the total revenue generated amounted to HRK 6,349,432.01 in the first six months of 2021, as compared to the same period of 2020, when they amounted to HRK 6,636,229.80; i.e. a total of 95.68% of this amount. The category of revenue from commercial premises lease recorded a decrease of 10.58%, the revenue from common costs recorded an increase of 2.08%, and the category of garage revenue recorded an increase of 23.02%. The revenue from the lease of advertising space and the use of common areas remained the same. The revenue from the lease of the premises in the neighbouring Phase 1 of the Centre amounted to HRK 50,749.86.

The decline in rent revenue was mostly caused by the absence of additional rent in January, calculated based on the realised net turnover of tenants for 2020 due to the underperformance of individual tenants' businesses compared to 2019, and additionally lowered commercial terms of lease for business premises granted to tenants whose business operations were suspended or significantly restricted compared to their regular business circumstances in the first half of 2021.

In the above mentioned period 62,75% of business revenue, i.e. HRK 3,984,437.78, was generated from commercial space leases. The average lease per square metre of commercial space amounted to EUR 8.96, or around HRK/m² 67.06, for the period in question. In addition to the commercial premises lease, the business revenue generated from calculating common costs to the lessees amounted to HRK 1,570,389.69, representing 24.73% of total revenue; revenue from leasing and the commercial use of common centre areas amounts to HRK 327,257.69, i.e. 5.15%; revenue from collection of single parking fees and leasing of parking spaces amounts to HRK 300,875.67, i.e. 4.74%; lease of business premises in the neighbouring Phase 1 of the Centre amounts to HRK 50,749.86 or 0.80%; and, as a smallest share, revenue from leasing advertising space on the centre façade amounts to HRK 19,064.58, representing 0.30% of the total generated revenue.

Despite the restrictions on the number of visitors in the first half of 2021, the Centre garage – while still used much less – was used by 300,181 vehicles, which represents a 10.05% increase in visits. Revenue generated from the garage in the amount of HRK 300,875.67 was mostly generated from single parking fees collected from visitors to the garage accounting for 75.96% of that revenue, i.e. in the amount of HRK 228,543.41.

Due to the significant and unpredictable disruptions in the operations of all global and domestic markets during the previous and current business years, in such circumstances the Company has responsibly approached the situation in general and monitors the recommendations and measures published by the competent services of the Republic of Croatia at the local and national levels on a daily basis. The technical, security and cleaning services duly perform their activities of maintaining and guarding the property, with stricter security and disinfection measures of common areas being applied. Common air-conditioning, ventilation, video surveillance and fire protection systems are fully functional, while the Company continues to care for own property and the property of our business partners.

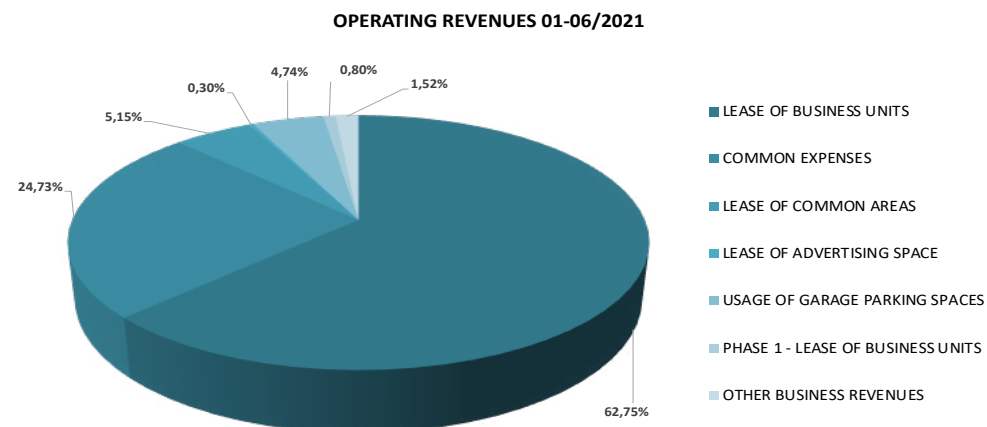
Business revenue of the business and shopping centre City Galleria in Zadar for the period from 01/01- 30/06/2021 and a comparison with the same period in 2020

DESIGNATION	DESCRIPTION	NUMBER OF ACTIVE CONTRACTS	SURFACE AREA (m ²)	REVENUES 01-06/2021	%	REVENUES 01-06/2020	%	INDEX 2021/2020
1.	LEASE OF BUSINESS UNITS	37	9.924,60	3.984.437,78 kn	62,75%	4.455.995,12 kn	67,15%	89
2.	COMMON EXPENSES	36	7.178,18	1.570.389,69 kn	24,73%	1.538.418,32 kn	23,18%	102
3.	LEASE OF COMMON AREAS	21	1.004,50	327.257,69 kn	5,15%	327.186,49 kn	4,93%	100
4.	LEASE OF ADVERTISING SPACE	8	121,18	19.064,58 kn	0,30%	19.064,57 kn	0,29%	100
5.	USAGE OF GARAGE PARKING SPACES	410***	10.863,50	300.875,67 kn	4,74%	244.572,05 kn	3,69%	123
6.	PHASE 1 - LEASE OF BUSINESS UNITS	2	185,65	50.749,86 kn	0,80%	0,00 kn	0,00%	0
REVENUES:				6.252.775,27 kn	98,48%	6.585.236,55 kn	99,23%	95
7.	OTHER BUSINESS REVENUES			96.656,74 kn	1,52%	50.993,25 kn	0,77%	190
TOTAL REVENUES				6.349.432,01 kn	100,00%	6.636.229,80 kn	100,00%	96

* totalnet leasable surface area

** total net leasable area for calculation of common expenses

*** number of parking spaces in the garage



4.5 ILIRIJA TRAVEL

Ilirija Travel as a destination management company that, by developing new services and contents, creates an integrated and complementary tourist product, that is to say we offer our guests additional services, has been hit particularly hard by the Covid-19 pandemic in the first half of 2021, as well as the entire event, MICE and incentive industry.

Total revenue was realized in the amount of HRK 423,543.31, part of which was generated in other profit centers of the Company, which represents a significant decrease and equals 31% of the revenue realized in the same period in 2020. The reason for the continued decrease in revenue; that is, the source of a significant share of the revenue in 2020 in that period was the operation of the multi-functional facility Arsenal in Zadar before all of facilities were closed due to the pandemic.

In comparison, in the first half of this year, Arsenal's activities were symbolic, while the activities of other components were slightly more intense than last year, with somewhat better indications for the coming period. Throughout most of this period, just like last year, the very services we develop through the system of the destination management company Ilirija Travel, and which support activities mainly realised in the pre- and post-season, were banned or provided under much more complex safety and health measures due



to which clients were unable to use our services.

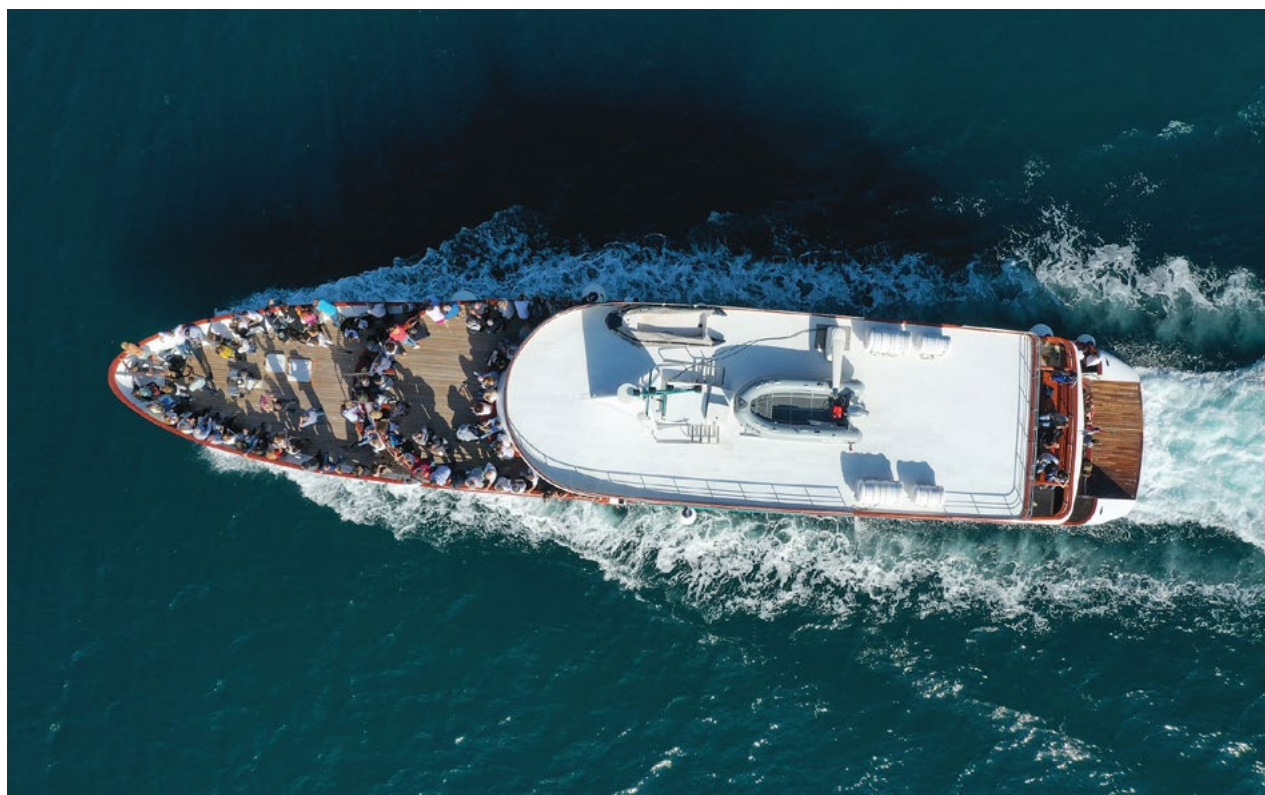
The number of individual events and special programmes organised by the agency and specific facilities of the Company equalled 28 events with 1,135 participants, while in the same period in 2020, there were 27 events and 7,535 participants. This decline is due to a lack of large events with many participants, which were banned or limited in this period. Special programmes, concerts, incentive travel, events, conferences, congresses, weddings, excursions, regattas etc. were for the most part of this half of the year either banned or reduced to a prescribed number of persons and in compliance with a number of measures due to which clients lost interest in their organisation or which were organized for a much smaller number of clients.

In accordance with the above, since there were no larger events held in Arsenal, which generated a revenue of HRK 976,332.13 in the first months of last year before the pandemic, it generated a revenue of HRK 43,510.19 in the first half of this year. The other components of the destination management company realized HRK 380,033.12; and the whole sector realized HRK 423,543.31 in the first half of this year. The fact that Arsenal could not operate normally, as a multi-functional heritage facility, significantly affected the overall results of the destination management company in the reporting period. There are also indications

that the other facilities' activities will be more intense than in the previous year, but primarily those activities which include amenities aimed at tourists and not the local population. However, the slow return of business tourism as compared to holiday tourism, as well as of a number of additional services provided to organised groups as a combination of corporate, team-building and holiday amenities will continue to affect the busi-

ness operations even in this segment.

The announced increase in the turnover in the high season, provided that it really does occur, will significantly impact the realization of revenue; however, the key to the recovery of this Company segment are the trends in the post-season; that is, the return of business and incentive segment of tourism.



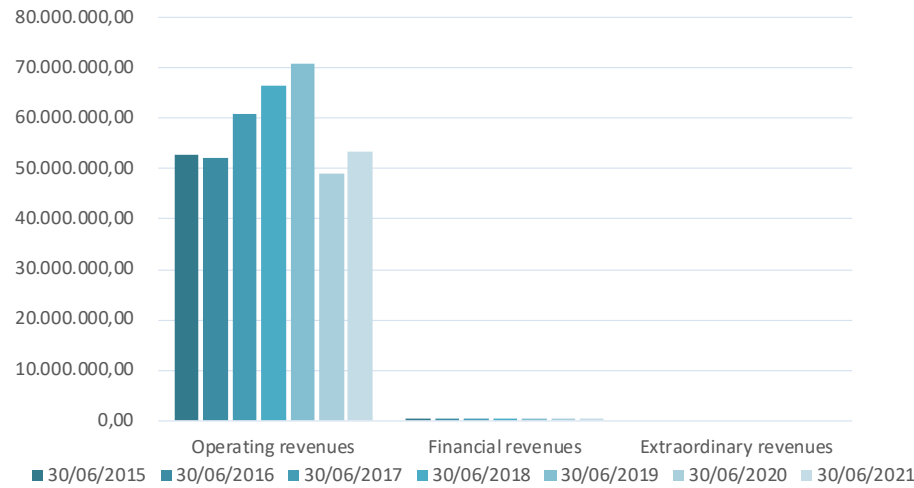
5 FINANCIAL OPERATING RESULTS OF THE COMPANY

5.1 FINANCIAL PERFORMANCE OF THE COMPANY

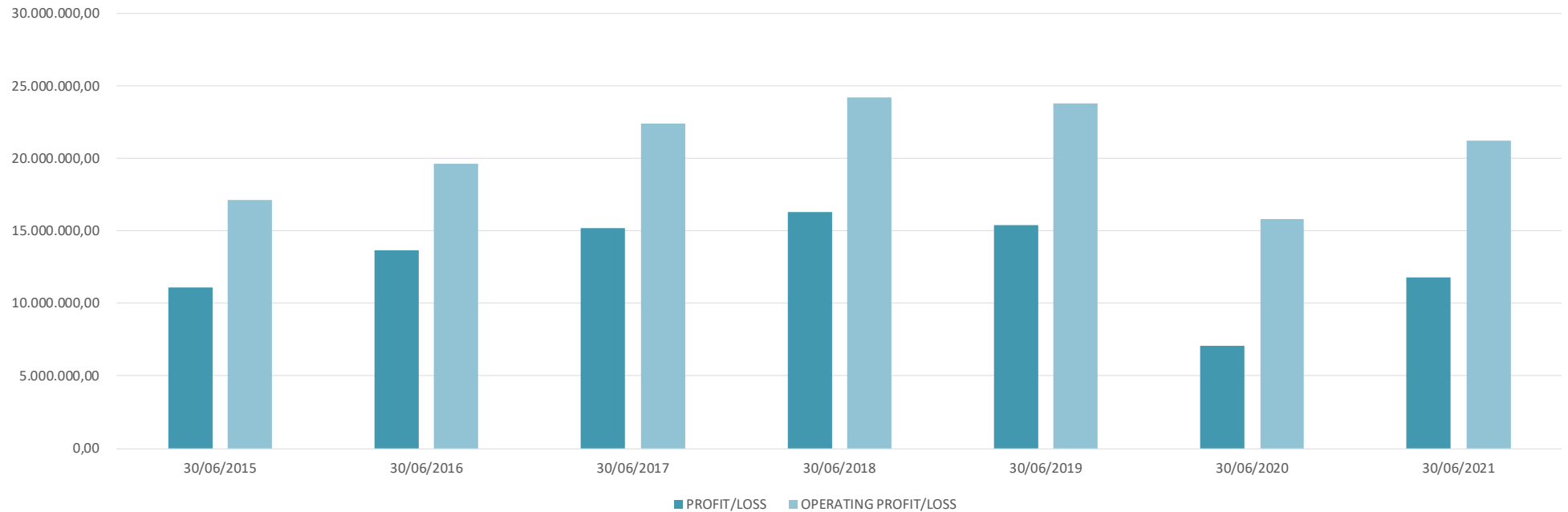
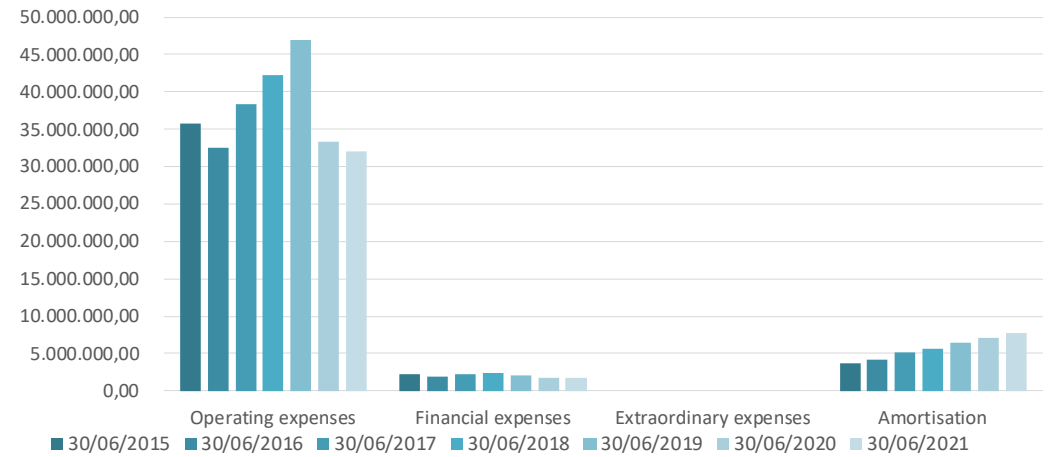
Overview of financial performance for the period from 01/01 - 30/06/2021 and a comparison with the same period from 2015 to 2021

DESCRIPTION	30/06/2015	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021	Index 2021/2020
Operating revenues	52.895.311,21	52.119.553,90	60.835.505,20	66.358.980,89	70.834.035,22	49.102.175,85	53.323.424,94	108,60
Financial revenues	48.367,93	59.307,67	46.580,99	41.311,15	26.730,05	23.692,02	9.314,22	39,31
Extraordinary revenues	0,00	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
TOTAL REVENUES	52.943.679,14	52.178.861,57	60.882.086,19	66.400.292,04	70.860.765,27	49.125.867,87	53.332.739,16	108,56
Operating expenses	35.780.726,91	32.459.221,51	38.421.030,46	42.169.136,63	47.013.307,18	33.258.340,33	32.058.302,64	96,39
Financial expenses	2.323.711,09	1.955.680,90	2.185.302,75	2.345.497,67	2.074.129,76	1.682.229,49	1.680.028,48	99,87
Extraordinary expenses	0,00	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	3.735.110,10	4.112.990,64	5.100.666,64	5.577.738,24	6.398.448,00	7.075.711,81	7.820.805,46	110,53
TOTAL EXPENSES	41.839.548,10	38.527.893,05	45.706.999,85	50.092.372,54	55.485.884,94	42.016.281,63	41.559.136,58	98,91
PROFIT/LOSS	11.104.131,04	13.650.968,52	15.175.086,34	16.307.919,50	15.374.880,33	7.109.586,24	11.773.602,58	165,60
OPERATING PROFIT/LOSS	17.114.584,30	19.660.332,39	22.414.474,74	24.189.844,26	23.820.728,04	15.843.835,52	21.265.122,30	134,22
EBITDA	17.162.952,23	19.719.640,06	22.461.055,73	24.231.155,41	23.847.458,09	15.867.527,54	21.274.436,52	134,08

REVENUES 2015-2021



EXPENSES 2015-2021



1

Total revenue for the first half of 2021 amounted to HRK 53,332,739.16, with a growth rate of 8.56% compared to the same period of 2020, as a result of an increase in operating revenue and sales revenue.

The operating revenue for the period observed amounted to HRK 53,323,424.94, which is a 8.60% increase in comparison to the same period of the previous business year due to the increase in the operating revenues in key tourism sectors of the Company; the hotel sector, nautical sector and camping sectors.

Revenue from sales is HRK 48,339,570.12, which is 6.43% higher than the first half of 2020, when it amounted to HRK 45,420,839.58 due to a 7.09% increase in revenue from sales on the foreign market and a 6.38% increase from sales on the domestic market. Revenue from sales represents 90.65% of operating revenue and 90.64% of total revenue.

2

Total expenses amount to HRK 41,559,136.58 and, compared to the first half of 2020, they show a 1.09% decrease due to a 3.61% decrease in operating expenses.

Operating expenses in the period observed amount to HRK 32,058,302.64 and they are by HRK 1,200,037.69 lower compared to the first half of the previous business year due to a decline in business operations.

3

Operating profit from the Company's business activities amounts to HRK 21,265,122.30, and shows a 34.22% increase or HRK 5,421,286.78 compared to the same period of 2020.

Profit for the reporting period amounts to HRK 11,773,602.58, which is an increase of 65.60% or HRK 4,664,016.34 as a result of a growth in total revenues and a decrease in total expenditure.

EBITDA, i.e. earnings before depreciation, interest and taxes, has been generated in the amount HRK 21,274,436.52, and shows a 34.08% increase or HRK 5,406,908.98 compared to the same period of the previous business year.

EBIT, i.e. earnings before financing expenses, has been generated in the amount HRK 13,453,631.06, and shows a 53.02% increase, i.e. an increase of HRK 4,661,815.33.

In the reporting period, the Company's revenues increased, both total revenue and operating revenue, as a result of a significant increase in the sales activities of the key tourism sectors of the Company – the hotel sector, nautical sector and camping sectors — and the stability of the operations in the real-estate sector, paired with a decrease in the expenses. In this way, despite significantly deteriorated business conditions, the Company did not only manage to achieve profitability with respect to all key parameters — operative profit, profit, EBITDA and EBIT — but also achieved their significant growth in comparison to the same period of the previous business year. The Company is pleased with the achieved level of profitability of operations, especially considering the fact that the business activities in the hotel and camping sectors mostly took place in the second half of June, with minimum activity of the destination management company Ilirija Travel, while also retaining full employment. The growth of these indicators is also partly a result of the grant provided by the Government of the Republic of Croatia aimed at job retention, which the Company received throughout the first half of 2021 (in the period from January until the end of May) in the amount of HRK 4,680,830.54.

Financial statements of the Company as at 30/06/2021 and comparison with the same period in 2020 and 2019

REVENUES	2019	2020	INDEX 2020/2019	2021	INDEX 2021/2020
Revenue on the domestic market	59.982.954,37	42.584.755,52	71	45.300.221,71	106
Revenues on foreign market	10.433.716,30	2.838.180,70	27	3.039.348,41	107
Other operating revenues	417.364,55	3.679.239,63	882	4.983.854,82	135
OPERATING REVENUES	70.834.035,22	49.102.175,85	69	53.323.424,94	109
FINANCIAL REVENUES	26.730,05	23.692,02	89	9.314,22	39
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL REVENUES	70.860.765,27	49.125.867,87	69	53.332.739,16	109
EXPENSES					
Raw material and material costs	8.953.465,21	3.675.474,68	41	4.970.145,45	135
Costs of services	8.414.814,27	6.291.850,99	75	6.813.494,76	108
Gross pays	19.181.663,91	15.037.967,78	78	14.852.343,63	99
Other expenses	10.463.363,79	8.253.046,88	79	5.422.318,80	66
TOTAL EXPENSES	47.013.307,18	33.258.340,33	71	32.058.302,64	96
AMORTISATION	6.398.448,00	7.075.711,81	111	7.820.805,46	111
FINANCIAL EXPENSES	2.074.129,76	1.682.229,49	81	1.680.028,48	100
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL EXPENSES	55.485.884,94	42.016.281,63	76	41.559.136,58	99
PROFIT/LOSS	15.374.880,33	7.109.586,24	46	11.773.602,58	166
OPERATING PROFIT/LOSS	23.820.728,04	15.843.835,52	67	21.265.122,30	134
EBITDA	23.847.458,09	15.867.527,54	67	21.274.436,52	134

REVENUES BY ACTIVITIES - SECTORS 30/06/2021 WITH COMPARISON 30/06/2020

ACTIVITIES - SECTORS	Year 2021	Year 2020	Index 2021/2020
HOTEL SECTOR	2.526.427,51	2.398.142,09	105
NAUTICS	28.058.561,27	26.235.993,31	107
CAMPING	11.252.701,20	9.234.427,43	122
CITY GALLERIA	6.349.432,01	6.636.229,80	96
DESTINATION MANAGEMENT COMPANY	297.622,06	1.120.260,82	27
OTHER (grants and other income)	4.838.680,89	3.477.122,40	139
TOTAL	53.323.424,94	49.102.175,85	109

REVENUES BY ACTIVITIES - SECTORS:

The revenue of the hotel sector amounted to HRK 2,526,427.51, which is 5.35% more than in the same period of 2020 due to the increased demand for hotel accommodation, in particular from foreign markets, and the hotel facilities opening significantly earlier than last year.

The revenue of the nautical sector amounted to HRK 28,058,561.27, which is 6.95% or HRK 1,822,567.96 more than in the same period of last year. This is a result of increased operating revenues of both of the nautical sector's profit centres; that is, of Marina Kornati by 5% or HRK 1,340,447.87 and of Marina Kornati restaurant by 94% or HRK 466,042.98. It is especially important to note that the revenue of the Marina Kornati profit centres increased in comparison to the revenue generated in the pre-pandemic period; that is, in the same period of 2019, while the increase in the first half of this year was primarily generated on account of the annual berth and parking services.

The revenue from the camping sector amounted to HRK 11.252.701,20 or 21,86% more, as a result of a significant increase of the revenue at the level of the whole sector; that is, both from accommodation and hospitality services. In absolute amounts, the increase primarily occurred with respect to accommodation services, the revenue of which increased by 19% or HRK 1,689,138.26. The revenue

from the provision of accommodation services is a result of the increase of revenues in the key market segments pertaining to accommodation, with the largest increase achieved in the lump-sum, mobile homes and individual guests segments.

The revenue from the real-estate sector, i.e. the City Galleria Business and Shopping Centre, amounted to HRK 6,349,432.01, constituting a 4.32% decrease compared to the same period of 2020 due to decisions of the competent authorities to restrict or completely ban certain activities throughout most of the first half of the year, which resulted in a decreased revenue.

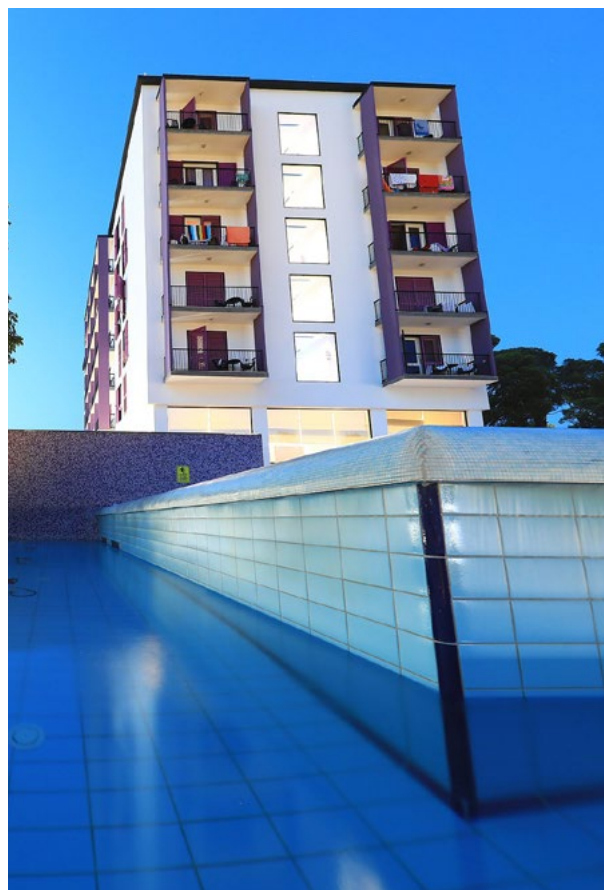
Revenue from other activities, i.e. profit centres, including Ilirija Travel and hospitality, has been realised in the amount of HRK 297,622.06.

Moreover, on account of the job retention grant by the Government of the Republic of Croatia, including the first half of 2021, the Company has received a grant in the amount of HRK 4,680,830.54.

TOTAL: Operating revenue per activity amounts to HRK 53,323,424.94, and it has increased by 8.60% compared to the same period in 2020.



5.2 FINANCIAL POSITION OF THE COMPANY



KEY FINANCIAL

INDICATORS OF THE STATUS OF THE COMPANY AS AT 30/06/2021

Since the table providing an overview of the Company's key indicators covers the period of 2021–2011 (eleven years), the realized described indicators are also listed in absolute amounts and growth rates.

1

The value of the Company's assets as at 30 June 2021 amounts to HRK 488,102,422.35, showing an decrease of HRK 4,169,096.60 compared to the same period in 2020, when it was HRK 492,271,518.95, which is consequence of a higher amount of amortization than the amount of investment.

In the same period of 2021, the value of the Company assets has increased from HRK 286,199,264.98 in 2011 by HRK 201,903,157.37 or 70.55%, and amounts to HRK 488,102,422.35.

2

Total liabilities amount to HRK 128,256,302.25, dropping by HRK 10,162,256.08 or 7.34% compared to HRK 138,418,558.33 for the same period in 2020, as a result of a reduction in current liabilities of the Company.

Total liabilities as at 30 June 2021 are lower by HRK

24,027,082.36 or 15.78% compared to total liabilities of the Company as at 30 June 2011 when they amounted to HRK 152,283,384.61.

3

Equity and reserves as at 30 June 2021 amounted to HRK 359,846,120.10, recording an increase of HRK 5,993,159.48 or 1.69% compared to the same period in 2020 when they amounted to HRK 353,852,960.62.

Comparing equity and reserves of the Company as at 30 June 2021, they increased by HRK 225,930,239.73 or 168.71% compared to the same the same period of 2011, when they amounted to HRK 133,915,880.37.

4

Total revenue amounted to HRK 53,332,739.16, recording an increase of HRK 4,206,871.29 or 8.56% compared to the same period in 2020, when it amounted to HRK 49,125,867.87.

Total revenue of the Company, compared to the same period in 2011 when it amounted to HRK 40,978,324.58, increased by HRK 12,354,414.58 or 30.15%.

5

The Company realized an operating profit in the amount of HRK 21,265,122.30, which is HRK 5,421,286.78 or 34.22% more compared to the same period of 2020, when it amounted to HRK 15,843,835.52, as a result of a decline in business expenses.

Comparing the operating profit generated in the first half of 2021 compared to the same period in 2011, when it amounted to HRK 13,512,192.50, a 57.38% increase can be seen.

6

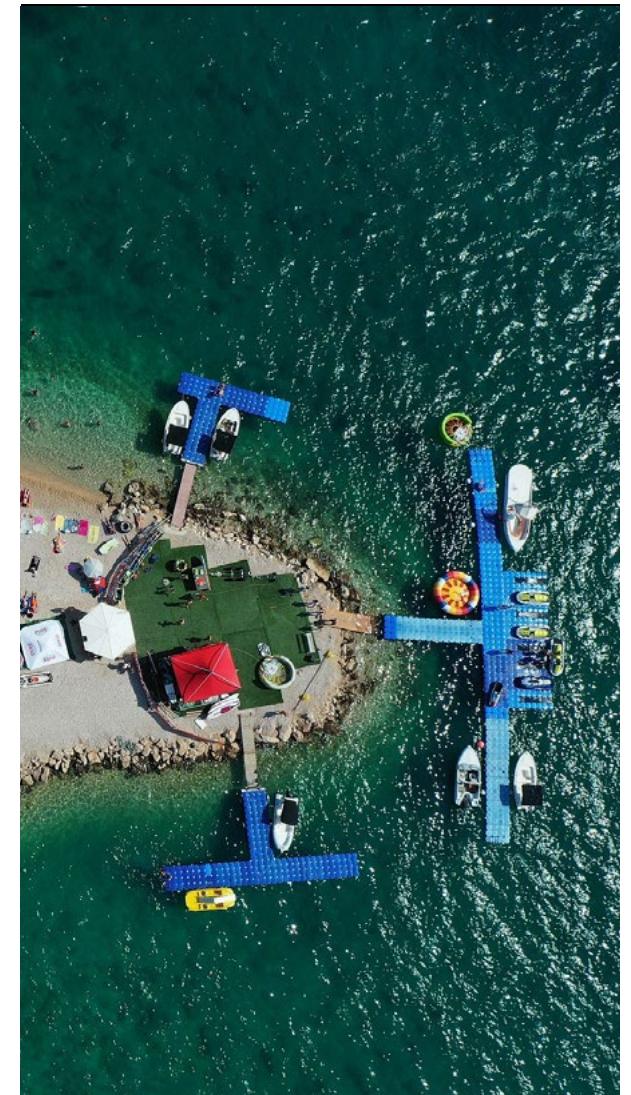
EBITDA was realized in the amount of HRK 21,274,436.52, recording an increase of 34.08% or HRK 5,406,908.98 compared to the same period in 2020 when it amounted to HRK 15,867,527.54.

The realised EBITDA in the reporting period has increased by HRK 8,037,038.37 or 60.71% compared to the first semester of 2011, when it amounted to HRK 13,237,398.15.

7

The Company's profit in the reporting period amounts to HRK 11,773,602.58, increasing by HRK 4,664,016.34 or 65.60% compared to the first half of the previous business year, when it amounted to HRK 7,109,586.24.

Profit realised in the first half of 2021, compared to the profit generated in the same period of 2011, which amounted to HRK 7,014,753.50, has increased by HRK 4,758,849.08 or 67.84%.

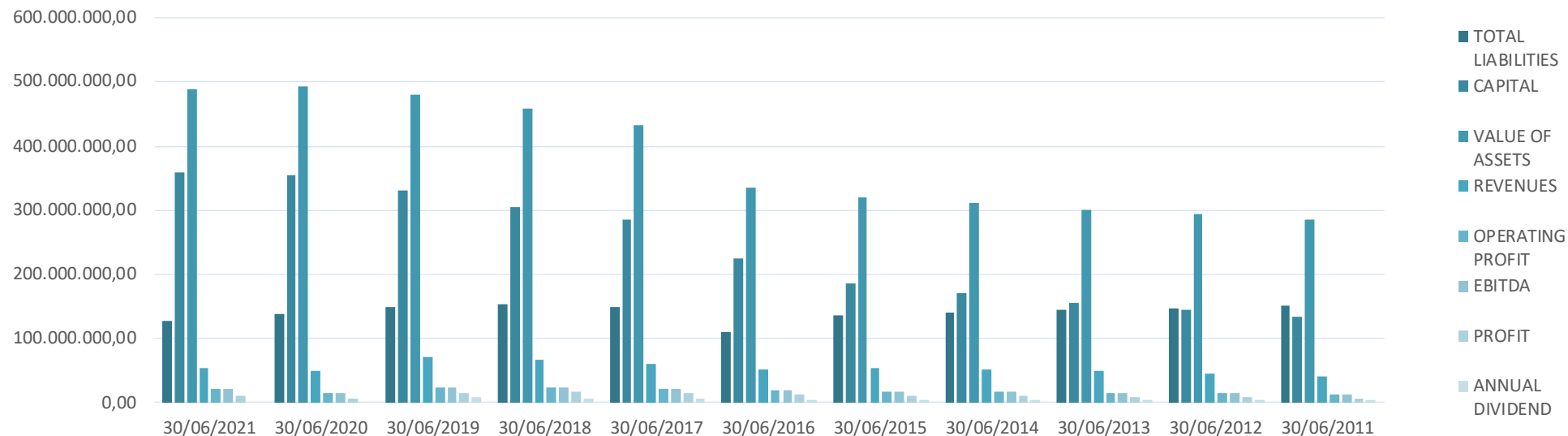


CUMULATIVE COMPARATIVE OVERVIEW

of fundamental operating results, as well as asset, capital and liability indicators of the company as on 30/06/2021, and for the 2011 - 2020 period

YEAR	TOTAL LIABILITIES	CAPITAL	VALUE OF ASSETS	REVENUES	OPERATING PROFIT	EBITDA	PROFIT	ANNUAL DIVIDEND
1	2	3	4	5	6	7	8	9
30/06/2021	128.256.302,25	359.846.120,10	488.102.422,35	53.332.739,16	21.265.122,30	21.274.436,52	11.773.602,58	0,00
30/06/2020	138.418.558,33	353.852.960,62	492.271.518,95	49.125.867,87	15.843.835,52	15.867.527,54	7.109.586,24	0,00
30/06/2019	148.705.231,40	331.242.431,41	479.947.662,81	70.860.765,27	23.820.728,04	23.847.458,09	15.374.880,33	8.417.962,00
30/06/2018	152.451.480,22	305.291.785,40	457.743.265,62	66.400.292,04	24.189.844,26	24.231.155,41	16.307.919,50	7.221.240,00
30/06/2017	148.635.775,69	284.842.454,32	433.478.230,01	60.882.086,19	22.414.474,74	22.461.055,73	15.175.086,34	6.016.540,00
30/06/2016	109.454.544,00	225.089.988,45	334.544.532,45	52.178.861,57	19.660.332,39	19.719.640,06	13.650.968,52	4.937.148,00
30/06/2015	135.582.449,17	185.222.056,71	320.804.505,88	52.943.679,14	17.114.584,30	17.162.952,23	11.104.131,04	3.740.790,00
30/06/2014	140.571.098,89	171.392.497,49	311.963.596,38	51.990.594,65	16.267.060,01	16.171.051,03	10.098.757,22	3.740.790,00
30/06/2013	143.828.125,16	156.257.179,19	300.085.304,35	48.648.448,85	15.757.208,14	15.163.931,08	9.524.968,84	3.740.790,00
30/06/2012	147.859.329,10	145.748.085,20	293.607.414,30	45.443.237,36	14.886.389,82	14.552.468,48	8.367.007,92	3.740.790,00
30/06/2011	152.283.384,61	133.915.880,37	286.199.264,98	40.978.324,58	13.512.192,50	13.237.398,15	7.014.753,50	3.740.790,00

A graph of basic performance, as well as Company asset, capital and liability indicators as at 30/06/2021, and for the period 2011 – 2020



FINANCIAL POSITION STATEMENT OF THE COMPANY

30/06/2021 year and comparison with 31/12/2020

ITEM	DESCRIPTION	30/06/2021	31/12/2020	INDEX
		UNAUDITED	REVISED	
A	FIXED ASSETS	443.906.855,50	448.901.984,15	98,89
B	CURRENT ASSETS	44.195.566,85	27.768.063,49	159,16
A+B	TOTAL ASSETS	488.102.422,35	476.670.047,64	102,40
C	SHORT-TERM LIABILITIES	22.013.714,35	22.748.721,19	96,77
D	LONG-TERM LIABILITIES	106.242.587,90	105.848.808,93	100,37
E	TOTAL LIABILITIES	128.256.302,25	128.597.530,12	99,73
F	TOTAL SHARE CAPITAL AND RESERVES	359.846.120,10	348.072.517,52	103,38
E+F	TOTAL CAPITAL AND LIABILITIES	488.102.422,35	476.670.047,64	102,40

OPERATING AND OTHER COSTS

The operating costs for the first half of 2021 amounted to HRK 32,058,302.64 and are lower by 3.61% compared to the same period of the previous business year when they amounted to HRK 33,258,340.33, which is the result of the rationalisation of operating costs and significant intensity of business activities, especially in the tourism sector (hotel, camping and hospitality sectors) in June.

FINANCIAL EXPENSES

Financial expenses in the period observed amount to HRK 1,680,028.48, presenting a slight decrease compared to the first half of 2020, when they amounted to HRK 1,682,229.49.

LIQUIDITY

One of the primary Company goals in the significantly changed business environment and in the absence of the hospitality and tourism industry activities caused by the global COVID-19 pandemic is to maintain its current liquidity for the duration of the global pandemic. The Company is, therefore, undertaking activities to diversify its existing and secure new financing sources to overcome this period, it is trying to minimize

and optimize all of its operating costs, and is actively cooperating with all significant creditors by settling the liabilities they had at the moment of the declaration of the global pandemic.

In addition, in 2020, the Company signed with Erste & Steiermarkische Bank d.d. the Annex to the loan agreement deferring the payment of all liabilities due and liabilities that will become due in the period from 1 April 2020 to 30 April 2021, pertaining to the principal amounts of long-term and short-term loans for a period of one year. Deferral of payments of all liabilities due in respect of the principal of the long-term loans expired in April 2021.

The Company signed with Erste & Steiermarkische Bank d.d. a one-year Agreement on deferral of payment of all liabilities due pertaining to the principal amount of the financial leasing for the period from 1 April 2020 to 31 March 2021, which expired on 1 April 2021.

In June, the Company concluded a Loan Agreement for Permanent Working Capital and a Short-term Limit Agreement with Erste&Steiermarkische Bank d.d. to increase its current liquidity.

SHARE DISTRIBUTION

There was no share distribution in the reporting period.

COLLECTION OF FUTURE REVENUE

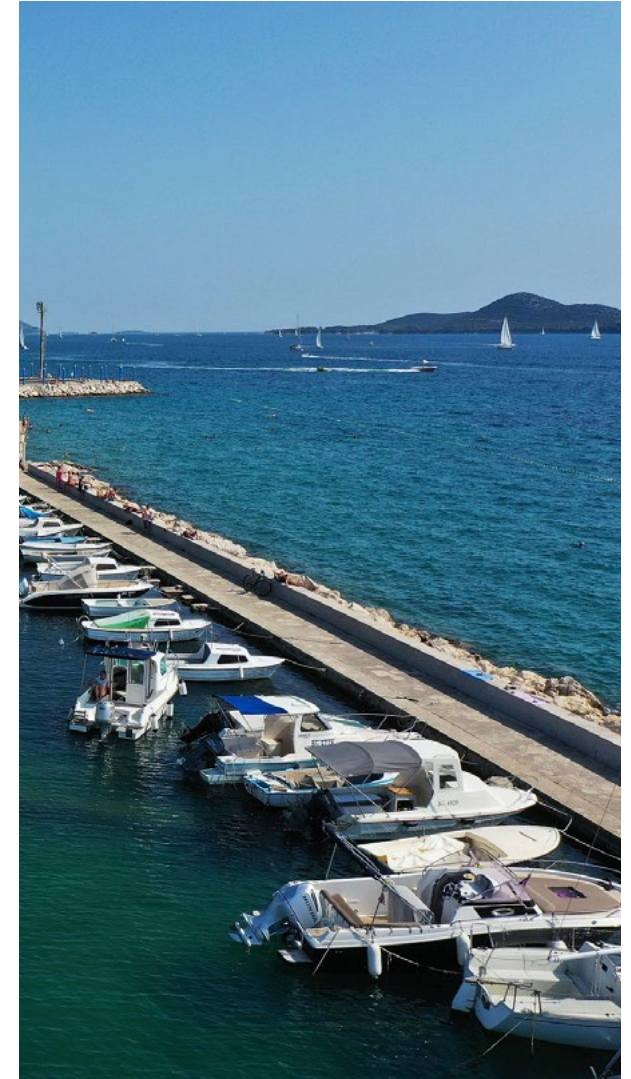
The collection of outstanding receivables and those that are yet to mature has proven to be difficult, to the extent that could affect the Company's financial situation and performance. Therefore, the Company actively monitors and manages both future trade receivables and trade receivables existing at the time when the COVID-19 pandemic was declared. The Company seeks to collect the receivables in the most appropriate manner, taking into account the aggravated circumstances and applying measures of payment in instalments where possible, but it also undertakes compulsory collection measures, including the activation of collaterals to collect its claims.

6 ADDITIONAL INFORMATION

6.1 INVESTMENTS IN 2021

Despite the fact that the business year 2021 continues to proceed under significantly strained conditions due to the global pandemic COVID-19, with extremely adverse effects and consequences on the hospitality and tourism sector, the Company will invest certain funds in the Park Soline camp and the City Galleria Business and Shopping Centre in the second half of the business year, in accordance with the current investment plan.

The purpose of the planned investments in the camping sector is to increase accommodation capacity and quality of the facilities by setting up a new area containing high-quality glamping deluxe mobile homes with the associated infrastructure, landscaping and other related facilities. In the real estate sector, i.e. the City Galleria Business and Shopping Centre, investments will focus on maintaining the existing service and content quality, that is, a partial roof reconstruction – replacing the existing polycarbonate roofing above the centre's external plaza.



6.2 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 (10–12 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, 'Ilirija' Tennis Center: The Company owns approximately 4.9 acres of land in Biograd na Moru within the borders of the Soline Park, where only a smaller portion is used (Ilirija Tennis Center at approximately 25% of the total surface area), which does not generate any income for the Company. Apart from completing the planning documentation for the plot, there is a possibility of building a modern multifunctional medical and tourist hotel recreation center.

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.

6.3 SIGNIFICANT EVENTS

The Supervisory Board, at its session held on 26 February 2021, adopted the Annual Report and the Annual Financial Statements of the Company for 2020, as well as the proposal of the decision on the use of profit, the report of the Supervisory Board on the performed supervision of the Company's operations for the business year 2020, the report of the Management Board on the acquisition of treasury shares in 2020 and the report on the receipts of the members of the Supervisory Board and the Management Board in the previous year. In addition, the Supervisory Board agrees with the proposal of the Management Board that the profit realised in 2020 in the total amount of HRK 1,021,879.54 is allocated to retained earnings, adopted the proposal of a decision to elect a member of the Supervisory Board due to the expiration of his term proposing to re-elect the current President of the Supervisory Board, Mr Goran Medić from Zadar, Ive Senjanina 12C, PIN: 54770742757 as a member of the Supervisory Board for a term of four years commencing on 21 June 2021 and set up the Invitation to the General Assembly.

The Regular General Assembly of the Company was held on 30 April 2021, during which all decisions were adopted with the same contents as proposals contained in the Invitation to the General Assembly, while the agenda was as follows:

- The General Assembly took note of the Annual Report for 2020, comprised of Annual Financial Statements, for 2020 (non-consolidated); that is, of the statement of financial position (balance sheet), income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes to the financial statements. The General Assembly took note of the Statement on the Application of Corporate Governance Code, Company Management Report / Management Board Annual Report on the Company's Situation, Statements by the Company Representation, Company's Auditor Report for 2020, Report of the Supervisory Board on the Performed Supervision of the Company's Operations for 2020, and Management Board's Report on the Acquisition of Own Shares for 2020,
- Decision on the Allocation of Profit of Ilirija d.d. for the business year 2020, based on which the profit realized in the financial year 2020, amounting to HRK 1,021,879.54 after tax, shall be allocated as follows:
- Decision on Granting Discharge to the Company's Management Board,
- Decision on Granting Discharge to the Members of the Supervisory Board for the performed supervision of the Company's business,
- Decision to Elect a Member of the Supervisory Board with which Mr Goran Medić from Zadar, Ive Senjanina 12c, PIN: 54770742757 was re-elected as a member of the Company's Supervisory Board. The term of the Supervisory Board member starts on 21 June 2021 and the member may be re-elected, and
- Decision on the endorsement of the receipts report

In April, the Ministry of Tourism and Sports conducted a regular process of recategorising the "Park Soline" camp, during which it was established that the "Park Soline" camp fully meets the requirements as prescribed by the Ordinance for the four-star camp category, thus all facilities of the Company, except for the Hotel Adriatic, have been categorised into the high-quality accommodation category.

At the meeting held on 27 May 2021, the Supervisory Board gave its consent to the Company Management Board for the conclusion of the Loan Agreement for Permanent Working Capital and the Short-term Limit Agreement with Erste&Steiermarkische Bank d.d. Moreover, at the meeting held on 24 June 2021, the Supervisory Board elected one of its members to be the Chairman of the Supervisory Board. Mr Goran Medić from Zadar, Ive Senjanina 12c, PIN 54770742757, who held this position in the previous term, was re-elected for it.



6.4 OTHER

LEGAL MATTERS

The sentence of the High Commercial Court of the Republic of Croatia from 2016 upheld the sentence of the Commercial Court in Zadar, identifying Ilirija d.d. as the owner of the entire real estate property on Cadastral Plot 3232, in the Cadastral Municipality of Biograd, with a surface area of 48,705 m², namely the "Ilirija Tennis Center" with the surrounding land. Thus, the dispute regarding the ownership right over the "Ilirija Tennis Center" was finally disposed of in favour of the Company.

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 sentence of the Supreme Court of the Republic of Croatia was set aside. The sentence set aside rejected the review of 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 estate "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.

The sentence 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 was adopted, and thus the Act on tourist and other construction land not evaluated in the transformation and privatization process ceased to have effect. The new Act provides for the right of tourism companies to submit an application for leasing construction tourist land of the camp site for a period of 50 years, and the Company has submitted within the prescribed deadline, i.e. in March 2021 the corresponding request with the competent authorities.

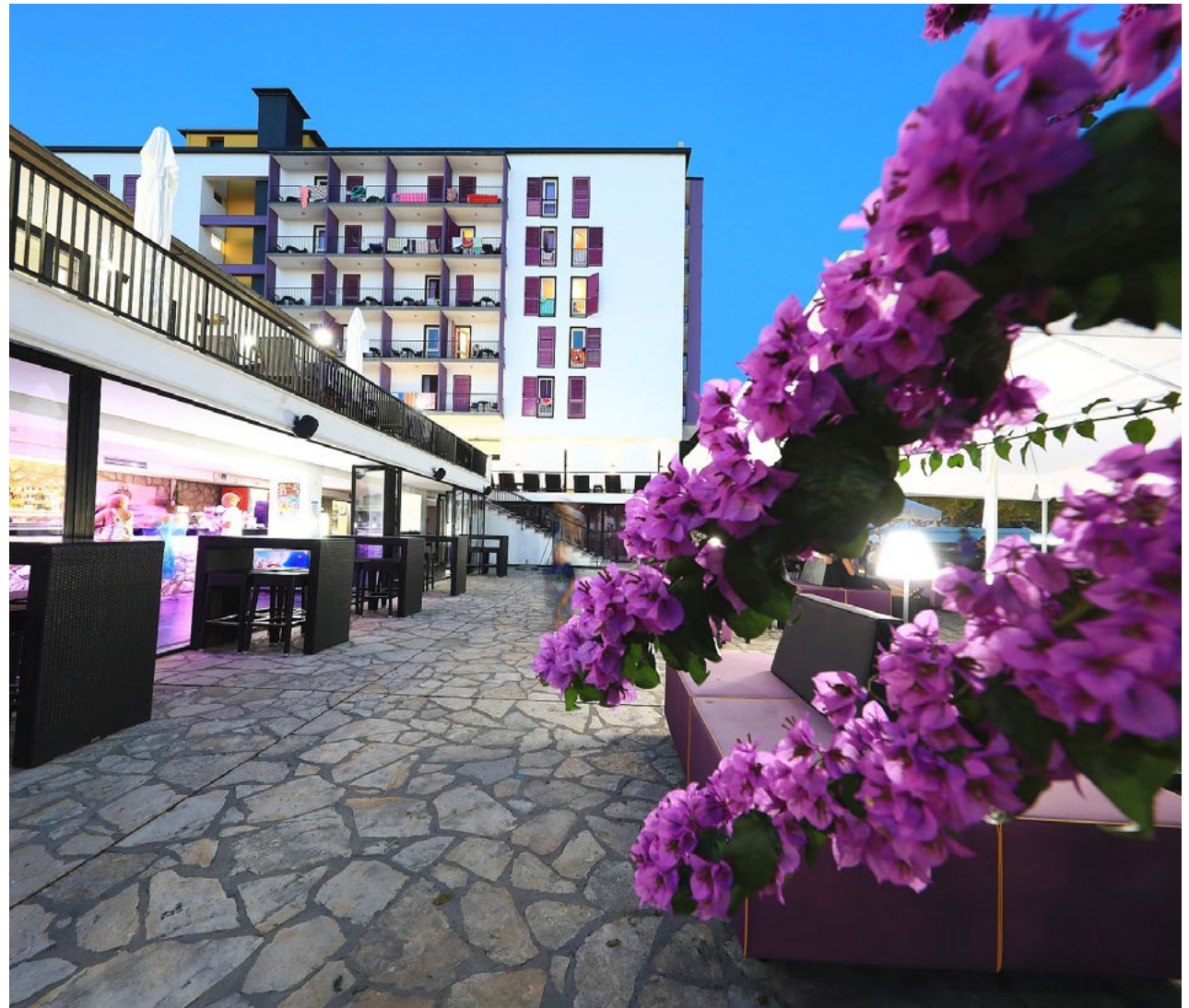
As for the disputes in which the Company participates, both actively or passively, we estimate that such disputes cannot significantly disrupt the Company's business, nor can they cause significant financial expenses for the Company or negatively affect the Company's current and future financial results.

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 2021

In 2021, the world continues to face with a global health crisis caused by the COVID-19 pandemic, which since its declaration by the World Health Organisation on 12 March 2020, has caused the most serious global health crisis in the last several decades, accompanied by a severe impact on economic activities.

Among the most severely affected sectors at the global level are certainly the travel industry, hospitality, tourism and related economic activities, all of which form an integral part of the Company's core business. All of the above affected the Company as well, given that it performs its core activity in the hotel sector, camping sector, nautical sector, a number of smaller hospitality facilities, the destination management sector and a shopping centre.

In light of the discovery and approval of the vaccine at the level of the European Union and key outbound markets of Croatian tourism, which started in the second half of December 2020, and the expected vaccination coverage of a significant portion of the European Union's population, the Company is expecting a slight recovery of tourist demand in 2021 compared to 2020 and more significant business activities in high season, in particular when it comes to traditional European tourism markets, in which the Republic of Croatia is a destination reachable by car. Despite the discovery of the vaccine and the vaccination procedures that have been initiated, the Company is

planning its business activities with due care and responsibility, considering that the recovery depends on a series of factors that the Company cannot control.

The aforementioned will significantly impact the realisation of tourism revenue at the global and national level, and consequently at the level of the Company. As a result, in the circumstances of the COVID-19 pandemic, the Company bases its business development and expectations in 2021 on the principles of corporate responsibility and sustainable business, its primary goal being to preserve and take care of the life and health of guests and employees, ensure long-term business and financial stability of the Company, its assets and capital, as well as to continually preserve business activities and core business performance, as the Company has been doing since the pandemic was declared on 12 March 2020.

In view of the aforementioned and provided that the circumstances will not change significantly in the future as compared to the current, the Company is expecting that the financial performance indicators and profitability indicators in the business year 2021 will be better than in 2020.

However, the Company's achievements in 2021 still depend on its business operation conditions in 2021 in the light of the global COVID-19 pandemic, which

are uncertain and subject to rapid positive or negative changes that might be brought about very quickly:

I Hotel sector

The Company is expecting business operations in the hotel sector during the third and fourth quarters of 2021 to increase in relation to the realizations in 2020, especially during July and August, the main part of the tourist season.

II Camping sector

As for the camping sector, the Company is expecting more significant business activities in 2021 compared to 2020 at the level of all market segments of the camping sector (individuals, mobile homes, fixed lease and lump sums), starting from the second quarter of the business year.

III Nautical sector

In the nautical sector, the Company is expecting the regular nautical activity to continue with the

same business scope as in 2020, i.e. continued provision of vessel accommodation services for approximately 720 vessels at contractual berth, including individual and charter vessels, which generate over three quarters of operating revenue of the nautical sector in the vessel accommodation service segment, i.e. the Marina Kornati. Moreover, the Company expects to continue other business operations within the nautical sector during the remaining business year, despite the epidemiological measures currently in force.

IV Real-estate sector – City Galleria Business and Shopping Center

In 2021 in terms of the real-estate sector, we are expecting our business activity to continue with an adjusted scope of business operation due to current epidemiological measures, which will consequently result in the same level of business achievements as in 2020.



NOTES

The Company has all the permits required for the performance of its activities, such as the decisions on categorization and on meeting 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



8 FINANCIAL STATEMENTS FOR THE PERIOD 01/01 – 30/06/2021

REPRESENTATION LETTER

ILIRIJA d.d.
BIOGRAD NA MORU

Biograd na Moru, 26/07/2021

Statement made by the persons responsible for the preparation of the financial statements for the period from 01/01/2021–30/06/2021

According to Article 403-410 of the Capital Market Act, we declare that:

Financial statements of Ilirija d.d., Biograd na Moru, Tina Ujevića 7, Tax No. OIB: 05951496767, for the period January - June of 2021 have been prepared in accordance with International Financial Reporting Standards and Croatian Accounting Act.

The financial statements give a true and fair view of the financial position of the Company as at 30/06/2021, operating results and cash flows of the Company in accordance with International Financial Reporting Standards.

The Management's Report gives a true overview of operating results and position of the Company as at 30/06/2021

The financial statements for the period from 01/01 to 30/06/2021 have not been audited.

Accounting Manager::
Zorka Strpić

Management Board:
Goran Ražnjević



ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



Annex 1

ISSUER'S GENERAL DATA

Reporting period: 01/01/2021 to 30/06/2021
 Year: 2021
 Quarter: 2

Quarterly financial statements

Registration number (MB): 03311953 Issuer's home Member State code:
 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): 317
 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: (name of the audit firm)
 Certified auditor: (name and surname)

BALANCE SHEET			
balance as at 30/06/2021 in HRK			in HRK
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	454.568.164	443.906.855
I INTANGIBLE ASSETS (ADP 004 to 009)	003	384.055	56.536
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	384.055	56.536
II TANGIBLE ASSETS (ADP 011 to 019)	010	454.145.415	443.812.159
1 Land	011	43.295.283	43.295.283
2 Buildings	012	257.661.253	257.793.818
3 Plant and equipment	013	66.972.477	62.831.564
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	1.689.314	321.986
7 Tangible assets in preparation	017	8.115.489	1.993.287
8 Other tangible assets	018	0	0
9 Investment property	019	76.411.599	77.576.221
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	38.694	38.160
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	38.694	38.160
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	37.448.737	43.895.681
I INVENTORIES (ADP 039 to 045)	038	1.520.370	1.415.468
1 Raw materials and consumables	039	1.520.370	1.415.468
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	17.084.643	6.685.000
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	13.781.644	6.035.969
4 Receivables from employees and members of the undertaking	050	877.236	36.011
5 Receivables from government and other institutions	051	2.197.230	306.523
6 Other receivables	052	228.533	306.497
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	1.041.820	548.490
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	1.041.820	548.490
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	17.801.904	35.246.723
D) PREPAID EXPENSES AND ACCRUED INCOME	064	254.618	299.886
E) TOTAL ASSETS (ADP 001+002+037+064)	065	492.271.519	488.102.422
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	353.852.960	359.846.120
I INITIAL (SUBSCRIBED) CAPITAL	068	229.146.480	229.146.480
II CAPITAL RESERVES	069	2.932.389	2.932.389
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	27.697.949	37.405.212
1 Legal reserves	071	14.677.986	24.077.985
2 Reserves for treasury shares	072	6.975.716	6.975.716
3 Treasury shares and holdings (deductible item)	073	-1.478.432	-1.171.168
4 Statutory reserves	074	0	0
5 Other reserves	075	7.522.679	7.522.679
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 082-083)	083	86.966.556	78.588.436
1 Retained profit	084	86.966.556	78.588.436
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	086	7.109.586	11.773.603
1 Profit for the business year	087	7.109.586	11.773.603
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 089 to 094)	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 096 to 106)	097	106.068.664	106.242.588
1 Liabilities to undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	099	0	0
3 Liabilities to companies linked by virtue of participating interests	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities to banks and other financial institutions	103	106.068.664	106.242.588
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	0	0
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	109	29.118.735	18.990.194
1 Liabilities to undertakings within the group	110	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	0	0
3 Liabilities to companies linked by virtue of participating interests	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities to banks and other financial institutions	115	9.746.367	6.195.375
7 Liabilities for advance payments	116	0	0
8 Liabilities to suppliers	117	13.298.941	6.954.095
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	1.469.356	2.410.354
11 Taxes, contributions and similar liabilities	120	3.430.776	2.269.250
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	1.173.295	1.161.120
E) ACCRUALS AND DEFERRED INCOME	124	3.231.160	3.023.520
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	125	492.271.519	488.102.422
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS					
for the period 01/01/2021 to 30/06/2021					
Submitter: ILIRIJA d.d.					
in HRK					
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	49.102.176	25.503.704	53.323.425	29.591.592
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	45.426.872	22.077.158	48.339.570	27.208.122
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	3.675.304	3.426.546	4.983.855	2.383.470
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	40.334.053	18.735.088	39.879.108	21.430.919
1 Changes in inventories of work in progress and finished goods	008	0	0	0	0
2 Material costs (ADP 010 to 012)	009	9.967.326	4.883.214	11.783.640	7.084.835
a) Costs of raw materials and consumables	010	3.675.475	1.846.582	4.970.145	3.334.178
b) Costs of goods sold	011	0	0	0	0
c) Other external costs	012	6.291.851	3.036.632	6.813.495	3.750.657
3 Staff costs (ADP 014 to 016)	013	15.037.968	7.000.264	14.852.344	7.597.259
a) Net salaries and wages	014	9.134.100	4.312.610	9.209.067	4.718.882
b) Tax and contributions from salary costs	015	3.766.427	1.692.970	3.530.739	1.797.736
c) Contributions on salaries	016	2.137.441	994.684	2.112.538	1.080.641
4 Depreciation	017	7.075.712	3.600.835	7.820.805	3.902.392
5 Other costs	018	6.991.450	3.019.982	5.094.798	2.705.034
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	1.261.597	230.793	327.521	141.399
III FINANCIAL INCOME (ADP 031 to 040)	030	23.692	14.575	9.314	4.699
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	77	14.575	103	48
8 Exchange rate differences and other financial income	038	23.615	0	9.211	4.651
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	1.682.229	1.254.325	1.680.028	879.120
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	0	0
3 Interest expenses and similar expenses	044	1.654.456	1.233.971	1.669.239	872.666

4 Exchange rate differences and other expenses	045	27.773	20.354	10.789	6.454
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	49.125.868	25.518.279	53.332.739	29.596.291
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	42.016.282	19.989.413	41.559.136	22.310.039
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	7.109.586	5.528.866	11.773.603	7.286.252
1 Pre-tax profit (ADP 053-054)	056	7.109.586	5.528.866	11.773.603	7.286.252
2 Pre-tax loss (ADP 054-053)	057	0	0	0	0
XII INCOME TAX	058	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	7.109.586	5.528.866	11.773.603	7.286.252
1 Profit for the period (ADP 055-059)	060	7.109.586	5.528.866	11.773.603	7.286.252
2 Loss for the period (ADP 059-055)	061	0	0	0	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
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				
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				
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
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	7.109.586	5.528.866	11.773.603	7.286.252
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	7.109.586	5.528.866	11.773.603	7.286.252
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 01/01/2021 to 30/06/2021			in HRK
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
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	7.109.586	11.773.603
2 Adjustments (ADP 003 to 010):	002	8.730.245	9.490.147
a) Depreciation	003	7.075.712	7.820.805
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	77	103
e) Interest expenses	007	1.654.456	1.669.239
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	15.839.831	21.263.750
3 Changes in the working capital (ADP 013 to 016)	012	2.834.930	-3.775.836
a) Increase or decrease in short-term liabilities	013	-6.450.904	-10.336.180
b) Increase or decrease in short-term receivables	014	7.186.213	6.597.114
c) Increase or decrease in inventories	015	-1.306.407	-104.902
d) Other increase or decrease in working capital	016	3.406.028	68.132
II Cash from operations (ADP 011+012)	017	18.674.761	17.487.914
4 Interest paid	018	0	0
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	18.674.761	17.487.914
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	51	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	51	0
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-8.325.893	-2.509.430
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	-8.325.893	-2.509.430
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-8.325.842	-2.509.430
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	2.613.547	0
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	2.613.547	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-8.743.552	-1.770.772
2 Cash payments for dividends	041	-2.968	0
3 Cash payments for finance lease	042	-1.654.345	-1.317.719
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	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-10.400.865	-3.088.491
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-7.787.318	-3.088.491
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	2.561.601	11.889.993
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	15.240.303	23.356.730
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	17.801.904	35.246.723

STATEMENT OF CASH FLOWS - Direct method			
for the period 01/01/2021 to 30/06/2021			
in HRK			
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Same period of the previous year 2019	Current period 2020.
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 009 to 011)	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 repayment of loans and deposits	019	0	0
6 Other cash receipts from investment activities	020	0	0
II Total cash receipts from investment activities (ADP 013 to 018)	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
III Total cash payments from investment activities (ADP 020 to 024)	027	0	0
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 019 + 025)	028	0	0
Cash flow from financing activities			
Cash receipts from the increase of initial (subscribed) capital	029	0	0
2 Cash receipts from the 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
IV Total cash receipts from financing activities (ADP 027 to 030)	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 of initial (subscribed) capital	037	0	0
5 Other cash payments from financing activities	038	0	0
V Total cash payments from financing activities (ADP 032 to 036)	039	0	0
C) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 031 + 037)	040	0	0
1 Unrealised exchange rate differences in cash and cash equivalents	041	0	0
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 012+026+038+039)	042	0	0
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	043	0	0
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 040+041)	044	0	0

STATEMENT OF CHANGES IN EQUITY

for the period from 01/01/2021 to 30/06/2021

in HRK

Item	ADP code	Attributable to owners of the parent																	"Minority (non-controlling) interest"	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)	
Previous period																				
1 Balance on the first day of the previous business year	01	229.146.480	2.932.389	14.677.985	6.975.716	1.438.432	0	7.522.679	0	0	0	0	0	0	86.966.556	0	346.783.373	0	346.783.373	
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	229.146.480	2.932.389	14.677.985	6.975.716	1.438.432	0	7.522.679	0	0	0	0	0	0	86.966.556	0	346.783.373	0	346.783.373	
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.021.880	1.021.880	0	1.021.880	
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Other changes in equity unrelated to owners	13	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	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
18 Redemption of treasury shares/holdings	18	0	0	0	0	40.000	0	0	0	0	0	0	0	0	0	0	-40.000	0	-40.000	
19 Payments from members/shareholders	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21 Other distributions and payments to members/shareholders	21	0	0	0	0	-307.264	0	0	0	0	0	0	0	0	0	0	307.264	0	307.264	
22 Transfer to reserves according to the annual schedule	22	0	0	9.400.000	0	0	0	0	0	0	0	0	0	0	-9.400.000	0	0	0	0	
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	229.146.480	2.932.389	24.077.985	6.975.716	1.171.168	0	7.522.679	0	0	0	0	0	0	77.566.556	1.021.880	348.072.517	0	348.072.517	
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																				
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	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 PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.021.880	1.021.880	0	1.021.880	
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	9.400.000	0	-267.264	0	0	0	0	0	0	0	0	-9.400.000	0	267.264	0	267.264	
Current period																				
1 Balance on the first day of the current business year	28	229.146.480	2.932.389	24.077.985	6.975.716	1.171.168	0	7.522.679	0	0	0	0	0	0	77.566.556	0	347.050.637	0	347.050.637	

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	229.146.480	2.932.389	24.077.985	6.975.716	1.171.168	0	7.522.679	0	0	0	0	0	0	77.566.556	0	347.050.637	0	347.050.637
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	11.773.603	11.773.603	0	11.773.603	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
18 Redemption of treasury shares/holdings	45	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	
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	
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
22 Carryforward per annual plane	49	0	0	0	0	0	0	0	0	0	0	0	0	1.021.880	0	1.021.880	0	1.021.880	
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	
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	229.146.480	2.932.389	24.077.985	6.975.716	1.171.168	0	7.522.679	0	0	0	0	0	0	78.588.436	11.773.603	359.846.120	0	359.846.120
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	11.773.603	11.773.603	0	11.773.603	
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	0	0	0	0	0	0	0	0	1.021.880	0	1.021.880	0	1.021.880	

NOTES TO THE FINANCIAL STATEMENTS – PFI

(made for half-year periods)

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

PIN: 0595149676

Reporting period: 01/01 – 30/06/2021**A. Notes on the Company's financial position:****Non-current assets**

The non-current asset value amounts to HRK 443,906,855.50, which constitutes a decrease of HRK 4,995,128.65, or 1.11% compared to the value as at 31 December 2020, when it amounted to HRK 448,901,984.15. An amount of HRK 2,509,430.22 was invested in all sectors of the Company during the first half of 2021. At the same time, the value of non-current assets has been adjusted, which is evident from the depreciation charge in the amount of HRK 7,820,805.46, which has affected the decrease in the value of non-current assets.

Current assets

The current asset value amounted to HRK 44,195,566.85 and increased by HRK 16,427,503.36 or 59.16 %, as compared to the balance as at 31 December 2020, when it amounted to HRK 27,768,063.49. Most of the increase in the current assets is due to the collection of trade receivables in the nautical sector for annual berth use, camping sector for pitches and City Galleria for business premise lease, which are usually invoiced in the first half of the current year and which is reflected in the cash flow increase.

Short-term liabilities

Short-term liabilities amounted to HRK 22,013,714.35, recording a decrease of HRK 735,006.84 or 3.23% compared to the balance as at 31 December 2020, when they amounted to HRK 22,748,721.19. Trade payables and liabilities to credit institutions have been decreased.

Non-current liabilities

Non-current liabilities amounted to HRK 106,242,587.90, constituting an increase of HRK 393,778.97, or 0.37% compared to the balance as at 31 December 2020, when they amounted to HRK 105,848,808.93, due to the purchase of new equipment on the basis of a financial lease.

Equity and reserves

Equity and reserves equalled HRK 359,846,120.10, which represents an increase of HRK 11,773,602.58 or 3.38% compared to the balance as at 31 December 2020, when they amounted to HRK 348,072,517.52.

The increase in the Company share capital and reserves is largely due to the realized profit in the amount of HRK 11,773,602.58.

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

Total revenue generated as at 30 June 2021 amounted to HRK 53,332,739.16, accounting for 54.57% of the total revenue as at 31 December 2020, when it amounted to HRK 97,737,763.82.

Total expenses

Total expenses generated as at 30 June 2021. amount to HRK 41,559,136.58, accounting for 42.97% of the total expenses as at 31 December 2020, when they amounted to HRK 96,715,884.28.

Operating profit

Operating profit generated as at 30 June 2021 amounted to HRK 21,265,122.308, accounting for 0.32% of the operating profit as at 31 December 2020, when it amounted to HRK 21,197,695.74.

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 half-year statement and the last revised annual statement as at 31 December 2020.

D. In the first half of 2021, operating revenue in the amount of HRK 53,323,424.94 was generated, which constitutes a 8.60 % increase, or HRK 4,221,249.09 more compared to the same period of the previous year, when it amounted to HRK 49,102,175.85. The Company's business activities are seasonal. The Company generates most of its revenue in summer. We would like to emphasize the major effect the epidemiological situation has had on revenues and overall business activities in our country as well as the surrounding countries. The tourism sector has most severely been affected by the COVID-19 pandemic. 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.

The revenue of the hotel sector for the first half of 2021 amounted to HRK 2,526,427.51, which constitutes an increase of HRK 128,285.42, or 5.35% compared to the same period of the previous business year. Due to the global COVID-19 pandemic, the expected and planned turnover for the first half of 2021 was mostly not realized at all, which was also reflected in the hotel sector's revenue.

The revenue of the nautical sector for the first half of 2021 amounted to HRK 28,058,561.27, which constitutes an increase of HRK 1,822,567.96, or 6.95 % compared to the same period of 2020. The majority of the revenue was generated by annual berth fees.

The revenue of the camping sector for the first half of 2021 amounted to HRK 11,252,701.20, which constitutes an increase of HRK 2,018,273.77, or 21.86% compared to the same period of last year. Most of the increased revenue was generated by lump-sum guests and an increased number of mobile home pitches on a fixed-term lease.

Revenue from the real-estate sector, i.e. the City Galleria Business and Shopping Centre in the first half of 2021 amounted to HRK 6,349,432.01, constituting a 4.32% decrease, or HRK 286,797.79 less compared to the same period of last year due to a limited scope of business activities caused by the epidemiological situation and adoption of decisions by the competent authorities on restricting or completely banning certain activities, which resulted in a decreased revenue.

On account of the job retention grant by the Government of the Republic of Croatia, including the first half of 2021, the Company has received a grant in the amount of HRK 4,680,830.54. The Company recognised the total amount of the job retention grant as other revenue, in accordance with IAS 20, which also reflected on the profit of the reporting period.

Operating costs for the first half of 2021 amounted to HRK 32,058,302.64, which is a 3.61% decrease, or HRK 1,200,037.69 less compared to the same period of 2020, when they amounted to HRK 33,258,340.33. Financial expenses for the first half of 2021 amounted to HRK 1,680,028.48, which is a 0.13% decrease compared to the same period of the previous year, when they amounted to HRK 1,682,229.49. The depreciation charge for the first half of 2021 amounted to HRK 7,820,805.46, which is a 10.53% increase, or HRK 745,093.65 more compared to the same period of 2020, when it amounted to HRK 7,075,711.81.

Total expenses amounted to HRK 41,559,136.58, recording a decrease of HRK 457,145.05 or 1.09% compared to the same period of the previous year, when they amounted to HRK 42,016,281.63. The operating profit generated by business operations for the first half of 2021 amounted to HRK 21,265,122.30, which constitutes an increase of HRK 5,421,286.76, or 34.22% compared to the same period of the previous year, when it amounted to HRK 15,843,835.52. EBITDA, i.e. earnings before depreciation, interest and taxes, amounted to HRK 21,274,436.52, which constitutes an increase of HRK 5,406,908.98, or 34.08% compared to the same period of the previous year. EBIT, i.e. earnings before interest and taxes was realized in the

amount of HRK 13,453,631.06, recording an increase of 53.02% or HRK 4,661,815.33 compared to the same period of 2020 when it amounted to HRK 8,791,815.73. Profit for the first half of 2021 amounted to HRK 11,773,602.58, recording an increase of HRK 4,664,016.34 or 65.60% compared to the same period of the previous year, when it amounted to HRK 7,109,586.24.

Additional clarifications of individual items can be found in the Company comments, which comprise an integral part of the statement for the first half of 2021.

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 HRK 45,300,221.71 and the foreign market in the amount of HRK 3,039,348.41. The majority of the revenue was generated in the nautical sector in the amount of HRK 28,058,661.27, the camping sector in the amount of HRK 11,252,701.20, the City Galleria in the amount of HRK 6,349,432.01, and the hotel sector in the amount of HRK 2,526,427.51. On account of the job retention grant by the Government of the Republic of Croatia, the Company has received a grant in the amount of HRK 4,680,830.54, which was recognised as other revenue. Total expenses amounted to HRK 41,559,136.58. Business expenses amount to HRK 32,058,302.64. Most of them were incurred in connection to the cost of raw material, other materials and energy, accounting for HRK 4,970,145.45; outsourcing costs, accounting for HRK 6,813,434.76; other operating costs, accounting for HRK 5,422,318.80, and staff costs, accounting for HRK 14,852,343.63.

Point 5 Long-term loans which will become due in the period from 2026 to 2034 amount to HRK 56,815,912.30. Securing payment of mortgages on property.

Point 6 In the period from 1 January to 30 June 2021, the average number of employees was 261.

Point 7 The employee cost presented in the income statement amounted to HRK 14,852,343.63 (net salary being HRK 9,209,067.51, contributions from salaries being HRK 2,549,043.43, the salary tax being HRK 981,695.10, and the contributions to salaries being HRK 2,112,537.59). 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 HRK 334,317.62, which brings the total employee cost to HRK 15,186,661.25. The Company does not capitalise the salary costs.

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

Point 10 The share capital of the Company as at 30 June 2021 amounted to HRK 229,146,480.00, 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.



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