



 *Ilirija d.d.*

FINANCIAL STATEMENTS FOR THE PERIOD 01/01 – 31/03/2021

Biograd na Moru, April 2021



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OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE PERIOD FROM 01/01-31/03/2021

in HRK	I-III 2021	I-III 2020	% of change 2021/2020
Financial indicators			
Total revenues	23.736.210,62	23.607.589,32	100,54
Operating revenues	23.731.831,89	23.598.472,79	100,57
Revenues from sales	21.162.790,77	23.471.333,59	90,16
Operating profit	9.174.726,21	5.479.595,31	167,43
EBITDA	9.179.104,94	5.488.711,84	167,24
EBIT	5.260.691,42	2.013.077,13	261,33
Profit	4.459.776,58	1.585.317,36	281,32
Value of assets	482.304.094,24	482.199.766,84	100,02
Capital	352.532.294,10	348.328.691,74	101,21
Total liabilities	129.771.800,14	133.871.075,10	96,94



KEY INFORMATION FOR THE PERIOD 01/01 - 31/03/2021

1 The first quarter of the business year took place in a climate of the global COVID-19 pandemic together with a significant worsening of the epidemiological situation both on the national and global level compared to the same period of the previous year, and the adoption of a series of measures and recommendations of the competent authorities (international, national and regional) aimed at combating and preventing the spread of the largest public health crisis in the last few decades. The adopted measures and recommendations prohibit or restrict the performance of certain activities, especially in hospitality and tourism, with measures of restricting or completely banning movement, travel and gathering of a larger number of people which, in view of the Company's core activity, hospitality and tourism, significantly affected its business activities and, ultimately, also its business results.

The achieved business results, as usual in the first quarter of the business year, were mostly realized in the nautical and real-estate sectors, while the business results in other tourism sectors that experience low intensity even in regular business conditions in the first quarter, were further exacerbated in the business environment caused by the global pandemic when the activities in those tourism sectors (hotel sector and destination management) were, as expected, completely absent. Considering the business conditions described above, the Company is satisfied with the

achieved results as they were realized in extraordinary circumstances that resulted in a limited scope of business activities or their significant absence. Despite this, the achieved business results enabled the Company to realize its main goals in extraordinary business circumstances, especially the preservation of the Company's stable financial position, preservation of the Company's current liquidity, preservation of the Company's fixed assets and capital, preservation of the Company's business operations and activities, preservation of jobs of existing employees and of their financial situation, and fulfilment of obligations towards creditors.

2 The total revenue realized amounted to HRK 23,736,210.62, which is a 0.54% increase compared to the same period of 2020, when it amounted to HRK 23,607,589.32 as a result of an increase in operating revenues of HRK 23,731,831.89 compared to the same period of the previous year, when it amounted to HRK 23,598,472.79, which is a 0.57% increase.

Analysed by sectors, significant contribution to the realized revenue was achieved in sectors with year-round activity – nautical and real-estate sectors, with restrictions as a direct consequence of decisions adopted by national and regional authorities for the purpose of preventing the spread of the pandemic. The revenue in the nautical sector was realized in the amount of HRK 13,237,021.78, which is a 1% decrease due to

lower realization of daily (transit) berths, other marina services and lack of the revenue in hospitality, which is a direct consequence of the COVID-19 pandemic. Also, the revenue in the real-estate sector amounted to HRK 3,110,161.89, which is an 11% decrease compared to the same period of the previous year as a consequence of operating in a limited scope due to decisions of the competent authorities that prohibit or restrict the performance of certain activities, working hours and the number of persons in a facility.

In the hotel sector, Ilijia Travel destination management company and the hospitality sector, where in regular business conditions significant physical and financial indicators are achieved in the second and third quarters of the business year, the tourism turnover was expectedly absent due to the worsening of the global COVID-19 pandemic, which has additionally affected the realization of the Company's revenue. The camping sector, in which the operational activity starts in the second quarter of the business year, the realized revenue amounted to HRK 4,782,223.56, which is a 12% increase compared to the same period of the previous year, mostly as a result of the revenue from lump sum guests caused by an increase in the number of leased pitches.

3 Total expenses amounted to HRK 19,276,434.04, which is a 12% decrease compared to the same period in

2020 when they amounted to HRK 22,022,271.96 as a consequence of decrease in operating expenses due to absence of business activities and resulting smaller business volume, while financial expenses grew by 87.23% and depreciation by 12.74%.

Operating expenses in the reporting period amounted to HRK 14,557,105.68, which is a 19.66% decrease compared to the same period of 2020 when they amounted to HRK 18,118,877.48, which is a result of rationalization of business activities and decrease in all types of costs, mostly pertaining to other costs and the cost of raw material, materials and energy.

4 The Company's operating profit was recorded in the amount of HRK 9,174,726.21, representing an increase by 67%, whereas profit amounted to HRK 4,459,776.58, which constitutes an increase by 181%. EBITDA was realized in the amount of HRK 9,179,104.94, i.e. it was 67% higher than in the same period of 2020, when it amounted to HRK 5,488,711.84, while EBIT was realized in the amount of HRK 5,260,691.42, constituting an increase of 161.33%. In light of the fact that the Company operated amid the global COVID-19 pandemic coupled with a significant worsening of the epidemiological situation and almost no business activities in most of its tourism sectors, excluding the nautical and real-estate sectors that operated under special conditions and on a lesser scale, the achieved profitability indicators

should be considered a success, especially when taking into account that they recorded significant growth compared to the previous year.

Their growth is partly a result of the job retention grant by the Government of the Republic of Croatia, which the Company received in the amount of HRK 2,497,667.82.

5 The Company asset value equals HRK 482,304,094.24, which represents an increase by HRK 104,327.40 compared to HRK 482,199,766.84 for the same period in the previous business year. Capital increased by 1.21% or HRK 4,203,602.36, i.e. from HRK 348,328,691.74 in the first quarter of 2020 to HRK 352,532,294.10.

6 The Company's total liabilities in the first quarter of the business year amount to HRK 129,771,800.14, representing a decrease by 3.06% or HRK 4,099,274.96 in comparison to HRK 133,871,075.10 for the same period in 2020, which is the result of a reduction in the Company's total credit obligations.

7 The last share price recorded in the reporting period amounted to HRK 170.00, which is a 30.77% growth compared to the last share price in the previous quarter when it amounted to HRK 130.00, and a 1.19% growth compared to the same period of the previous year when the last share price amounted to HRK 168.00.

8 The market capitalisation of the Company within the observed period as calculated using the method based on the last share price amounted to HRK 410,292,960.00, with an increase of 1.19% while the market capitalisation as calculated using the method based on the average share price decreased by 4.73% compared to the first quarter 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 and March 2021, which amounted to a total of HRK 2,497,667.82, i.e. HRK 2,500.00 per employee for the said period.

10 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.



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. Additionally, it should be noted that in April 2021 the Ministry of Tourism and Sports conducted a regular process of recategorizing 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 Continuation of business operations and activities in the Company's sectors and facilities, where possible

We have fully implemented the epidemiological measures in all facilities, our offer is fully in compliance with them and we have taken all necessary measures to protect the health and safety of our employees and guests. The company 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, without more significant business

activities in the first quarter of 2021, opened the Company's largest hotel – hotel Ilirija****. 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 quarter 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, continuation of regular business activities with an adjusted scope of business operation, which contributed to significant business security and stability of the entire Company as regards its year-round business.

5 City Galleria Commercial-Shopping Centre, continuation of business activities with an adjusted business volume, in accordance with the measures and recommendations of competent authorities.

6 The Company's camping sector, i.e. the "Park Soline" camp was opened on 1 April 2021 and the Company, as usual in Croatian camping tourism, expects business activities to start only in the second quarter of the business year.

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 are 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 247 employees as at 31/03/2021, of which 233 are active and have an assigned job position.

V Securing funds for regular salary payments to the Company's employees in 2021

In order to ensure regular salary payments despite the considerably reduced volume of business activities (nautical sector, real estate, i.e. real estate and camping sector) or the complete suspension of business

activities (hotel sector, destination management company Ilirija Travel and hospitality sector), the Company decided to adjust the amount of receipts, as well as salary policy for employees at all levels in accordance with the new circumstances imposed by COVID-19 pandemic, while maintaining the social and material rights of employees. Therefore, net salary adjustments in terms of their reduction were made in the range from 15% to a maximum of 25%, with all salaries in the amount of HRK 5,000.00 net and less remaining the same. In other words, no salary amounts to less than HRK 4,750.00.

The Company eased the above measures by adjusting the receipt of salary by more than 50% i.e. by half, starting with 1 September 2020, which is also the basis for the amount of salaries paid in the first quarter of 2021.

Furthermore, 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 entire first quarter of 2021 (January, February, March), which amounted to a total of HRK 2,497,667.82 for the said period. Despite the fact that the Company's business activities were still strongly affected by the pandemic during the first quarter 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 expires 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 repayment maturity in the summer of 2020 into a medium-term loan of the same amount with a three-year repayment period and a one-year grace period, 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 & Steiermärkische 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 will expire on 31 March 2021. Starting with 1 April 2021, the Company is required to pay 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

The Company will strive to secure the short-term loan limit with Erste & Steiermärkische Bank d.d. in the amount of at least HRK 2,000,000.00 for the entire 2021. At this time, the short-term limit used amounts to EUR 0.3 million (current account overdraft in the amount of EUR 335,000.00), which allows for a realistic limit of EUR 1,700,000.00, i.e. the amount of HRK 12,750,000.00.

X Diversification and securing of new long-term credit lines to overcome the economic effects of the crisis management period resulting from the COVID-19 pandemic

The Company will seek to secure the use of special

credit lines, primarily of Erste & Steiermärkische Bank d.d. commercial bank, or the Croatian Bank for Reconstruction and Development to preserve tourism industry activities of the Company until recovery as another, additional source of financing in order to facilitate current liquidity.

The Company monitors the optimum credit lines independently or through the commercial bank and will at one point submit a request for their use in the amount deemed necessary.

The Company will also closely monitor the possibility of using EU funds that could be granted from support programmes for business activities, such as tourism, that suffered significant damage due to the COVID-19 pandemic.

XI 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.

XII 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.

XIII 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.

XIV Investments for the business year 2021

The Company considers that, for the moment, there are still no conditions for investments, especially in view of the current scope of operations, the results achieved in 2020 and the fact that a significant number of facilities, particularly in the hotel sector, generated no revenues (hotels Kornati, Adriatic and Villa Donat). Therefore, any investments in the construction of new capacities would neither be realistic nor the expected business interests would be realized, given that the business year 2021 will still, in part, be marked by the global COVID-19 pandemic.

Exceptionally, in the second half of the year, in order to maintain the categorisation of facilities, the quality and standards of the existing amenities and services as well as commitments, there is a possibility of performing certain preplanned investments, investment maintenance and regular maintenance, as well as the procurement of additional equipment necessary to replace the existing one.

XV 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.

XVI 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, except for funds which were allocated to it by the Government of the Republic of Croatia in form of job retention grants, which are offered as assistance to the Croatian economy in the context of the COVID-19 pandemic. 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 caused by the COVID-19 pandemic, which has 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 9.924,60m² 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 31/03/2021, the Company invested HRK 632,883,724.70 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 967,839,714.98.

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.



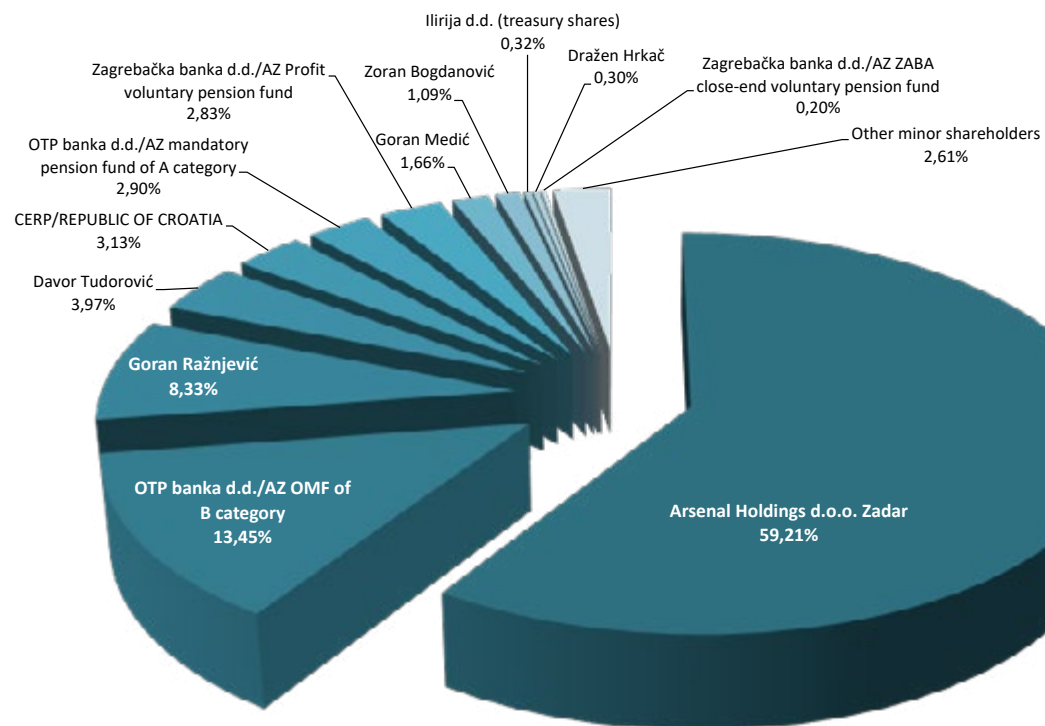
1.6 OWNERSHIP STRUCTURE OF THE COMPANY AND TRADING IN THE COMPANY'S SHARES AT THE ZAGREB STOCK EXCHANGE

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

As at 31/03/2021, there were no significant changes in the ownership structure, while an overview of the major shareholders of the Company as at 31/03/2021 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
CERP/REPUBLIC OF CROATIA	75.616	3,13
OTP banka d.d./AZ mandatory pension fund of A category	69.898	2,90
Zagrebačka banka d.d./AZ Profit voluntary pension fund	68.200	2,83
Goran Medić	40.000	1,66
Zoran Bogdanović	26.216	1,09
Ilirija d.d. (treasury shares)	7.833	0,32
Dražen Hrkač	7.224	0,30
Zagrebačka banka d.d./AZ ZABA close-end voluntary pension fund	4.904	0,20
Other minor shareholders	63.096	2,61
TOTAL	2.413.488	100

OWNERSHIP STRUCTURE OF THE COMPANY AS AT 31/03/2021



TRADING IN COMPANY'S SHARES ON THE CROATIAN CAPITAL MARKET IN THE PERIOD 01/01-31/03/2021

(amounts in HRK)	I-III 2021	I-III 2020	% of change
Total turnover	850,00	435.579,00	-99,80%
Average share price	170,00	178,44	-4,73%
Average turnover per transaction	850,00	18.938,22	-95,51%
Average daily turnover	850,00	36.298,25	-97,66%
Last share price	170,00	168,00	1,19%
Market capitalization*	410.292.960,00	405.465.984,00	1,19%
Market capitalization**	410.292.960,00	430.662.798,72	-4,73%
Number of shares:	2.413.488	2.413.488	

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

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

In the first quarter of 2021, one transaction involving the ILRA share was realised on the capital market, the Zagreb Stock Exchange, with a turnover of HRK 850.00. 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. Compared to the same period in 2020, when the turnover amounted to HRK 435,579.00, this is a decrease of 99.80%, which consequently affected the realisation of the average turnover per transaction and the average daily turnover. Compared to the last share price in the previous quarter, in the first quarter of 2021 there was an increase by 30.77% from HRK 130.00 to HRK 170.00 per share.

In the first quarter of 2021, the last realised share price amounted to HRK 170.00 per share, which is an increase of 1.19% compared to the same period in the previous year when the last realised share price amounted to HRK 168.00, while the average share price decreased by 4.73%.

The market capitalisation of the Company within the observed period as calculated using the method based on the last share price amounted to HRK 410,292,960.00, which is an increase of 1.19% while the market capitalisation as calculated using the method based on the average share price decreased by 4.73% compared to the first quarter of the previous year.

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



1.7 COMPANY BUSINESS MODEL

The Company has been present on the domestic and international tourism 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

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, nautical sector 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. Camp "Park Soline" 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.





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.

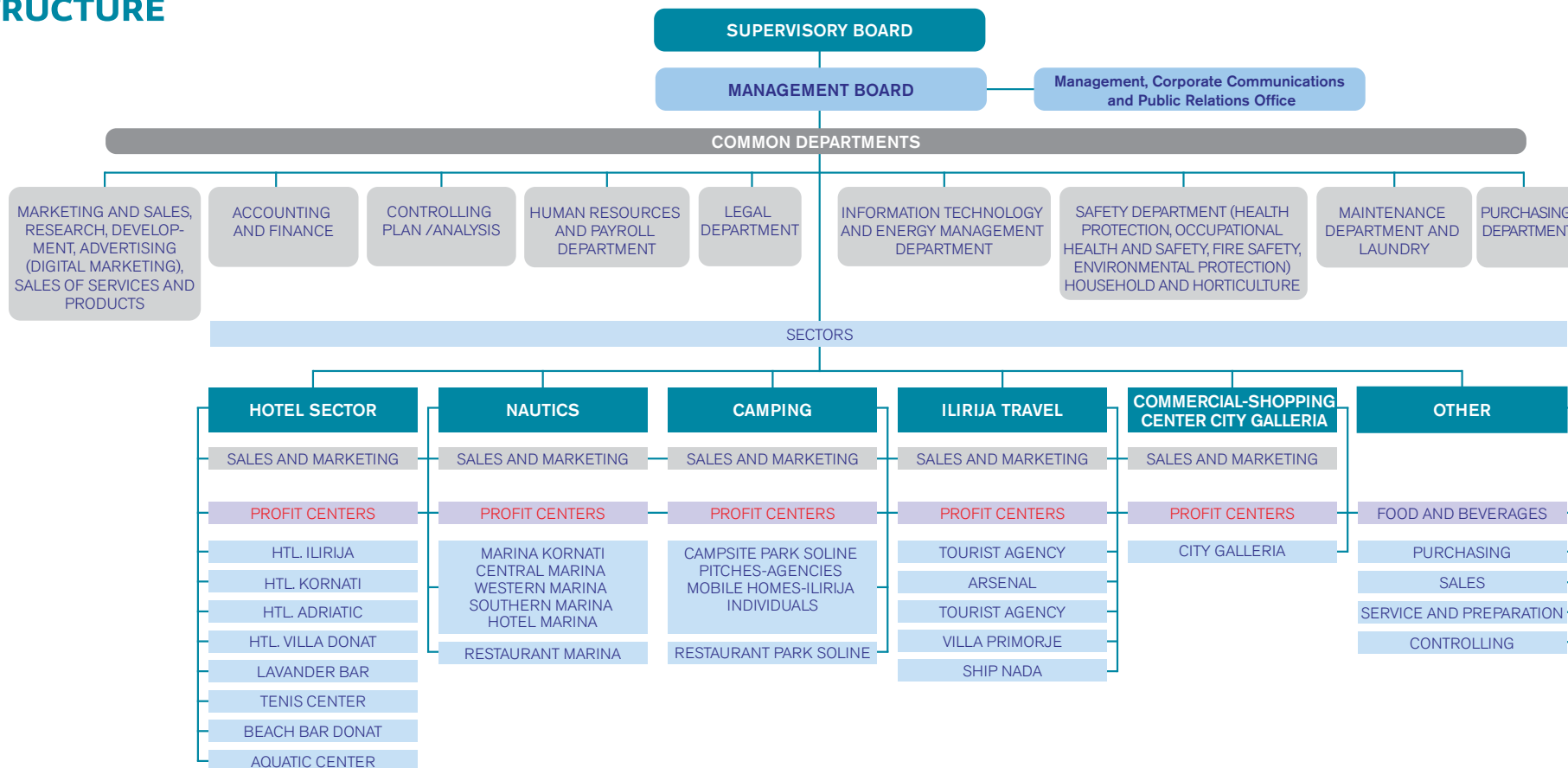
Transparency – in business and communication with all stakeholders of the company while com

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 campsites.

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.





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.).



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



ART GALLERIA

YENI

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, 9,924.60 m² of net rentable area, as well as ancillary rooms and corridors. The occupancy of the centre was 99.99% of total capacities as at 31st March 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

In the first quarter of the business year more significant business activity of the Company, given the nature of its core activity, was, irrespective of the global pandemic, centred around the nautical and real estate sectors given their marked year-round business. The other sectors of the Company (hotel sector, camping, Ilirija Travel destination management company), usually characterised by pronounced seasonality of business, experienced low levels of business activity in the first quarter of the business year, which was additionally emphasized by strained business conditions due to the global pandemic, significant worsening of the epidemiological situation on a national and global level and a number of measures issued by competent authorities and institutions aimed at combating the pandemic which made the provision of services in the hospitality and tourism sectors impossible or extremely difficult. For this reason, their operating results are not shown.

In the reporting period, the Company's nautical sector in the vessel accommodation segment, that is, Marina Kornati, continued its regular business activities, while the City Galleria Business and Shopping Centre performed its business activity within a reduced and adapted business scope in line with the measures issued by national and regional authorities. The operating results achieved in the nautical and real-estate sectors up to the end of the first quarter contributed to the business stability and resilience of the Company in a period when the business activity in the Company's tourism sectors is usually low, which was fur-

ther pronounced by the extraordinary circumstances characterised by the complete absence of business activity.



4.1 NAUTICAL SECTOR – MARINA KORNATI

In the first three months of 2021, despite the pandemic and the general disruption of European and world-wide tourist flows, the Company's nautical sector generated a revenue of HRK 13,087,508.00 in the vessel accommodation segment, i.e. Marina Kornati, in other words, an almost identical revenue as the one in the first quarter of the previous year realised in the amount of HRK 13,127,250.00, which the Company considers a remarkable success considering the circumstances in which the tourism industry operates on a global scale.

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

1 Contracted berths:

- Contracted births individual
- Contracted berths charter

2 Transit berth - vessel arrival

3 Transit berth - vessel overnight stays

4 Port service - crane operations

The start of the calendar year, despite the COVID-19 pandemic, is developing at a satisfactory level in accordance with the Company's expectations in terms of the operational and financial performance of the nautical sector in the vessel accommodation segment. In the first quarter of 2021, 316 agreements for the use of berths were concluded, of which 294 were agreements

for individual vessels, which is 3% less compared to the same period of the previous business year. In the first quarter of 2021, 2% fewer berth use agreements were concluded in total, with the said decrease referring exclusively to individual vessels, while the number of contracted charter vessels is slightly higher compared to the same period in 2020. Revenues from contracted berths amounted to HRK 12,199,157.00, accounting for 93% of the total revenue of Marina Kornati, realised in the amount of HRK 13,087,508.00, which secures the stability of the nautical sector and ultimately the business stability of the Company in the first quarter of 2021.

For many years now, based on its planned operations via the practice of charging for the use of contracted berths to individual users, that are automatically extended upon payments for sent quotes, Marina Kornati has been providing stable revenues of the Company's nautical sector even in extraordinary business circumstances. If an individual user, whose vessel is moored at a contracted berth, intends to extend their berth use agreement in the new nautical season, the user is obliged to pay the service fee by 31 March of the current year. For charter companies, the deadline to conclude agreements arrives much earlier since the plan for the next nautical year is made based on written statements provided until 1 September of the current year, which further ensures the stability of the business of Marina Kornati. Consequently, the revenue

from contracted berths is the main item of the revenue of Marina Kornati generated in the amount of HRK 12,199,157.00 in the first three months, which accounts for 93% of the total revenue of Marina Kornati.

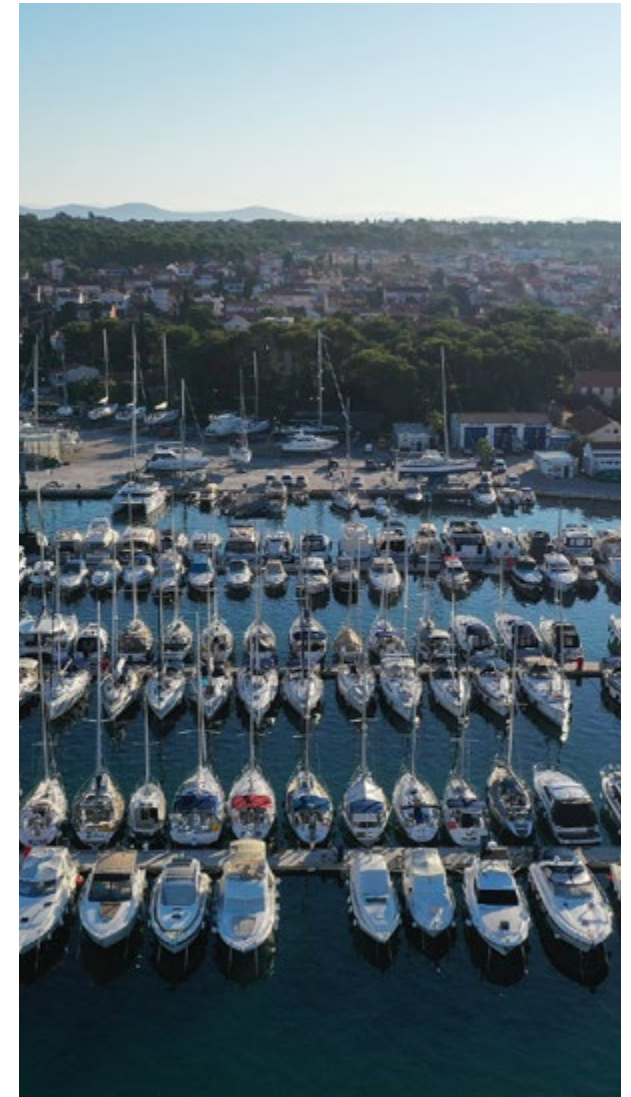
The revenues such as daily berths, port service, parking are in decline; however, their impact on the revenue of the Marina Kornati within the said period is negligible. In addition, the revenue generated by the nautical fair and events in this period are almost minimal since this is a period of planning and contracting, therefore the realisation of revenues can be expected in the upcoming period. The revenue of Marina Kornati realised from the above-mentioned items for the first quarter of 2021 amounts to HRK 888,351.00 and accounts for 7% of its total achieved revenue.

The physical traffic of transit vessel arrivals for the first three months remains at the level achieved in 2020, while overnight stays of transit vessels have increased by almost 20%. Although the revenue from daily (transit) berths in the period up to the first quarter of the current year is lower, considering that some vessels are still in transit, and their services will be invoiced only after they have been realised.

In the reporting period, 629 port service operations were carried out (vessel lifting, lowering and washing), which was approximately a 11 % decrease compared to

the same period in 2020, when 568 port service operations were carried out. However, servicing revenue, as well as revenue from daily berths, i.e. transits, are 27% lower due to the fact that they relate to vessels moored at servicing transit berths, for which no invoices are issued prior to their departure. Therefore, in the revenue segment of transit vessels, a decrease can also be seen as future revenue increase depending on the day of departure of a vessel.

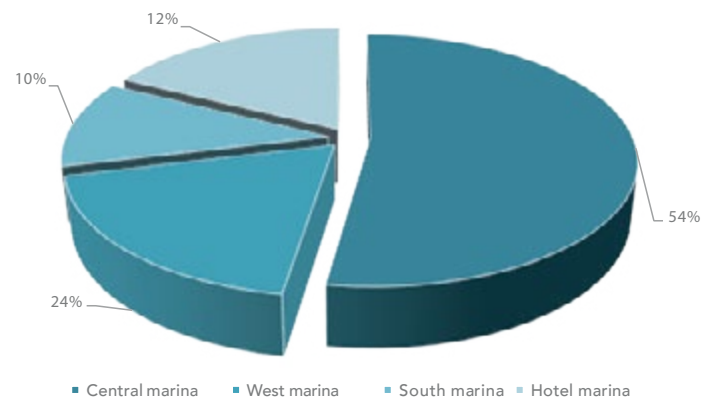
Despite the unfavourable epidemiological circumstances at the end of the first quarter of the business year and the uncertainties associated with the further progression of the pandemic, the Company is of the opinion that given the specifics of the nautical sector, such as high guest loyalty, proximity to key destinations and the perception of reduced health risks for guests given that most services are provided outdoors, in the absence of any additional market disruptions associated with the global pandemic, it can continue to manage the activities of the nautical sector well 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

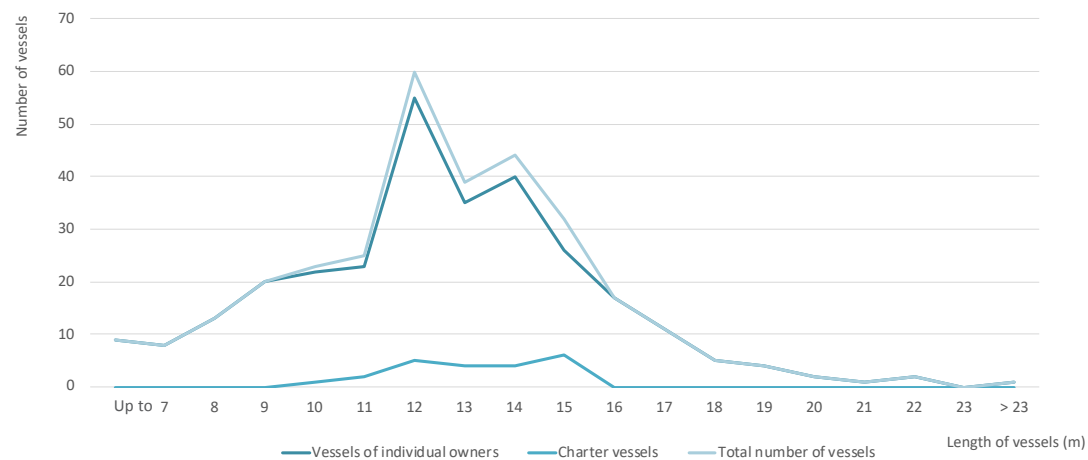
% Share of individual marina (number of berths)



Vessels on berth contract for the period from 01/01 to 31/03/2021 and comparison with the same period in 2020

Purpose	Type of berth	Position of berth	01/01-31/03	% Total	01/01-31/03	% Total	Index
			2021	Vessels	2020	Vessels	
VESSEL OF INDIVIDUAL OWNERS	Annual berth in the sea	Central aquatorium	233	74	239	74	97
		South aquatorium	33	10	34	10	97
		Western aquatorium	1	0	1	0	100
		Hotel port	22	7	24	7	92
	Annual berth on the land	Marina land	3	1	4	1	75
	Seasonal berth in the sea	Marina aquatorium	1	0	1	0	100
		Hotel port	1	0	0	0	#DIV/0!
	Total individual vessels:			294	93	303	94
CHARTER VESSELS	Annual berth in the sea	Central aquatorium	8	3	10	3	80
		South aquatorium	0	0	0	0	#DIV/0!
		Western aquatorium	14	4	11	3	127
		Hotel port	0	0	0	0	#DIV/0!
	Total charter vessels:			22	7	21	6
Total vessels 2021:			316	100	324	100	98

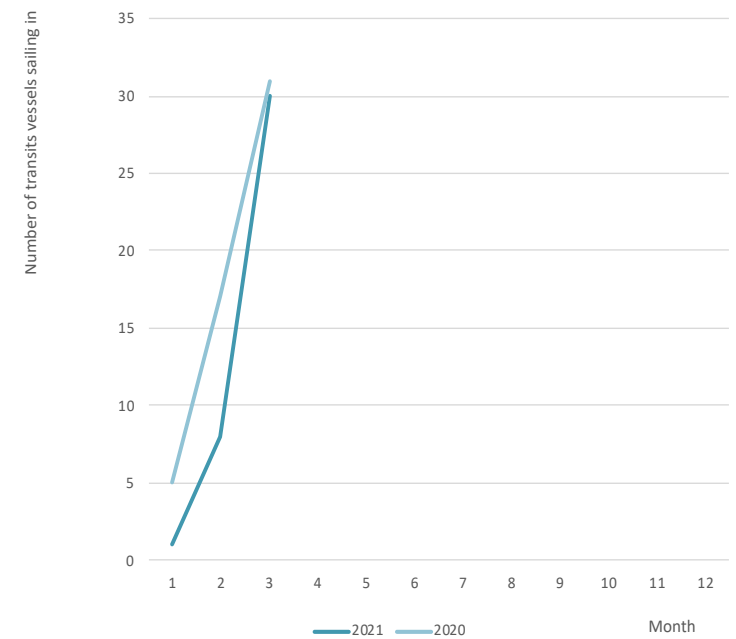
Vessels on berth contract in period from 01/01 - 31/03/2021



Transit berth – inbound vessels sailing into the port in the period from 01/01 to 31/03/2021 and comparison with the same period in 2020

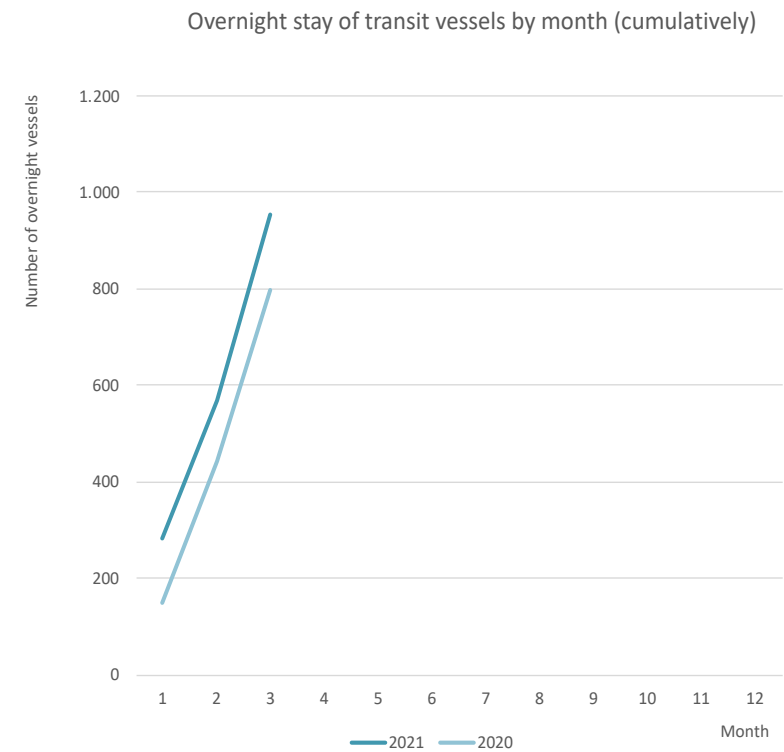
2021	Individually monthly			Cumulatively monthly		
	2021	2020	INDEX	2021	2020	INDEX
Month	2021/2020			2021/2020		
1	1	5	20	1	5	20
2	7	12	58	8	17	47
3	22	14	157	30	31	97
4						
5						
6						
7						
8						
9						
10						
11						
12						
Total 2021	30					
Total 2020	31					
Index 2021/2020	97					

Sailing in of transit vessels by months (cumulatively)



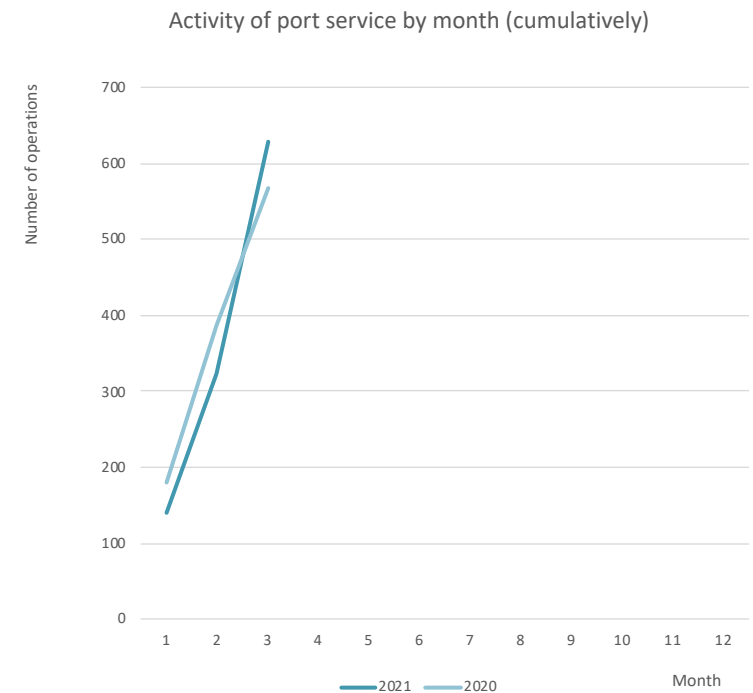
Transit berth – vessel overnight stays in the period from 01/01 to 31/03/2021 and comparison with the same period in 2020

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						
5						
6						
7						
8						
9						
10						
11						
12						
Total 2021	954					
Total 2020		797				
Index 2021/2020			120			



Activities of port services in the period from 01/01 to 31/03/2021 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			#DIV/0!			#DIV/0!
5			#DIV/0!			#DIV/0!
6			#DIV/0!			#DIV/0!
7			#DIV/0!			#DIV/0!
8			#DIV/0!			#DIV/0!
9			#DIV/0!			#DIV/0!
10			#DIV/0!			#DIV/0!
11			#DIV/0!			#DIV/0!
12			#DIV/0!			#DIV/0!
Total 2021	629					
Total 2020	568					
Index 2021/2020		111				



Revenue generated by the Marina Kornati for the period from 01/01 to 31/03/2021 individually 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										114.911	154.769	74
II	Contracted berth with accessories	3.033.918	7.590.522	1.574.717										12.199.157	11.982.899	102
III	Port service	126.180	183.749	339.050										648.979	892.423	73
IV	Vehicle parking		1.240	6.581										7.821	10.621	74
V	Other services	378	8.870	103.792										113.040	62.201	182
VI	Business cooperation													0	0	#DIV/0!
VII	Boat fair and events			3.600										3.600	19.337	19
TOTAL:		3.185.072	7.803.742	2.098.694										13.087.508	13.127.250	100

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										154.769	93.435	166
II	Contracted berth with accessories	4.052.194	6.716.752	1.213.953										11.982.899	13.502.996	89
III	Port service	447.000	222.908	222.515										892.423	726.639	123
IV	Vehicle parking	1.029	6.456	3.136										10.621	22.772	47
V	Other services	10.772	47.371	4.058										62.201	-4.223	(1,473)
VI	Business cooperation	0	0	0										0	7.410	-
VII	Boat fair and events	2.277	17.060	0										19.337	12.459	155
TOTAL:		4.546.172	7.057.259	1.518.819										13.127.250	14.361.488	91

4.2 CITY GALLERIA BUSINESS AND SHOPPING CENTER

City Galleria Business and Shopping Centre is located in a heavily residential area in the immediate centre of Zadar, just a ten-minute walk from the old city centre. With numerous new residential, business and commercial projects, the entire urban area is turning into a new central zone, which will have 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 gross surface area of the building consists of an underground garage of 10,863.50 m², net rentable area of 9,924.60 m², and communication, technical and common areas. The Centre's offer consists of a large number of various facilities with a wide range of goods and services, which are available to the visitors every day. By purchasing the business premises in the neighbouring Phase 1 of the Zadar Shopping Centre facility, the Company secured an additional 142.13 m² of business premises intended for lease.

The extraordinary circumstances, in which domestic and foreign markets unfortunately 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 nationwide. The possibility of re-opening gyms and fitness centres was approved by amending a part of the provisions of said decision as of 15 February 2021. Until 31 March 2021, the hospitality facilities of the centre were not 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 so 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.

The Decision on Introducing Specific Work Organisation for Trade Carried out in Stores and Shopping Centres of 10 December 2020, introduced the restriction to the number of visitors in shopping centres, resulting in an additional decline in the number of visitors, as well as a drastic decline 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 within the common premises of the facility from operating. As of 31 March 2021, a new extension of the application of said Decision entered into force for the period until 15 April 2021.

Disruptions in business operations caused by the global coronavirus pandemic have greatly affected all tenants of the City Galleria Business and Shopping Centre. The Company continues to communicate regularly with its tenants during this period, and to respond in a timely manner to inquiries and requests relating to possible short-term changes or adjustments to commercial terms, depending on the applicable restrictions relating to the ability of certain industries to operate and the number of visitors allowed. This approach has alleviated the challenges caused by the current situation for the tenants of the Centre, and has helped maintain the existing Lease Agreements, as a key goal.



Despite the listed negative indicators and epidemiological measures, the City Galleria business premises maintained a high occupancy rate in the first quarter of 2021. As at 31 March 2021, the occupancy of the centre was 99.99% of all capacities. 39 commercial lease agreements were active, with a surface area ranging from 9,80 m² to 1.836 m². The number of active lease agreements for business premises was increased following the purchase of 3 business premises in December 2020, with a total surface area of 142.13 m² located within the neighbouring office building Phase 1 of the Zadar Shopping Centre.

Business revenue of the City Galleria Centre, generated in the first quarter of 2021 through lease of commercial premises, common charges, use of common areas of the centre, lease of advertising space, garage revenues and lease of business premises in Phase 1 of the Centre amount to HRK 3,067,827.09, while in the same period of 2020 they amounted to HRK 3,461,602.80, which accounts for 88.62%. The decline in rent revenues was mostly caused by the absence of additional rent in January, calculated based on the realised net turnover of tenants in 2020 due to the underperformance of individual tenants' businesses compared to 2019 and lowered commercial terms of lease for business premises granted to tenants whose business operations were suspended or significantly restricted compared to their regular business circum-

stances. In the above mentioned period 63,10% of business revenue, i.e. HRK 1,962,534.20, was generated from lease of commercial units. The average lease per square metre amounted to EUR 8.95, or around HRK/m² 67.72, for the period in question.

The lockdown in the first quarter of 2021, as well as long-term restrictions of movement and the total number of visitors in stores and shopping centres, along with ban on operation for hospitality and sports facilities, have all resulted in a significant decline in the number of visitors to the City Galleria Centre. The occupancy of the public underground garage of the centre during the first three months decreased by 12.61% in 2021 and amounted to 144,355 vehicles, while in 2020 it amounted to 165,185 vehicles.

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 development of events 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 con-

tinues to care for own property and the property of our business partners. The primary goal of the Company, in the current difficult epidemiological circumstances, is to preserve the health of all employees and visitors, its business stability and, following the expected normalisation of the circumstances, to proceed with the full-scale business processes.

Business revenue of the business and shopping centre City Galleria in Zadar for the period from 01/01- 31/03/2021 and a comparison with the same period in 2020

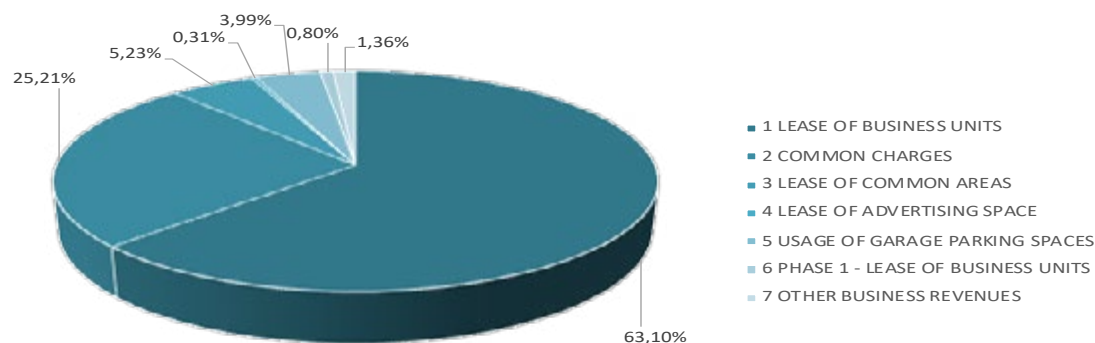
DESIGNATION	DESCRIPTION	NUMBER OF ACTIVE CONTRACTS	SURFACE AREA (m ²)	REVENUES 01-03/2021	%	REVENUES 01-03/2020	%	INDEX 2021/2020
1.	LEASE OF BUSINESS UNITS	36	9.924,60	1.962.534,20 kn	63,10%	2.338.177,02 kn	66,88%	84
2.	COMMON CHARGES	36	7.178,18	784.147,51 kn	25,21%	798.949,05 kn	22,85%	98
3.	LEASE OF COMMON AREAS	23	1.005,00	162.586,41 kn	5,23%	171.722,82 kn	4,91%	95
4.	LEASE OF ADVERTISING SPACE	8	121,18	9.532,29 kn	0,31%	9.532,28 kn	0,27%	100
5.	USAGE OF GARAGE PARKING SPACES	410***	10.863,50	124.012,49 kn	3,99%	143.221,63 kn	4,10%	87
6.	PHASE 1 - LEASE OF BUSINESS UNITS	2	142,13	25.014,19 kn	0,80%	0,00 kn	0,00%	0
REVENUES:				3.067.827,09 kn	98,64%	3.461.602,80 kn	99,01%	89
7.	OTHER BUSINESS REVENUES			42.334,80 kn	1,36%	34.663,25 kn	0,99%	122
TOTAL REVENUES				3.110.161,89 kn	100,00%	3.496.266,05 kn	100,00%	89

* total net leasable surface area

** total net leasable area for calculation of common expenses

*** number of parking spaces in the garage

OPERATING REVENUES 01-03/2021



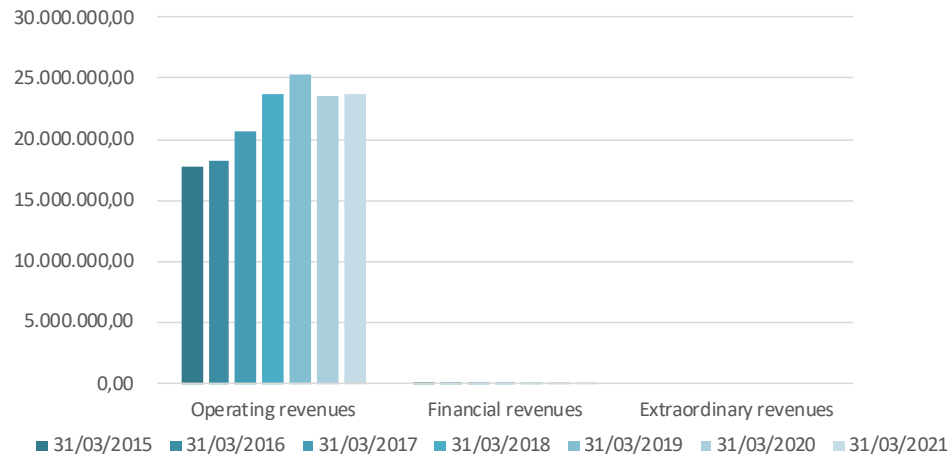
5 FINANCIAL OPERATING RESULTS OF THE COMPANY

5.1 FINANCIAL PERFORMANCE OF THE COMPANY

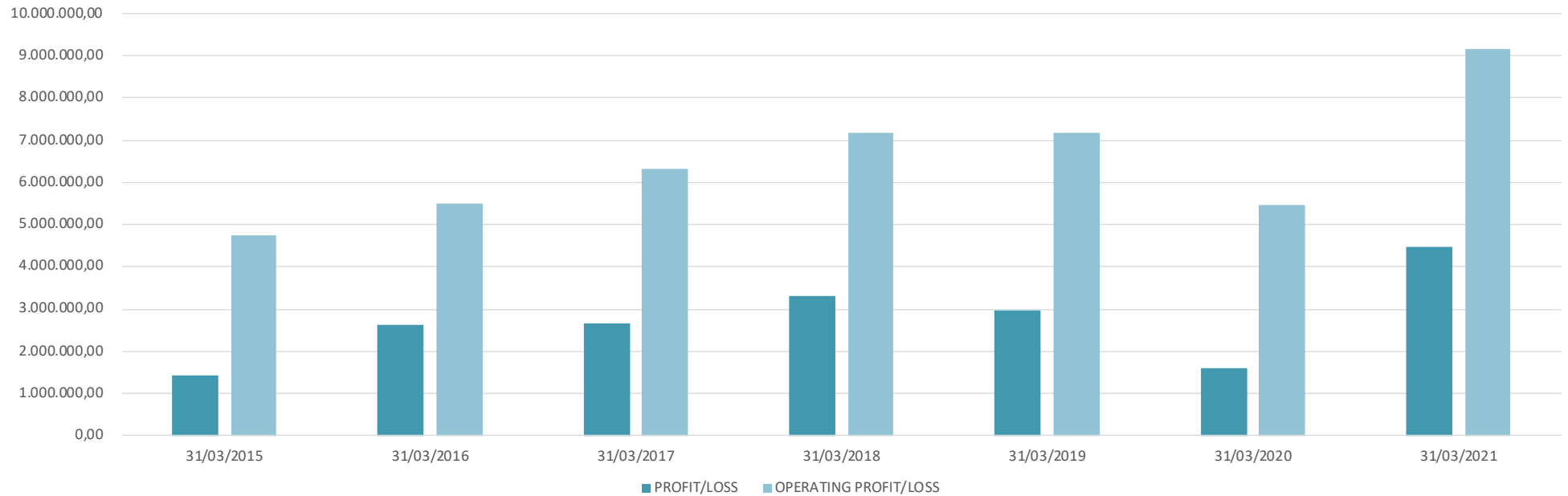
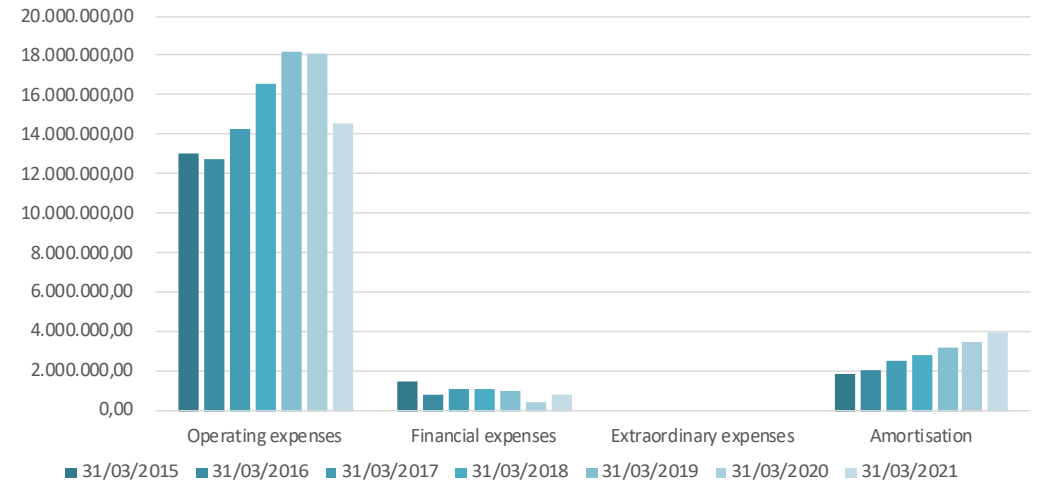
Overview of financial performance for the period from 01/01 - 31/03/2021 and a comparison with the same period from 2015 to 2021

DESCRIPTION	31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020	31/03/2021	Index 2021/2020
Operating revenues	17.749.574,00	18.265.476,75	20.642.372,56	23.749.772,28	25.330.248,15	23.598.472,79	23.731.831,89	100,57
Financial revenues	18.368,65	30.689,62	23.419,38	22.186,19	13.944,49	9.116,53	4.378,73	48,03
Extraordinary revenues	0,00	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
TOTAL REVENUES	17.767.942,65	18.296.166,37	20.665.791,94	23.771.958,47	25.344.192,64	23.607.589,32	23.736.210,62	100,54
Operating expenses	12.990.237,64	12.756.687,07	14.317.916,72	16.561.149,13	18.159.456,24	18.118.877,48	14.557.105,68	80,34
Financial expenses	1.488.006,30	848.451,04	1.121.027,66	1.101.937,91	1.031.239,46	427.759,77	800.914,84	187,23
Extraordinary expenses	0,00	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	1.867.554,69	2.056.495,32	2.551.211,77	2.788.869,12	3.199.224,00	3.475.634,71	3.918.413,52	112,74
TOTAL EXPENSES	16.345.798,63	15.661.633,43	17.990.156,15	20.451.956,16	22.389.919,70	22.022.271,96	19.276.434,04	87,53
PROFIT/LOSS	1.422.144,02	2.634.532,94	2.675.635,79	3.320.002,31	2.954.272,94	1.585.317,36	4.459.776,58	281,32
OPERATING PROFIT/LOSS	4.759.336,36	5.508.789,68	6.324.455,84	7.188.623,15	7.170.791,91	5.479.595,31	9.174.726,21	167,43
EBITDA	4.777.705,01	5.539.479,30	6.347.875,22	7.210.809,34	7.184.736,40	5.488.711,84	9.179.104,94	167,24

REVENUES 2015-2021



EXPENSES 2015-2021



1

Total revenues in the first quarter of 2021 amount to HRK 23,736,210.62, and show a 0.54% increase compared to the same period in 2020.

Operating revenue for the period observed amounts to HRK 23,731,831.89 and, compared to the same period in the previous year, it has increased by 0.57% due to other revenues.

Revenue from sales is HRK 21,162,790.77, which is 9.84% lower than the first quarter of the previous year when it amounted to HRK 23,471,333.59 due to a 34% drop in revenue from sales on the foreign market and an 8% drop from sales on the domestic market. Revenue from sales represents 89.17% of operating revenue and 89.16% of total revenue.

2

Total expenses amount to HRK 19,276,434.04 and, compared to the same period in 2020, they show a 12.47% decrease due to a 19.66% decrease in operating expenses.

Operating expenses in the period observed amount to HRK 14,557,105.68 and they are by HRK 3,561,771.80

lower compared to the first quarter of the previous business year due to a decline in business operations.

3

Operating profit from the Company's business activities amounts to HRK 9,174,726.21, and shows a 67.43% increase compared to the same period in 2020.

Profit for the reporting period amounts to HRK 4,459,776.58, which is an increase of 181.32% or HRK 2,874,459.22 as a result of a growth in total revenues and a significant decrease in total expenditure.

EBITDA, i.e. earnings before depreciation, interest and taxes, has been generated in the amount HRK 9,179,104.94, and shows a 67.24% increase compared to the same period in the previous year.

EBIT, i.e. earnings before financing expenses, has been generated in the amount HRK 5,260,691.42, and shows a 161.33% increase, i.e. an increase of HRK 3,247,614.29.

In the first quarter of the business year, and in the business circumstances resulting from the most extensive global health crisis with significant adverse effects on travel, hospitality and tourism industries, the Company achieved positive results and growth of all key operational indicators of business profitabili-

ty (operating profit, profit, EBITDA and EBIT). These results contributed to the business stability of the Company in the period in which its operational activities were reduced to the nautical sector and the real-estate sector whose operations were limited due to the decisions of competent national and regional authorities for the purpose of combating the pandemic. In addition, the camping sector, although it generally starts operating in the second quarter of the business year, as is usual for the Croatian camping tourism, contributed to the achieved positive profitability indicators with a significant increase in lump sum revenues. The business activities of other sectors (hospitality, Ilirija Travel destination management company), already experiencing low intensity in the first quarter of the reporting period were significantly absent due to the epidemiological circumstances, which makes the achieved performance indicators of the Company far more significant. It is important to note that the profit of these indicators is partly the result of the support given out by the Government of the Republic of Croatia aimed at job retention, which company received throughout the first quarter of 2021 in the amount of HRK 2,497,667.82.

Financial report of the Company as at 31/03/2021 and a comparison with the same period in 2020 and 2019

REVENUES	2019	2020	INDEX 2020/2019	2021	INDEX 2021/2020
Revenue on the domestic market	23.437.699,60	22.008.526,42	94	20.193.458,96	92
Revenues on foreign market	1.698.007,75	1.462.807,17	86	969.331,81	66
Other operating revenues	194.540,80	127.139,20	65	2.569.041,12	2.021
OPERATING REVENUES	25.330.248,15	23.598.472,79	93	23.731.831,89	101
FINANCIAL REVENUES	13.944,49	9.116,53	65	4.378,73	48
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL REVENUES	25.344.192,64	23.607.589,32	93	23.736.210,62	101
EXPENSES					
Raw material and material costs	2.478.813,06	1.828.781,54	74	1.633.326,69	89
Costs of services	3.245.095,81	3.251.777,24	100	2.951.316,67	91
Gross pays	8.003.552,76	8.037.704,00	100	7.255.084,59	90
Other expenses	4.431.994,61	5.000.614,70	113	2.717.377,73	54
TOTAL EXPENSES	18.159.456,24	18.118.877,48	100	14.557.105,68	80
AMORTISATION	3.199.224,00	3.475.634,71	109	3.918.413,52	113
FINANCIAL EXPENSES	1.031.239,46	427.759,77	41	800.914,84	187
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL EXPENSES	22.389.919,70	22.022.271,96	98	19.276.434,04	88
PROFIT/LOSS	2.954.272,94	1.585.317,36	54	4.459.776,58	281
OPERATING PROFIT/LOSS	7.170.791,91	5.479.595,31	76	9.174.726,21	167
EBITDA	7.184.736,40	5.488.711,84	76	9.179.104,94	167

REVENUES BY ACTIVITIES:

The nautical sector revenues amount to HRK 13,237,021.78 and are slightly lower, i.e. 1% lower compared to the same period in 2020 as a result of the expected lower realisation of revenues in the segments of vessel accommodation at daily berths, parking, port service, catering and nautical events due to the impact of the global pandemic on the tourism industry, i.e. the hindered freedom of movement and travel, which mostly affected the daily (transit) berths in the nautical sector.

Revenue from the camping sector amounted to HRK 4,782,223.56, which is a 12% increase in the revenue from lump sum guests caused by an increase in the number of leased mobile home pitches.

Revenue from the real estate sector, i.e. the City Galleria Business and Shopping Center amounted to HRK 3,110,161.89, constituting a 11% decrease compared to the same period in 2020 due to a limited scope of business activities caused by significant worsening of the epidemiological situation and decisions of the competent authorities on restricting or completely banning certain activities, which resulted in a decreased revenue.

Revenue from the hotel sector and other activities, including Ilirija Travel, Arsenal, "Nada" event boat, Villa Primorje, hospitality sector and other profit centres, was generated in the amount of HRK 104,756.84, which constitutes a 96% decrease compared to the same period of the previous business year, as a consequence of cancellations of already-made bookings and absence of new bookings due to a worsened epidemiological situation at the national level and in the key outbound markets of the hotel sector and the destination management company / DMC Ilirija Travel, resulting in an expected and significant absence of business activities.

Additionally, the Company, on account of the job retention grant by the Government of the Republic of Croatia, as at the end of the first quarter of 2021 received a grant in the amount of HRK 2,497,667.82.

TOTAL: Operating revenue per activity amounts to HRK 23,731,831.89, and it has increased by 1% 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 31/03/2021

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 31/03/2021 amounts to HRK 482,304,094.24, showing an increase of HRK 104,327.40 compared to the same period in 2020, when it was HRK 482,199,766.84, and its increase is a result of an increase in profit in 2021.

The value of the Company's assets has increased from HRK 279,971,568.40 in 2011 by HRK 202,332,525.84 or 72.27% and it amounts to HRK 482,304,094.24.

2

The Company's total liabilities amount to HRK 129,771,800.14, dropping by HRK 4,099,274.96 or 3.06% compared to HRK 133,871,075.10 for the same period in 2020, as a result of a reduction in current liabilities of the Company.

Total liabilities of the Company as at 31/03/2021 are lower by HRK 18,362,439.93 or 12.39% compared to

total liabilities of the Company as at 31/03/2011 when they amounted to HRK 148,134,240.07.

3

Equity and reserves of the Company as at 31/03/2021 amounted to HRK 352,532,294.10, recording an increase of HRK 4,203,602.36 or 1.21% compared to the same period in 2020 when they amounted to HRK 348,328,691.74.

Comparing equity and reserves of the Company as at 31/03/2021, they increased by HRK 220,705,106.36 or 167.42% compared to the same the same period in 2011, when they amounted to HRK 131,827,187.74.

4

Total revenues of the Company amount to HRK 23,736,210.62, recording an increase of HRK 128,621.30 or 0.54% compared to the same period in 2020, when they amounted to HRK 23,607,589.32.

The Company's total revenue, compared to the same period in 2011 when it amounted to HRK 13,615,106.65, increased by HRK 10,121,103.97 or 74.34%.

5

The Company realized an operating profit in the amount of HRK 9,174,726.21, which is HRK 3,695,130.90 or 67.43% more compared to the same period in 2020, when it amounted to HRK 5,479,595.31, as a result of a decline in the total, i.e. business expenses.

Comparing the operating profit generated in the first quarter of 2021 compared to the same period in 2011, when it amounted to HRK 3,754,665.89, a 144.36% increase can be seen.

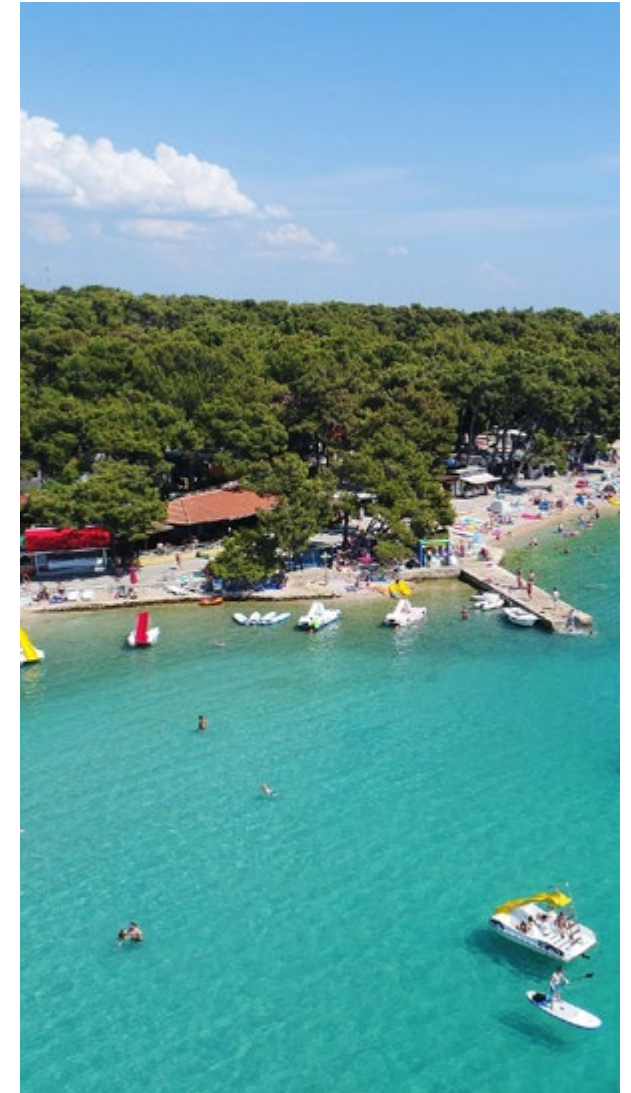
6

EBITDA was realized in the amount of HRK 9,179,104.94, recording an increase of 67.24% or HRK 3,690,393.10 compared to the same period in 2020 when it amounted to HRK 5,488,711.84.

The realised EBITDA in the reporting period has increased by HRK 5,415,847.79 or 143.91% compared to the first quarter of 2011, when it amounted to HRK 3,763,257.15.

7

The Company's profit in the reporting period amounts to HRK 4,459,776.58, increasing by HRK 2,874,459.22 or 181.32% compared to the first quarter of 2020, when it amounted to HRK 1,585,317.36. Profit realised in the first quarter of 2021, compared to the profit generated in the same period of 2011, which amounted to HRK 909,649.14, has increased by HRK 3,550,127.44 or 390.28%.

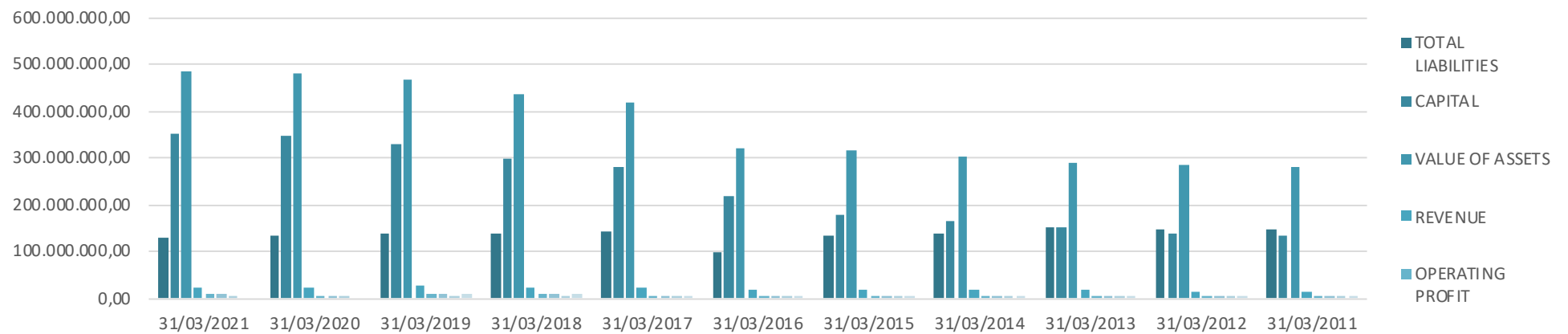


CUMULATIVE COMPARATIVE OVERVIEW

of fundamental operating results, as well as asset, capital and liability indicators of the company as on 31/03/2021, 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
31/03/2021	129.771.800,14	352.532.294,10	482.304.094,24	23.736.210,62	9.174.726,21	9.179.104,94	4.459.776,58	0,00
31/03/2020	133.871.075,10	348.328.691,74	482.199.766,84	23.607.589,32	5.479.595,31	5.488.711,84	1.585.317,36	0,00
31/03/2019	138.393.153,05	327.310.786,02	465.703.939,07	25.344.192,64	7.170.791,91	7.184.736,40	2.954.272,94	8.417.962,00
31/03/2018	137.122.236,40	299.275.231,55	436.397.467,95	23.771.958,47	7.188.623,15	7.210.809,34	3.320.002,31	7.221.240,00
31/03/2017	141.448.734,76	278.359.543,77	419.808.278,53	20.665.791,94	6.324.455,84	6.347.875,22	2.675.635,79	6.016.540,00
31/03/2016	98.831.910,81	219.010.700,88	317.842.611,69	18.296.166,37	5.508.789,68	5.539.479,30	2.634.532,94	4.937.148,00
31/03/2015	135.069.382,93	179.280.859,69	314.350.242,62	17.767.942,65	4.759.336,36	4.777.705,01	1.422.144,02	3.740.790,00
31/03/2014	139.140.342,44	162.510.566,87	301.650.909,31	17.329.038,51	4.341.095,98	4.236.701,97	1.167.270,71	3.740.790,00
31/03/2013	151.603.255,36	151.603.255,36	291.120.786,27	16.657.469,54	3.822.239,36	3.904.873,47	1.130.255,01	3.740.790,00
31/03/2012	146.758.285,42	137.917.687,18	284.675.972,60	14.910.581,52	3.600.648,28	3.639.617,69	536.609,90	3.740.790,00
31/03/2011	148.134.240,07	131.827.187,74	279.971.568,40	13.615.106,65	3.754.665,89	3.763.257,15	909.649,14	3.740.790,00

A graph of basic performance, as well as Company asset, capital and liability indicators as at 31/03/2021, and for the period 2011 – 2020



OPERATING AND OTHER COSTS

The operating costs for the first quarter of 2021 amount to HRK 14,557,105.68 and are lower by 19.66% compared to the same period of the previous business year when they amounted to HRK 18,118,877.48, which is the result of the rationalisation of operating costs and reduced business activities, especially in the tourism sector of the Company.

FINANCIAL EXPENSES

Financial expenses in the period observed amount to HRK 800,914.84, and they have increased by 87.23% compared to the first quarter of 2020, when they amounted to HRK 427,759.77. Financial expenditure growth was recorded exclusively on account of calculation, that is, as a result of the COVID-19 pandemic in 2020 ordinary interest on long-term loans was calculated after the end of the first quarter.

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 pande-

mic. 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 expires with the end of 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.

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

Given 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, depending on how the peak season will proceed and assuming that the business results remain at the level achieved in 2020, the Company intends to initiate the planned investments in the camping and nautical sector. The planned investments are aimed at further enhancing the quality and standards of the existing services and facilities with special emphasis in the camping sector on increasing accommodation capacity and enhancing the quality of facilities by developing a new zone with high-quality mobile homes including all pertaining infrastructure, horticultural landscaping and other accompanying facilities. In the nautical sector, investments made in the first quarter related to improving the quality of sanitary facilities and increasing the capacity of the business premises.



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 (TI-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.

6.4. POST-BALANCE SHEET EVENTS

In April, the Ministry of Tourism and Sports conducted a regular process of recategorizing 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.

6.5 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 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. If the epidemiological situation as recorded at the beginning of February 2021 persists, the business year 2021 will continue to be affected by the pandemic. In addition, the Company takes into account the fact that in the first months of 2021, the Republic of Croatia is recording a less favourable epidemiological situation compared to the one recorded in high season of 2020, as well as a slow response to the pandemic, especially in the European countries that are also the key outbound markets of Croatian tourism, against the backdrop of continued tightening of epidemiological measures, including primarily lockdown measures, restrictions of gatherings, measures of partial or complete ban on domestic and international travels, slowdown of business processes and operational business, with intensive implementation of safety health and epidemiological standards.

All of the above-mentioned 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.

The business circumstances and conditions at the beginning of the current business year are characterised by an exacerbated epidemiological and public health situation in the key outbound markets. The current sales and booking status accompanied by a significant lack of demand in specific sectors of the Company's business, has resulted in operational inactivity of relevant facilities (hotel sector), a ban on performing activities in the hospitality sector and projections of more significant business activities during high season.

In view of the aforementioned and provided that the circumstances will not change significantly in the future, the Company is expecting that the financial performance indicators and profitability indicators in the business year 2021 will be at the same level as in 2020.

The Company's achievements in 2021 depend on business activity possibilities of the Company in 2021 in the circumstances of the global COVID-19 pandemic.

I Hotel sector

The Company is not expecting an increase in business activities in the hotel sector in 2021 compared to the achievements realised in 2020, especially in the first and second quarters of the business year, except in case of a larger vaccination coverage of the population at the national and EU levels.

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 be continued with the same scope of business operation as in 2020, i.e. continued provision of vessel accommodation services for approximately 720 vessels at contractual berth, including individual and charter vessels, which generates more than three quarters of business revenues of the nautical sector within the framework of vessel accommodation services, i.e. of the Marina Kornati.

In addition, the Company is expecting other business activities in the nautical sector to continue throughout the business year, with the exception of the hospitality segment considering the current epidemiological measures.

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

In 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 – 31/03/2021

REPRESENTATION LETTER

ILIRIJA d.d.
BIOGRAD NA MORU

Biograd na Moru, 20/04/2021

Statement made by the persons responsible for the preparation of the financial statements for the period from 01/01/2021–31/03/2021

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 - March 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 31/03/2021, 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 31/03/2021

The financial statements for the period from 01/01 to 31/03/2021 have not been audited.

Accounting Manager::
Zorka Strpić



ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru

Management Board:
Goran Ražnjević



BALANCE SHEET			
balance as at 31/03/2021 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	453.441.012	446.879.813
I INTANGIBLE ASSETS (ADP 004 to 009)	003	437.574	37.497
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	437.574	37.497
II TANGIBLE ASSETS (ADP 011 to 019)	010	452.964.744	446.804.157
1 Land	011	43.295.283	43.295.283
2 Buildings	012	259.218.606	259.434.771
3 Plant and equipment	013	65.380.668	64.373.768
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	2.357.788	424.864
7 Tangible assets in preparation	017	6.169.468	1.589.344
8 Other tangible assets	018	0	0
9 Investment property	019	76.542.931	77.686.127
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	38.694	38.159
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	38.159
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	28.758.755	35.424.281
I INVENTORIES (ADP 039 to 045)	038	1.596.128	1.098.318
1 Raw materials and consumables	039	1.596.128	1.098.318
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	11.515.386	3.493.408
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	5.865.449	2.998.163
4 Receivables from employees and members of the undertaking	050	898.056	11.821
5 Receivables from government and other institutions	051	4.678.167	357.488
6 Other receivables	052	73.714	125.936
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	1.093.316	262.124
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	1.093.316	262.124
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	14.553.925	30.570.431
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065	482.199.767	482.304.094
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	348.328.692	352.532.294
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	86.966.557	78.588.436
1 Retained profit	084	86.966.557	78.588.436
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	086	1.585.317	4.459.777
1 Profit for the business year	087	1.585.317	4.459.777
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	98.445.896	106.266.960
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	98.445.896	106.266.960
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	32.237.525	21.690.541
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	14.451.823	9.462.252
7 Liabilities for advance payments	116	0	0
8 Liabilities to suppliers	117	13.729.141	7.498.866
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	1.999.404	2.071.439
11 Taxes, contributions and similar liabilities	120	896.037	1.496.864
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	1.161.120	1.161.120
E) ACCRUALS AND DEFERRED INCOME	124	3.187.654	1.814.299
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	125	482.199.767	482.304.094
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS					
for the period 01/01/2021 to 31/03/2021					
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	23.598.472	23.598.472	23.731.832	23.731.832
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	23.471.334	23.471.334	21.165.508	21.165.508
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	127.138	127.138	2.566.324	2.566.324
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	21.594.512	21.594.512	18.475.519	18.475.519
1 Changes in inventories of work in progress and finished goods	008	0	0	0	0
2 Material costs (ADP 010 to 012)	009	5.080.559	5.080.559	4.584.644	4.584.644
a) Costs of raw materials and consumables	010	1.828.782	1.828.782	1.633.327	1.633.327
b) Costs of goods sold	011	0	0	0	0
c) Other external costs	012	3.251.777	3.251.777	2.951.317	2.951.317
3 Staff costs (ADP 014 to 016)	013	8.037.704	8.037.704	7.255.085	7.255.085
a) Net salaries and wages	014	4.821.490	4.821.490	4.490.186	4.490.186
b) Tax and contributions from salary costs	015	2.073.457	2.073.457	1.733.003	1.733.003
c) Contributions on salaries	016	1.142.757	1.142.757	1.031.896	1.031.896
4 Depreciation	017	3.475.635	3.475.635	3.918.414	3.918.414
5 Other costs	018	3.969.811	3.969.811	2.531.254	2.531.254
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	1.030.803	1.030.803	186.122	186.122
III FINANCIAL INCOME (ADP 031 to 040)	030	9.117	9.117	4.379	4.379
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	0	0	56	56
8 Exchange rate differences and other financial income	038	9.117	9.117	4.323	4.323
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	427.760	427.760	800.915	800.915
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	420.341	420.341	796.573	796.573

4 Exchange rate differences and other expenses	045	7,419	7,419	4,342	4,342
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	23.607.589	23.607.589	23.736.211	23.736.211
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	22.022.272	22.022.272	19.276.434	19.276.434
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	1.585.317	1.585.317	4.459.777	4.459.777
1 Pre-tax profit (ADP 053-054)	056	1.585.317	1.585.317	4.459.777	4.459.777
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	1.585.317	1.585.317	4.459.777	4.459.777
1 Profit for the period (ADP 055-059)	060	1.585.317	1.585.317	4.459.777	4.459.777
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	1.585.317	1.585.317	4.459.777	4.459.777
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	1.585.317	1.585.317	4.459.777	4.459.777
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 31/03/2021			
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	1.585.317	4.459.777
2 Adjustments (ADP 003 to 010):	002	3.475.635	3.918.414
a) Depreciation	003	3.475.635	3.918.414
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	0	0
e) Interest expenses	007	0	0
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	5.060.952	8.378.191
3 Changes in the working capital (ADP 013 to 016)	012	-688.549	1.011.861
a) Increase or decrease in short-term liabilities	013	-577.954	-11.920.339
b) Increase or decrease in short-term receivables	014	375.548	7.163.337
c) Increase or decrease in inventories	015	-486.143	-497.811
d) Other increase or decrease in working capital	016	0	6.266.674
II Cash from operations (ADP 011+012)	017	4.372.403	9.390.052
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	4.372.403	9.390.052
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	0	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	0	0
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-1.062.384	-1.896.243
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	-1.062.384	-1.896.243
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-1.062.384	-1.896.243
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	2.113.546	0
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	2.113.546	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-5.266.646	0
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	-843.297	-280.108
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	-6.109.943	-280.108
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-3.996.397	-280.108
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	-686.378	7.213.701
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	14.553.925	30.570.431

STATEMENT OF CASH FLOWS - Direct method			
for the period 01/01/2021 to 31/03/2021			
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 31/03/2021

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	14.677.986	6.975.716	1.438.432	0	7.522.679	0	0	0	0	0	0	55.632.643	31.333.914	346.783.375	0	346.783.375	
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	14.677.986	6.975.716	1.438.432	0	7.522.679	0	0	0	0	0	0	55.632.643	31.333.914	346.783.375	0	346.783.375	
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.585.317	1.585.317	0	1.585.317	
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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	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	14.677.986	6.975.716	1.478.432	0	7.522.679	0	0	0	0	0	0	55.632.643	32.919.231	348.328.692	0	348.328.692	
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	1.585.317	1.585.317	0	1.585.317		
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	40.000	0	0	0	0	0	0	0	0	0	0	-40.000	0	-40.000	
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	78.588.436	0	348.072.517	0	348.072.517	

NOTES TO THE FINANCIAL STATEMENTS - QFS

(made for quarterly periods)

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

PIN: 05951496767

Reporting period: 01/01 – 31/03/2021

Notes to the financial statements for quarterly periods include:

A. Notes on the company's financial position:

AOP 002 Non-current assets

There has been a change in the non-current assets, which amount to HRK 446,879,813.34, constituting a decrease of 1.45% compared to the same period of the previous year, when they amounted to HRK 453,441,011.98. This decrease is due to the fact that investments in the amount of HRK 1,896,242.71 were made in all Company sectors in the first quarter 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 3,918,413.52, which has affected the decrease in the value of non-current assets.

AOP 37 Current assets

Current assets amount to HRK 35,424,280.90, which constitutes an increase of HRK 6,665,526.04 or 23.18% compared to the same period of 2020, when they amounted to HRK 28,758,754.86. 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 quarter of the current year and which is reflected in the cash flow increase.

AOP 109 Current liabilities

Short-term liabilities amount to HRK 23,504,839.91, recording a decrease of HRK 11,920,339.39 or 33.65% compared to the same period of the previous year, when they amounted to HRK 35,425,179.30. Most of this is due to a decrease of trade payables and a decrease of liabilities to credit institutions. Due to the epidemiological situation, which has most severely affected tourism, a deferral of payment of lease instalments until the end of March 2021 and a deferral of payment of regular instalments of principals of long-term loans until April 2021 was signed with a commercial bank.

AOP 097 Long-term liabilities

Non-current liabilities amount to HRK 106,266,960.23, constituting an increase of HRK 7,821,064.43 or 7.94% compared to the same period of the previous year, when they amounted to HRK 98,445,895.80. The increase is due to a long-term finance lease for purchasing new equipment and a short-term loan in the amount of EUR 600,000.00, which was subsequently converted into a long-term loan.

AOP 067 Capital and reserves

Share capital and reserves equal HRK 352,532,294.10, which represents an increase of HRK 4,203,602.36 or 1.21% compared to the same period of the previous year, when they amounted to HRK 348,328,691.74. The increase in the Company share capital and reserves is largely due to the realized profit in the amount of HRK 4,459,776.58.

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 quarterly statement and the last revised annual statement.

D. In the first quarter of 2021, operating revenue in the amount of HRK 23,731,831.89 was generated, which constitutes a 1.00% increase compared to the same period of the previous year, when it amounted to HRK 23,598,472.79: 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 and across the world. 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. Due to the global COVID-19 pandemic, the expected and planned turnover for the first quarter of 2021 was negligible and mostly not realized at all, which was also reflected in the hotel sector's revenue.

Revenue from the hotel sector and other activities, including Ilirija Travel, Arsenal, "Nada" event boat, Villa Primorje and the hospitality sector was generated in the amount of HRK 104,756.84, which constitutes a 96% decrease compared to the same period of the previous business year, as a consequence of cancellations of already-made bookings and absence of new bookings, seminars and congresses due to a worsened epidemiological situation at the national level and in the key outbound markets of the hotel sector, resulting in an expected and significant absence of business activities.

Nautical sector revenue amounts to HRK 13,237,021.78, representing a slight decrease of 1% compared to the same period of last year when it amounted to HRK 13,317,287.60. Revenue from daily berths, parking and catering was reduced.

Revenue from the camping sector amounted to HRK 4,782,223.56, which is a 12% increase compared to the same period last year, when it amounted to HRK 4,285,040.61; this is due to a 16% increase in the revenue from lump sum guests caused by an increase in the number of mobile home pitches leased with a fixed term. Revenue from the real-estate sector, i.e. the City Galleria Business and Shopping Centre, amounted to HRK 3,110,161.89, constituting a 11% decrease compared to the same period last year, when it amounted to HRK 3,496,266.05. This is due to a limited scope of business activities caused by significant worsening of the epidemiological situation and imposition of decisions of the competent authorities on restricting or completely banning certain activities, which resulted in a decreased revenue. Moreover, on account of the job retention grant by the Government of the Republic of Croatia, in the period from March to December the Company has received a grant in the amount of HRK 2,497,667.82.

Operating costs for the first quarter of 2021 amounted to HRK 14,557,105.68, which is a 19.66% decrease compared to the same period in 2020, when they amounted to HRK 18,118,877.48. Costs of raw materials and other materials decreased by 11%, costs of outsourcing by 9%, staff costs by 10% and other operating costs decreased by 46%. Financial expenses for the first quarter of 2021 amount to HRK 800,914.8484, which is a 87.23% increase compared to the same period in 2020. The reason for this increase is exclusively based on calculation. That is, as a result of the COVID-19 outbreak in 2020 ordinary interest on long-term loans was calculated after the end of the first quarter. The depreciation charge for the first quarter of 2021 amounted to HRK 3,918,413.52, which is a 12.74% increase compared to the same period in 2020, when it amounted to HRK 3,475,634.71.

Total expenses amounted to HRK 19,276,434.04, which is a decrease of 12.47% compared to the same period last year, when they amounted to HRK 22,022,271.96. Operating profit, i.e. profit from business

activities, for the first quarter of 2021 amounted to HRK 9,174,726.21, which is an increase of 67.43% compared to the same period in 2020, when it amounted to HRK 5,479,595.31. EBITDA, i.e. earnings before depreciation, interest and taxes, was generated in the amount of HRK 9,179,104.94, which represents a 67.24% increase compared to the same period of the previous business year. EBIT, i.e. earnings before financing expenses, was generated in the amount of HRK 5,260,691.42, which is a 61.33% increase compared to the same period of the previous business year. Profit for the first quarter of 2021 is HRK 4,459,776.58, and shows a 181.32% increase compared to the same period in 2020. Growth in operating profit, EBITDA, EBIT and profit can partly be attributed to the realisation of financial support aimed at job retention in the amount of HRK 2,497,667.82.

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

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 does not apply to our Company and is not used.

Point 4 Most of the revenue was generated in the domestic market and amounted to HRK 20,193,458.96, with most of the revenue generated in the nautical sector, in the amount of HRK 13,237,021.78, camping sector, in the amount of HRK 4,782,223.56 and City Galleria, in the amount of HRK 3,110,161.89. 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 2,497,667.82. Operating expenses amounted to HRK 14,557,105.68. Most of them were incurred in connection to the cost of raw material and energy, accounting for HRK 1,633,326.69; outsourcing costs, accounting for HRK 2,951,316.67; staff costs, accounting for HRK 7,255,084.19; and other operating costs, accounting for HRK 2,717,377.73.

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 31 March 2021, the average number of employees was 249.

Point 7 Employee cost, presented in the income statement, amounted to HRK 7,255,084.59. Due to the restrictions of the form, which does not include the item Other employee costs, such as travel expenses, severance pays, etc., we are adding the said costs in the amount of HRK 135,995.76 to the aforementioned amount, with the employee cost thus totalling HRK 7,391,080.35.

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

Point 10 The share capital of the Company as at 31/03/2021 amounts to HRK 229,146,480.00, and it is divided into 2,413,488 no-par-value ordinary shares.

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



ILIRIJA D.D.

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