



 *Ilija d.d.*

FINANCIAL STATEMENTS FOR THE PERIOD 01/01 – 30/09/2020

Biograd na Moru, October 2020



TABLE OF CONTENTS:

Overview of key performance indicators for the period 01/01 – 30/09/2020	3	4 KEY OPERATING PERFORMANCE INDICATORS OF THE COMPANY	59
Key information for the period 01/01 – 30/09/2020	8	4.1 Hotel sector	61
Reorganization of the Company's business activities, processes and operations, as well as implementation of measures and activities in circumstances surrounding the global COVID-19 pandemic	12	4.2 Nautical sector – Marina Kornati	72
1 ABOUT ILIRIJA d.d.	18	4.3 Camping sector – Campsite "Park Soline"	86
1.1 Basic information	18	4.4 Commercial-shopping Centre City Galleria	97
1.2 Chronological overview of the Company's development	19	4.5 Ilirija Travel	102
1.3 Company's bodies	23	5 FINANCIAL OPERATING RESULTS OF THE COMPANY	104
1.4 Subsidiaries	24	5.1 Key financial operating results by sectors:	104
1.5 Affiliated companies	24	5.1.1 Hotel sector	104
1.6 Ownership structure of the Company and overview of trading in Company's shares on the Zagreb Stock Exchange	25	5.1.2 Nautical sector	106
1.7 Company business model	30	5.1.3 Camping sector	109
1.8 Brands of the Company	31	5.1.4 Commercial-shopping Centre City Galleria	111
2 CORPORATE STRATEGY AND GOVERNANCE	33	5.2 Financial operating results at Company level:	112
2.1 Vision, mission and fundamental values	33	5.2.1 Financial performance of the Company	112
2.2 Organizational structure	35	5.2.2 Financial position of the Company	117
2.3 Sustainable development and corporate social responsibility	36	6 ADDITIONAL INFORMATION	122
2.4 Risks	38	6.1 Investments in 2020	122
3 BUSINESS CAPACITIES OF THE COMPANY AND ADDITIONAL FACILITIES	42	6.2 Non-operating assets	123
3.1 Hotel sector	44	6.3 Significant events	124
3.2 Nautical sector	47	6.4 Post-balance sheet events	126
3.3. Camping sector	49	6.5 Other	127
3.4. Ilirija Travel	51	7 BUSINESS EXPECTATIONS AND DEVELOPMENT PLAN OF THE COMPANY IN 2020	129
3.5 Hospitality	53	Notes	131
3.6 Additional facilities	55	Financial statements for the period from 01/01 to 30/09/2020	132
3.7 Commercial-shopping Centre City Galleria	58	Statement made by the persons responsible for the preparation of the financial statements	144

OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE PERIOD 01/01 – 30/09/2020

in HRK	I-IX 2020	I-IX 2019	% 2020/2019
Financial indicators			
Total revenues	92.069.417,21	149.899.928,49	61,42
Operating income	91.977.594,60	149.848.902,06	61,38
<i>Hospitality</i>	13.330.776,03	53.319.674,24	25,00
<i>Nautics</i>	40.443.526,53	44.576.303,32	90,73
<i>Camping</i>	21.652.269,43	34.446.659,53	62,86
<i>Other revenues</i>	16.551.022,61	17.506.264,97	94,54
Revenues from sales	86.244.178,43	148.849.796,71	57,94
EBITDA	35.409.573,57	63.018.543,97	56,19
EBITDA margin	38,50%	42,05%	91,54
EBIT	24.744.944,22	53.420.871,97	46,32
Profit	22.122.038,81	50.320.923,09	43,96

in HRK	I-IX 2020	I-IX 2019	% 2020/2019
Balance sheet indicators			
Net debt	78.724.666,85	99.995.060,79	78,73
Interest coverage	8,43	16,24	51,91
Capital investments	11.053.423,24	14.476.918,41	76,35
ROE	4,92%	11,27%	43,63
ROA	3,62%	8,52%	42,50
Adjusted ROCE	5,86%	15,37%	38,13

in HRK	I-IX 2020	I-IX 2019	% 2020/2019
Indicators of the financial position			
Value of assets	500.691.610,44	484.072.792,03	103,43
Capital	368.865.413,10	366.048.215,17	100,77
Total liabilities	131.826.197,25	118.024.576,86	111,69

in HRK	I-IX 2020	I-IX 2019	% 2020/2019
Achievements on the capital market			
Market capitalization*	422.287.995,36	443.164.666,56	95,29
EV	389.512.986,34	599.323.652,52	64,99
EV / EBITDA	11,00	9,51	115,67
P / E	17,29	11,93	144,93
EPS	7,52	17,10	43,98
DPS	0,00	3,50	0,00

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

Physical indicators	I-IX 2020	I-IX 2019	% change 2020/2019
Hotel sector			
Number of accommodation units	443	443	100,00
Overnight stays of tourists	29.073	128.067	22,70
Occupancy days	31	140	22,14
Annual occupancy	8,36%	38,49%	6,04
Nautical sector			
Number of berths	805	805	100,00
Contracted vessels	709	729	97,26
Transith berth, overnight stays of vessels	8.823	10.223	86,31
Transith berth, inbound sail of vessels	1.504	3.230	46,56
Port service - number of operations	2.377	3.144	75,60
Days of work	365	365	100,00
Camping			
Number of accommodation units	1.208	1.220	99,02
Days od work	214	214	100,00
Occupancy days	93,63	123,40	75,88
Mobile homes	40,63	92,92	43,73
Individuals	12,88	44,23	29,12
Fixed lease	214,00	214,00	100,00
Lump sum	214,00	214,00	100,00
Occupancy	43,75%	57,66%	75,88
Mobile homes	18,98%	43,42%	43,71
Individuals	6,02%	20,67%	29,12
Fixed lease	100,00%	100,00%	100,00
Lump sum	100,00%	100,00%	100,00
Overnight stays of tourists	137.096	286.209	47,90

Physical indicators	I-IX 2020	I-IX 2019	% change 2020/2019
Ilirija Travel			
Number of events	98	509	19,25
Number of persons (events)	9.239	37.019	24,96
Real-estate			
Number of leesses	37	37	100,00
Common expenses	36	36	100,00
Common areas	21	21	100,00
Advertising space	8	8	100,00
Garage - number of parking space	410	410	100,00
Rented area (m ²)	9.897,60	9.897,60	100,00
Number of vehicles	439.219	560.819	78,31



KEY INFORMATION FOR THE PERIOD 01/01 – 30/09/2020

1 By the end of the third quarter of this financial year, business activities of the Company were performed amid the global COVID-19 pandemic that has, since it was declared on 12/03/2020, significantly affected the activities of business entities, business processes and, ultimately, the achieved operating results. One of the most affected activities globally are the travel, tourism and hospitality industries, which are also the core activities of the Company. Therefore, since the pandemic was declared, the Company has undertaken a number of activities and measures in order to mitigate its consequences as much as possible, primarily with the aim to protect the health of guests and employees, followed by reorganisation and adjustment of business processes to extraordinary circumstances of carrying out business. The activities and measures were undertaken for the purpose of preserving the Company's core activity, retaining jobs, assets, the achieved level and standards of its capacities and services, followed by preserving the Company as a stable, sustainable, flexible and competitive business system.

It is important to note that, due to the pandemic and the imposing of a number of measures by competent authorities aimed at preventing its spread, which included a ban on movements of the population, ban on leaving the place of residence, ban on international and national traffic, ban on performing non-essential activities as well as performing activities in a limited scope, etc., the Company performed its activities in a limited scope and with a significantly lower capacity in the period from mid-March to end

of May. In that period, business activities in the Company's hotel sector, the destination management company Ilirija Travel and the hospitality sector were completely absent due to the ban on performing activities, while the nautical, camping and real-estate sectors performed their business activities in a limited scope. During the entire second quarter, the Company's business activities, except for the nautical sector, were extremely limited or completely absent, namely in the sectors that would, in normal circumstances, generate a significant portion of revenues, perform business in a significant scope and capacity (hotel sector and the destination management company), which significantly affected the operating results of the Company. In high season, from June to August, when the Company generates a major part of its revenues in the core activities of hospitality and tourism, the hotel sector experienced a lack of demand for hotel accommodation on a global level due to more difficult travel conditions, recommendations of most countries to postpone all travel abroad or banning travel altogether, which led to the expected absence of financial results generated through the hotel sector, which in regular financial years generated most of the revenues and in the nine months of 2020 achieved 25% of last year's results in the same period. The sector of the destination management company Ilirija Travel, which provides its services through organising events and gatherings of a larger number of people, as well as the entire event and MICE industry, was also affected by restricting gatherings to a limited number of people with mandatory compliance with a number of epidemiological measures and recommenda-

tions and, as a result, the majority of events were cancelled or moved to the next financial year, which ultimately resulted in a more significant absence of revenues.

In the camping sector, open since 1 March, due to the character and nature of the provided services (staying in separate accommodation units, staying in the open, the possibility of maintaining physical distancing), the demand for accommodation services was retained, although focused on only a few European outbound markets, and, considering the business circumstances, resulted in significant operating and financial results. It should be noted that revenues were generated in a very short period of time, especially the revenues achieved in the high season that lasted until the second half of August when several key outbound markets put in place significantly stricter conditions for travel of their citizens abroad (the Netherlands, Austria and Slovenia). The complete absence of the post-season should also be noted.

The real-estate sector, i.e. Commercial-shopping Centre City Galleria has, since the pandemic was declared until 11 May, operated in an adjusted scope, which was reflected in the ban on performing activities for a part of the tenants and the introduction of shortened working hours. The sector was fully operational as of 20 August 2020. The Company considers the achieved results to be successful in view of the fact that, at the end of the third quarter of the financial year, all of the Centre's tenants are performing their activities, the Centre is operating with a 99.77% oc-

cupancy rate and, considering the business circumstances, more than 90% of last year's revenues were achieved.

The nautical sector of the Company, which regularly performed its activities during the entire period of the pandemic, except for the hospitality services in the second quarter of the financial year, exhibited outstanding resilience and ability to adjust to extraordinary business circumstances, especially as a tourism sector, which is in part due to the nature of its services that allows the maintaining of physical distancing. On the other hand, the achieved results of the nautical sector, taking into account the fact that the tourism industry is one of the most affected by the crisis, arise from the fact that the key market segment are contractual berths, which generate 76% of revenues of the nautical sector and pertain to vessel accommodation, which is almost equally divided between charter vessels and individual vessels.

Both operating and financial results achieved in the said period, as well as the fact that the Company, despite the conditions in which business activities were conducted, achieved the key profitability indicators which, together with the measures and activities carried out, significantly contributed to the stability and liquidity of the business system without taking on additional loan liabilities, enabled the retention of full employment and preservation of material rights of employees. Therefore, we consider the achieved results to be successful and significant for the Company, especially in light of the fact that the Company, during the

almost entire second quarter of the financial year, operated with full absence of business activities in the sectors that generate the largest share in revenues and with a significantly limited scope in other sectors, in conjunction with an extremely short high season (July and August) focused on only a few European outbound markets and complete absence of the post-season.

3 Total revenue in the reporting period amounted to HRK 92,069,417.21, representing 61.42% of the revenue generated in the same period in 2019 when it amounted to HRK 149,899,928.49, which is the result of a 42.06% drop in operating revenues or sales revenues. Considering the overall circumstances in which the pre-season, high season and post-season until the end of September took place, we consider these results to be satisfying and expected, especially when taking into account the fact that a significant part of capacities in all sectors of the Company were, in the period from mid-March to mid-May, and in certain sectors also until the end of May, inactive or their business activities were performed in a limited scope and under special conditions. While in high season, July and August, the tourism sector of the Company, due to different measures implemented by European countries regarding travel of their citizens abroad, operated on only a few European outbound markets, as did the rest of Croatian tourism.

Analysed by sectors, the Company's nautical sector generated revenues of HRK 40,443,526.53, i.e. 91% of the revenues generated in the same period of the previous financial

year, and thus, under circumstances in which business activities were conducted the nautical sector achieved more than satisfactory results. Moreover, despite the fact that more than 57% of the net rentable area of the Centre was closed, while the remaining tenants had to adjust their operations, the real-estate sector generated revenues of HRK 9,627,612.32, i.e. 90% of the revenues generated in the same period in 2019. The camping sector generated revenues of HRK 21,652,269.43, i.e. 63% of the revenues generated in the same period of last year. It should be taken into account that the camping tourism is of extremely seasonal character, which was additionally emphasized in this financial year, and thus more significant business activities took place in an extremely short period of time in which one of the key outbound markets already in the second half of July (the Netherlands), and others in the second part of August (Austria and Slovenia), issued stricter measures regarding travel of their citizens abroad, while activities in the post-season, due to the deterioration of the epidemiological situation in most European countries, were completely absent in the camping sector. Considering the nature of hotel services and accommodation, the hotel sector generated revenues in the amount of HRK 13,330,776.03, i.e. 25% of last year's results that were achieved in the first quarter of the financial year and in months of July and August. Due to the extremely low demand for hotel accommodation on a global level, the results achieved under such circumstances were expected.

The destination management company/DMC Ilirija Travel, which represents an integrated and complementary

product of the Company realized through the organization of different types of events, as well as through other profit centres, generated revenues in the amount of HRK 345,786.46. In the reporting period, under extraordinary circumstances of the global pandemic, there was an 82% drop in the number of organised events in conjunction with a 75% drop in the number of visitors (participants).

4 Total expenses amounted to HRK 69,947,378.40, which represents a drop of 29.76% or HRK 29,631,627.00 compared to the same period in 2019 when they amounted to HRK 99,579,005.40, as a result of reduced business activities, which was reflected in reducing business expenses by 34.78%, of which the costs of raw materials and other materials were reduced significantly by 57%, other costs by 33%, gross wage costs by 28%, and the costs of services by 23%. When the pandemic was declared, the Company reorganised its business activities by, among others, emphasizing the optimisation of business expenses, particularly those from business activities. Additionally, the reduction in gross wage costs was also contributed by the grant of the Government of the Republic of Croatia for job retention in business conditions affected by the COVID-19 pandemic, which the Company received for the period from March to June, and which amounted to HRK 5,211,795.92 (net salaries and contributions) for that period, thus significantly contributing to the reduction in business expenses and the current liquidity of the Company.

5 All key operating profitability indicators of the Company

(operating profit, profit, EBITDA) are positive, which indicates that the Company, despite the extraordinary circumstances, managed to achieve profitability by exhibiting sustainability, resilience, flexibility and competitiveness of its products and services, as well as the quick adjustment of the business system to extraordinary business conditions. The operating profit, i.e. profit from business activities, was realized in the amount of HRK 35,317,750.96, which represents 56.09% of the operating profit in the same period of the previous financial year. EBITDA amounted to HRK 35,409,573.57, which represents 56.19% of last year's EBITDA, while profit amounted to HRK 22,122,038.81, which represents 43.96% of last year's profit in the same period.

6 The Company concluded an Annex to the Loan Agreement with the commercial bank Erste&Steiermarkische Bank d.d., postponing all due liabilities pertaining to the principal amount of long-term credit liabilities for a period of one year, and at the same time converted the existing short-term loan in the amount of EUR 600,000.00 due in summer of 2020 to a mid-term loan in the same amount with a repayment term of three years and a grace period of one year, which is significantly more favourable for maintaining the Company's current liquidity. In addition, it is important to mention that this did not increase the Company's credit liabilities, as they remained the same. The Company initiated a procedure of deferral of payment of all monthly financial leasing instalments with the commercial bank Erste&Steiermarkische Bank d.d. for the period from 1 April 2020 to 30 April 2021, and the formal-legal procedure

of drafting an annex to the agreement is under way.

7 The value of the Company's assets equals HRK 500,691,610.44, which represents an increase of HRK 16,618,818.41 or 3.43% compared to the same period of the previous financial year when it amounted to HRK 484,072,792.03.

7.1 The value of non-current assets of the Company amounted to HRK 452,200,616.08, representing an increase of 1.74% or HRK 7,724,062.17, which is a result of investments in non-current assets minus annual depreciation.

7.2 The value of current assets amounted to HRK 48,490,994.36, which represents an increase of 22.46% or HRK 8,894,756.24 compared to the same period of the previous financial year when it amounted to HRK 39,596,238.12. We would like to highlight the increase in current assets in terms of cash by 131.97% or HRK 20,179,570.98, i.e. from the amount of HRK 15,291,017.28 in the same period in 2019 to the amount of HRK 35,470,588.26, which improved the Company's current liquidity.

The capital equals HRK 368,865,413.19, which represents an increase of HRK 2,817,198.02 compared to the same period in 2019 when it amounted to HRK 366,048,215.17.

8 The Company's total liabilities amount to HRK 131,826,197.25, which is an increase of HRK 13,801,620.39 or 11.69% compared to the same period in 2019 when they

amounted to HRK 118,024,576.86, resulting from deferment of payment of all due liabilities pertaining to the principal amount of long-term credit liabilities for a period of one year.

9 The net debt, which includes both long- and short-term liabilities of the Company towards banks, minus cash in hand and deposits for the reporting period, amounted to HRK 78,724,666.85, which is a decrease of 21.27% or HRK 21,270,393.99 compared to the same period in 2019, indicating the liquidity and stability of cash flow of the Company.

10 The average share price was achieved in the amount of HRK 174.97 compared to HRK 183.62 for the same period of the previous financial year, which represents a 4.71% decrease in the average price. Total turnover was achieved in the amount of HRK 474,529.00, representing a 19.75% increase, while the average daily turnover was 39.71% higher and realized in the amount of HRK 26,362.71.

11 The Company released 2,055 of its own shares, which represent 0.085% of the share capital, under the Share Transfer Agreement, concluded with the Company's employees in compliance with the Decision of the Company's Management Board on the allocation of treasury shares to the Company's employees free of charge as a reward for the business results achieved in 2019.

12 At the regular General Assembly of the Company held on

10/08/2020, the following decisions were adopted:

- the General Assembly took note of the following reports: the Management Board's Report on the Company's Business and Situation for 2019, the Management Board's Report on the Acquisition of Own Shares for 2019, the Supervisory Board's Report on Performed Supervision of Business Activities in 2019, the Auditor's Report on Performed Audit of the Company's Business, the Decision on the Establishment of the Company's Basic Annual Financial Statements for 2019,
- the Decision on the Allocation of Profit of Ilirija d.d. for the financial year 2019,
- the Decision on Granting Discharge to the Company's Management Board,
- the Decision on Granting Discharge to the Members of the Supervisory Board for the performed supervision of the Company's business in the previous period,
- the Decision on the Approval of the Remuneration Policy for Members of the Management Board, and
- the Decision on Appointment of the Company's Auditor for 2020.

13 At its session held on 15/06/2020, the Supervisory Board appointed Mr Goran Ražnjević for a new five-year term of office as the Chairman of the Management Board of the Company.

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

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

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

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

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

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 the control of 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.

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. Following the improvement of the epidemiological situation and easing of the epidemiological measures, as

well as lifting of the ban on temporary leaving the place of residence and permanent residence, i.e. following the abolishing of e-passes (11 May 2020) and in accordance with the phases of easing of the measures which restricted economic activity, the Company started engaging in business activities in fields and sectors which were completely inactive due to the COVID-19 pandemic (hotel sector, hospitality, sports and recreational amenities and destination management of companies). Therefore, the Company started initiating business activities according to the following phases:

1 **Hotel sector**, no possibility of major business activity in 2020, only a smaller part – the hotel Ilirija was opened on 29/05/2020, while the hotel Adriatic was opened in the period 01/08/2020- 31/08/2020, i.e. for a month.

2 Facilities within **the destination management company (DMC) Ilirija Travel**, no possibility of major business activity in 2020, given that these are facilities intended mainly for the event organization, MICE and incentive industry, which, in organizational terms, implies gatherings of a larger number of people. The facilities within DMC Ilirija Travel were given a new business function on 29 May 2020.

3 **Hospitality facilities** in the nautical and camping sector were opened on 11 May 2020., while the restaurant facilities in the hotel sector and within the destination management company started operating on 29 May 2020. 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 business volume, which ensures additional business security for the Company.

5 **The Commercial-Shopping Centre "City Galleria"**, continuation of regular business activities with an adjusted business volume, which ensures additional business security for the Company.

6 **The Company's camping sector** performed its business activities with an adjusted business volume, basing business activities in the reporting period on the following market segments: lump sums, agencies with a fixed lease, own mobile homes and individuals, primarily from only a few outbound markets, same as the rest of the Croatian camping industry.

7 In addition, if the favourable epidemiological situation does not change, it is likely that the **nautical fair "Biograd Boat Show 2020"**, which is organized and hosted by the Company, will take place in the period from 21 to 25 October 2020. The fair was successfully held, as planned.

IV Job retention of existing employees and preservation of their financial situation, i.e. the retention of the Company's highly-qualified and professional employees who able to work at all levels for future business activity of the Company, after the pandemic ends. At the time of

the declaration of the pandemic, on 12 March 2020, the Company had a total of 262 employees, of which 246 were actively working, while the rest were on maternity leave etc. The Company retained full employment, with 257 employees on 30 September 2020, of which 244 are active and have an assigned job position.

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

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

The Company is also a beneficiary of the package of business measures adopted by the Government of the Re-

public of Croatia aimed at job retention in business conditions affected by the COVID-19 pandemic for a period of four months (March, April, May and June of 2020). The Company entered into an agreement with the Croatian Employment Service on the allocation of job retention grants in the sector affected by coronavirus (COVID-19 epidemic). By doing so, the Company became a beneficiary of the package of business measures, which includes HRK 3,250.00 per employee for the month of March, i.e. HRK 4,000.00 per employee for April, May and June overall amounting to approximately HRK 5,211,795.92 for the said period (net salaries and exemption from paying contributions).

Despite the fact that in the period from mid-March to early May, due to the pandemic and the implementation of decisions, measures and recommendations of the Civil Protection Headquarters at national, regional and local levels, most of the employees were not actively working, the Company retained them and paid them their salary regularly.

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

VII Deferral of payments of all liabilities due in respect

of the principal of the long-term loans for a one-year deferral period

Deferral of payments of all liabilities due in respect of the principal of the long-term loans by the Company's commercial bank Erste & Steiermarkische Bank d.d., for the period from 1 April 2020 to 30 April 2021, must be one of the primary goals in order to preserve the current liquidity and financial security of the Company.

Company submitted request for refinancing of all liabilities deferred in respect of the principal of loans in the period from 1 April 2020 to 30 April 2021 and transferring to regular repayment scheme by loan instalments at the end of the Repayment Plan.

In June 2020, the Company and Erste & Steiermarkische 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.

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

The Company was the beneficiary of a short-term loan in the amount of EUR 600,000.00, which it repaid in advance in full in agreement with Erste & Steiermarkisc-

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

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

Deferral of payment of all liabilities due in respect of the lease by the Company's commercial bank Erste & Steiermarkische Bank d.d. for the period from 1 April 2020 to 30 April 2021.

Request for refinancing of all liabilities deferred in respect of the lease instalments in the period from 1 April 2020 to 30 April 2021 and transferring to regular repayment sche-

me by lease instalments at the end of the Repayment Plan.

Request for deferral of payment of all liabilities due in respect of the lease for a one-year deferral period has been approved by the competent services of Erste & Steiermarkische Bank d.d. and agreements were signed in October.

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

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

XI The Company did not plan to pay out dividends to shareholders in 2020

At the Company's General Assembly held on 10/08/2020, the decision on dividend distribution, which was regular and continuous until now, was not adopted, by which the shareholders contributed to the preservation of the Company's financial stability, i.e. its overall stability in 2020.

XII Diversification and securing new credit lines to overcome the crisis management period

The use of special credit lines of the Croatian Bank for Reconstruction and Development to preserve tourism indu-

stry activities until recovery as another source of financing, in addition to the financing from the commercial bank, in order to facilitate current liquidity. The Company monitors the announced credit lines independently or through the commercial bank and will at one point submit a request for their use in the amount deemed necessary.

XIII 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.

XIV Cooperation with suppliers

The Company has been duly settling its current trade payables, including liabilities incurred upon the declaration of COVID-19 pandemic. If the need arises, the Company will strive to extend its obligations towards each of the suppliers individually through payments in appropriate monthly instalments until 31 December 2020, each with the supplier's consent.

XV Monitoring and management of trade receivables

Collection of both future trade receivables from customers and trade receivables existing at the moment the pandemic was declared, which the Company seeks to collect in the most appropriate manner, taking into ac-

count aggravated circumstances and implementing the measures of payment in instalments where possible, but also undertaking compulsory collection measures if needed.

XVI Depreciation policy in 2020

Given that, according to current estimates, a part of the assets, especially in the hotel sector and partly in some other sectors, will be out of function, i.e. business use this year, or will operate to a significantly limited extent during the year, the Company will redefine the existing depreciation policy and adjust it to the given circumstances.

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

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

Due to the special circumstances caused by the global COVID-19 pandemic, by 30 June 2020 the Company submitted requests to local government units for exemption from paying utility fees and fees for water management in full or in reduced amount in accordance with the actual revenue in 2020. The Company has also submitted a

request for exemption from the payment of water protection fee according to the provisional statement for 2020 or the reduction of the amount of the given fee in accordance with the real quantities in 2020 which will be determined at the end of the year.

XVIII Investments for the business year 2020

The Company has successfully completed all planned investments for the business year 2020 which were realized mainly in the camping and nautical sector for the purpose of improving the quality and standards of the existing service, i.e. of maintaining it at the four-star rating level at the "Park Soline" camp and raising it to the four-anchor level at the Marina Kornati.

The value of investments realized in the I-IX/2020 amounts to HRK 11,053,423.24 at the level of all sectors of the Company.

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

XIX Principles of corporate social responsibility (CSR)

Preserving the CSR system and principles in the circumstances which disrupted the Company's business operations as much as possible and acceptable. At this time, it is necessary to understand the current circumstances in which the most endangered goals are the economic goals of the Company. These goals are the priorities of the Company in order to ensure its long-term financial stability and business viability.

XX 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 sales and marketing departments and corporate services department, with the aim of providing as many employees as possible with the possibility to work from home in order to protect their health and enable the smooth operation of the Company's key business processes during the global pandemic.

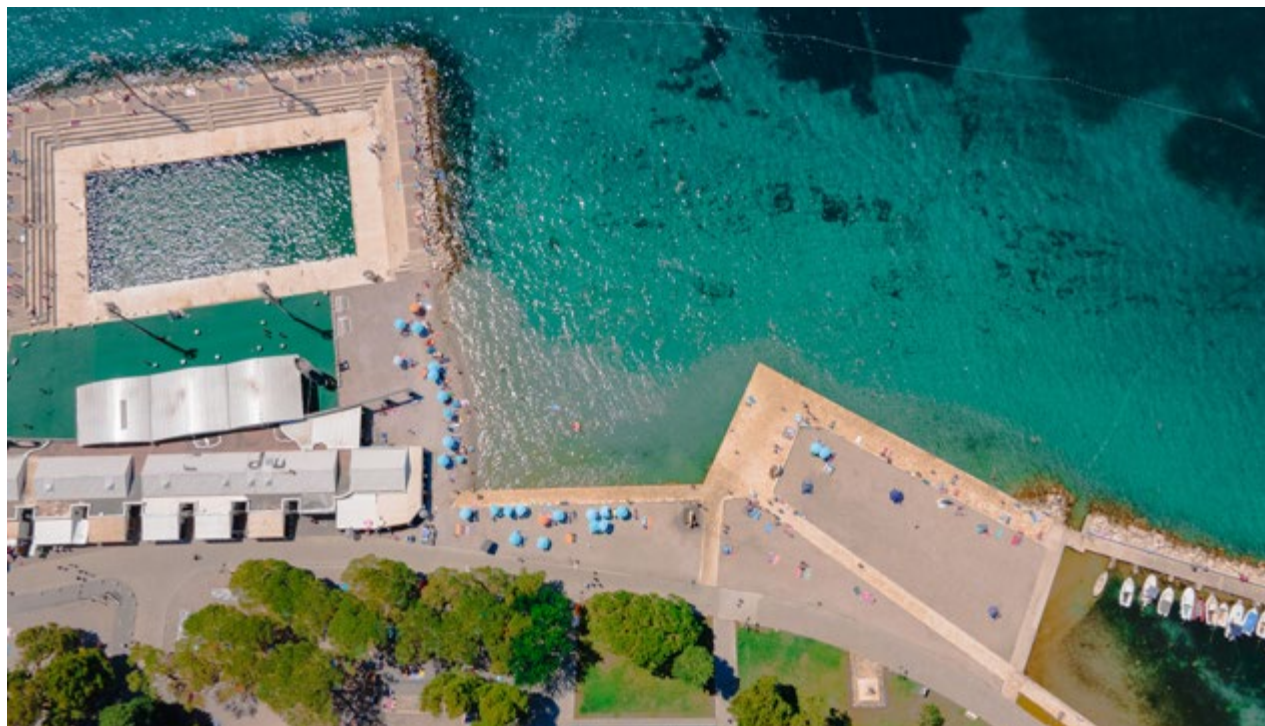
In conclusion:

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

current business year, 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 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 & Steiermarkische 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 this year caused an unprecedented economic crisis in the world, Europe and the Croatian eco-

nomy, 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 9.897,60m² 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 | By merger of the campsite "Soline", located in Biograd na Moru, later renamed into the camp "Park Soline", by which the Company in its operations in addition to hotel management and nautics also included camping as the third segment of its tourism offer.

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 1999 – 2020 | During this period, that is, by 30/09/2020, the Company has invested HRK 628,190,173.44 in construction, reconstruction, extension, building annexes, 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 958,168,926.12.

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

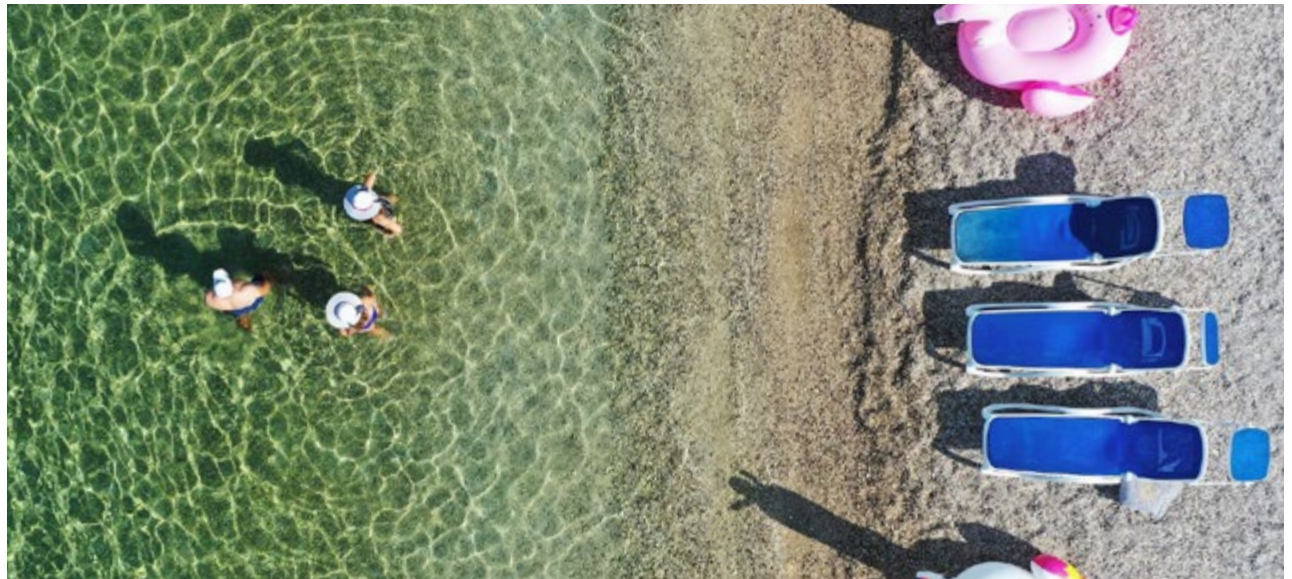
David Anthony Tudorović, Deputy President of the Supervisory Board

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, has two subsidiaries in 100% ownership:

ILIRIJA GRAĐENJE d.o.o.

ILIRIJA NAUTIKA d.o.o.

(are not active in business)

1.5 AFFILIATED COMPANIES

Arsenal Holdings d.o.o., Perivoj Gospe od Zdravlja 1, Zadar, Company Tax Number - OIB: 59794687464, holds 1,429.032 shares in the Company, which accounts for 59.21% of the shares in the share capital of the Company and the same number of votes in the Shareholders' Assembly.

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

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

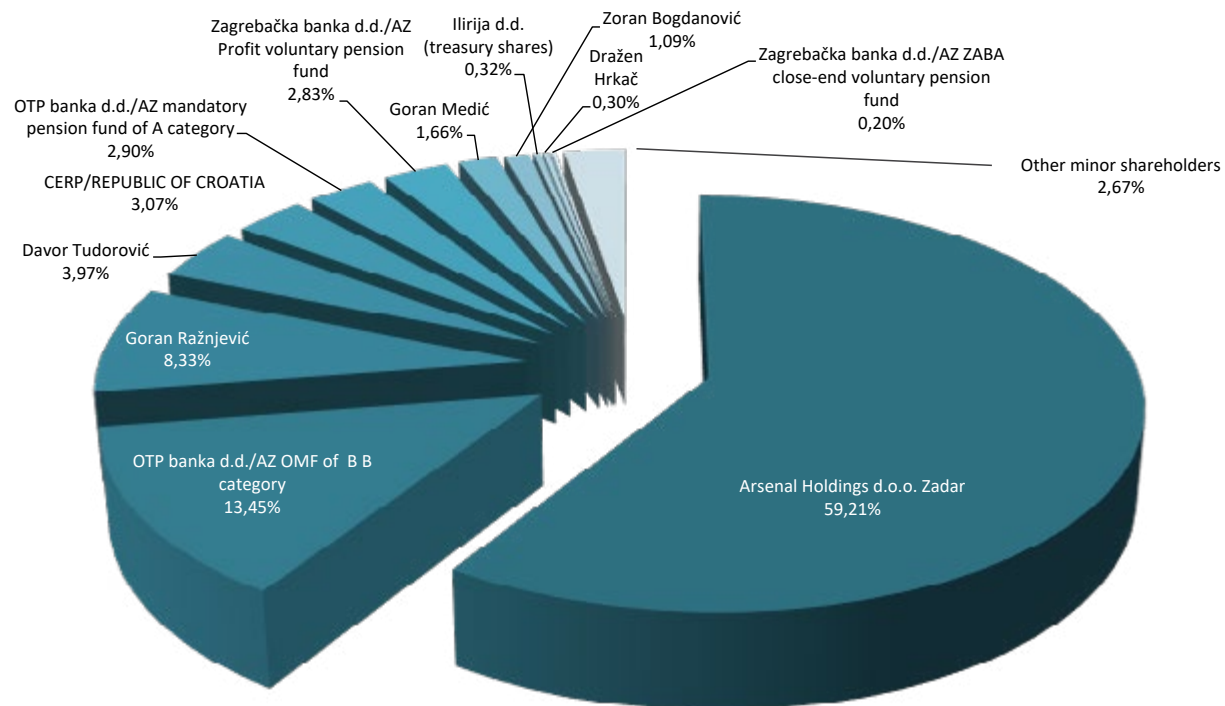
1.6 OWNERSHIP STRUCTURE OF THE COMPANY AND TRADING IN THE COMPANY'S SHARES AT THE ZAGREB STOCK EXCHANGE

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

As at 30/09/2020, there were no significant changes in the ownership structure, while an overview of the major shareholders of the Company as at 30/09/2020 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	324.575	13,45
Goran Ražnjević	201.120	8,33
Davor Tudorović	95.744	3,97
CERP/REPUBLIC OF CROATIA	74.200	3,07
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	64.542	2,67
TOTAL	2.413.488	100

OWNERSHIP STRUCTURE OF THE COMPANY AS AT 30/09/2020



TRADING IN COMPANY'S SHARES ON THE CROATIAN CAPITAL MARKET IN THE PERIOD 01/01-30/09/2020:

(amounts in HRK)	I-IX 2020	I-IX 2019	%
Total turnover	474.529,00	396.251,00	19,75%
Average share price	174,97	183,62	-4,71%
Average turnover per transaction	13.131,36	9.215,14	42,50%
Average daily turnover	26.362,72	18.869,10	39,71%
Last share price	130,00	204,00	-36,27%
Market capitalization*	313.753.440,00	492.351.552,00	-36,27%
Market capitalization**	422.287.995,36	443.164.666,56	-4,71%
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 nine months of 2020, a total of 2,712 Company's shares were traded, resulting in a turnover of HRK 474,529.00. Out of this turnover, 90% was realized in the first quarter of the financial year. The reduction in turnover in the second and third quarter of 2020, when only 6 transactions involving 271 shares were realized with the turnover of HRK 38,950, corresponds with the reduction in total turnover of shares on the Stock Exchange in that period, as a result of disruptions in the market caused by the COVID-19 pandemic. A lower demand for shares on the Stock Exchange caused a decline in share prices, including the Company's share. The average share price was achieved in the amount of HRK 174.97, representing a 4.71% decrease compared to the same period of the previous financial year when the average share price was achieved in the amount of HRK 183.62. The average turnover per transaction was achieved in the amount of HRK 13,131.36, representing a 42.50% increase, while the average daily turnover was achieved in the amount of HRK 26,362.72, representing a 39.71% increase compared to the same period in 2019.

The last price of the Company's share on 30/09/2020 amounted to HRK 130.00, representing a 36.27% decrease compared to the last price on the same day in 2019 when it amounted to HRK 204.00. The amount of market capitalization of the Company calculated by applying the methodology of the last achieved share price was proportionally reduced. Considering the low liquidity of the Company's share, it is more relevant to express the amount of market capitalization calculated on the basis of an average share price. Expressed by this method, the market

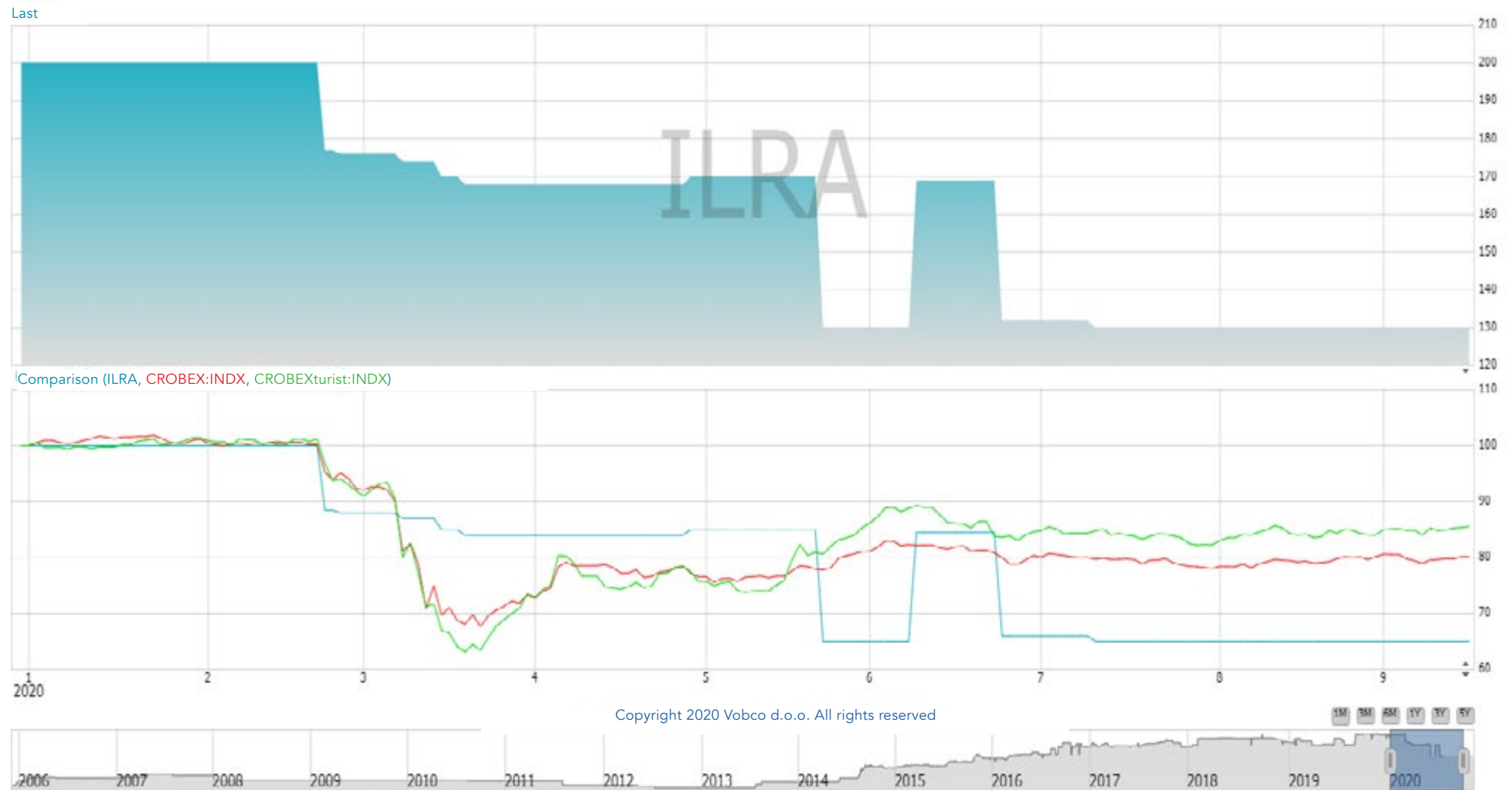
capitalization of the Company at the end of the third quarter of 2020 amounts to HRK 422,287,995.36, which is 4.71% lower than the amount of market capitalization at the end of the third quarter of 2019.

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

In the period 01/01–30/09/2020, the turnover of shares in the order book of bids was realized in the amount of HRK 1,897,517,253.00 on the Zagreb Stock Exchange. This is a turnover higher by HRK 272,525,260 or 16.77% than in the same period in 2019. The block trading of shares was almost identical to that in the same period in 2019 and amounted to HRK 337,298,535.00, which is a 0.48% increase. More than half of the total turnover of shares in the observed period was recorded in the first quarter, namely HRK 1,303,800,786.00 or 58,34%. The lower turnover of shares in the second and third quarter of 2020 is a result of uncertainty on the market caused by the COVID-19 pandemic. This is also the reason why the CROBEX index fell by 20.3% in the observed period.



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 2019 were organized 609 special events for 54.749 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**

 13 07
RAŽNJEVIĆA DVORJ
POLAČA

 **TENIS CENTAR ILIRIJA**
BIOGRAD NA MORU

 **ILIRIJA aquatic center**

 **salvia spa**
medical wellness

LAVENDER BAR

 **Restaurant marina Kornati**

 **PARK SOLINE**
RESTAURANT

Donat BEACH BAR



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.

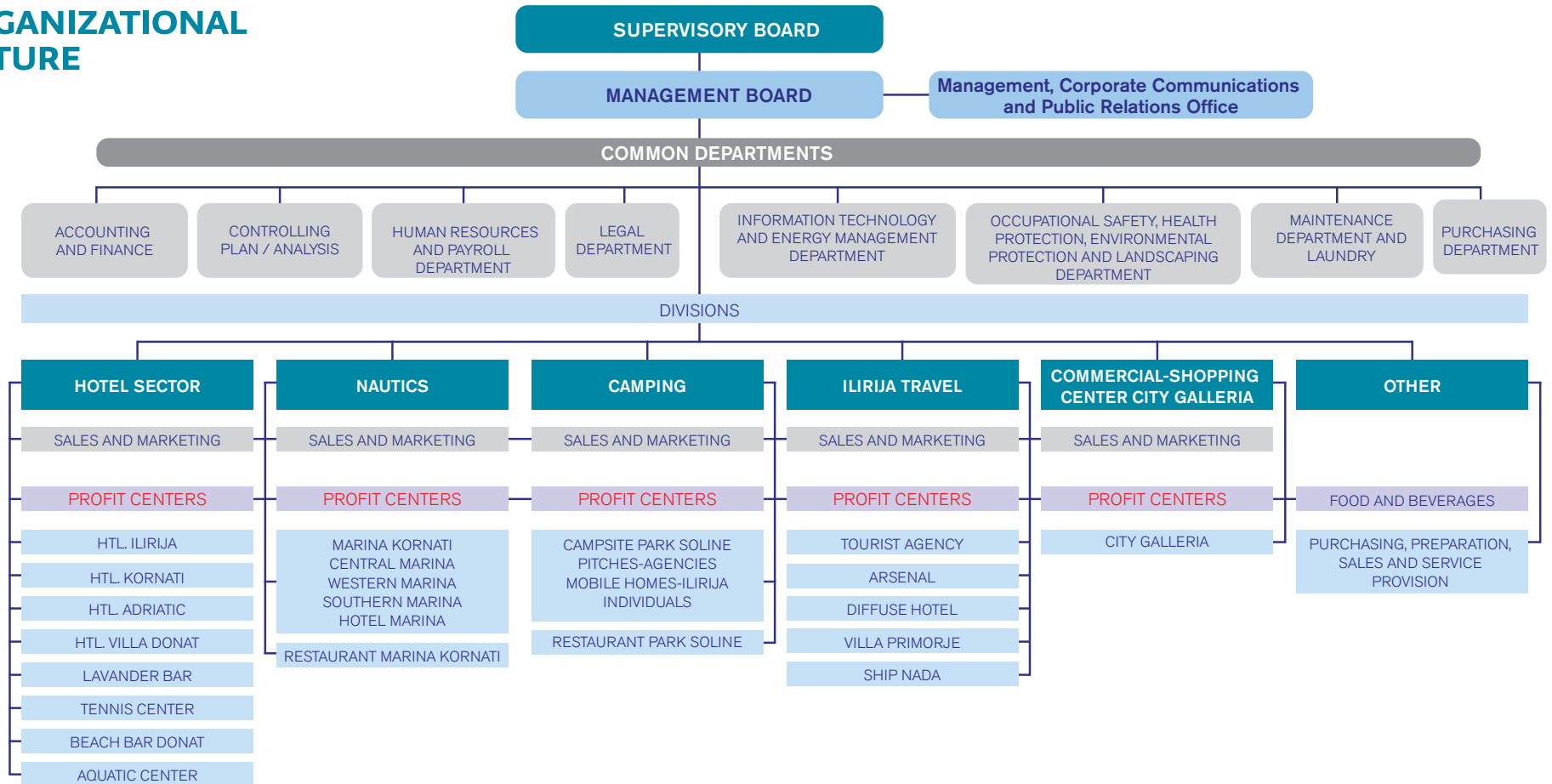
Transparency – in business and communication with all stakeholders of the company while com

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 SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

In significantly changed circumstances or business disruptions that occurred in the first half of the month of March, the Company acted as a socially responsible economic operator as much as it was possible and acceptable considering the circumstances of conducting the business operations. The Company will try to apply and preserve the system and principles of corporate social responsibility to the extent that circumstances allow.

In the reporting period in the circumstances of the global COVID-19 disease pandemic, one of the basic goals and priorities of the Company is to preserve and protect the life and health of employees and guests, so since mid-February the Company has been implementing all necessary measures to protect life and health of employees and guests. On the day when the global COVID-19 disease pandemic was declared by the World Health Organization, the Company began to reorganize and adjust its operations in order to manage the crisis and ease its consequences.

Even before the pandemic, the Occupational Safety, Health and Environmental Protection Unit was formed in the Company, and its establishment was followed by forming a professional and operational team headed by three educated and qualified persons (Master of Sanitary Engineering, Safety and Protection Engineer, Master

of Food Engineering) in the field of health control and protection, occupational safety and hygiene and health standards and procedures in operational processes with a special emphasis on food and beverage departments and households. The professional and operational team also includes the managers from various areas of the Company (communications, operations and business processes, legal and human resources) with an aim of rapid and efficient implementation and coordination of measures and decisions of the Company and competent authorities regarding the COVID-19 disease pandemic.

Heads of the Company's health control and protection, occupational safety and food and beverage quality control and standards and households carry out and undertake maximum activities in the segment of protection of health and life of guests and employees in a way that they implement and control the implementation of the recommendations of competent authorities (CIPH – Croatian Institute of Public Health and the Civil Protection Headquarters).

Keeping the jobs of the Company's existing employees and their financial position arising from the employment or retention of employees capable of work, highly qualified and professional employees of the Company at all levels is one of the Company's fundamental priorities in

the extraordinary circumstances of business operations. For this reason the Company retained all employees, which will be one of the basic goals of the Company in the next few months in the field of human resources management.

The Company continued with the policy of corporate philanthropy by participating with other companies from the Zadar County in donating medical supplies to the Zadar General Hospital for the requirements of the Department of Gastroenterology.

Also, since the moment of declaring the pandemic, the Zadar General Hospital was donated HRK 99,900.00 for the purpose of buying protective equipment, while the donation for the same purpose in the amount of HRK 19,808.00 was also made to the Zadar Police Administration.

In the early month of March, the Company joined the Association for Gender Equality, which aims to: (I) achieve equal representation or gender balance at all levels and positions; (II) promote equal opportunities (employment, training and progress) for both women and men, and (III) provide equal pays for jobs of equal value.



2.4 RISKS

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 of Ilirija d.d.

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 its negative impacts;
- Exchange of information on the activities undertaken and the results of actions between the business process manager and the Management Board through the lines of communication established by the prescribed procedures.

The Company is, after all, like most businesses in the tourism sector, exposed to foreign exchange risk, price risk, credit risk and liquidity risk, environmental risk, risk of tourism as the branch of economy, the risk of macroeconomic movements and risk of changes in tax and other regulations.

Since most of the monetary fund inflows of the Company are quoted in EUR, as well as the most of the loans, the Company is to the highest degree hedged against the foreign exchange risk owing to this circumstance.

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.

In order to reduce the credit risk, the Company strives to reduce the total loan debts to an appropriate level that would be inferior to their own funding source.

The Company has most of its prices quoted in EUR and collects the majority of claims in the same currency, thereby being hedged against the price risk.

The Company is exposed to changes in tax and other regulations in the legal system of the Republic of Croatia. This, in particular applies to legislation in the field of maritime domain and the tourism land plots on which the Company has significant and crucial commercial long-term investments and not all the constitutionally guaranteed rights have been fully exercised in the field of acquired rights before, during and after the conversion, protection of legal capital investment and legitimate expectations regarding the legitimate investments.

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" Campsite 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 came into force (01/01/2011). Until the issue of concession for tourism land in

campsites is resolved, the Company timely pays its debts arising from using the said land in the campsite.

In the meantime, in May 2020 the new Act on non-evaluated construction land was adopted, and thus the Act on tourist and other construction land not evaluated in the transformation and privatization process ceased to have effect. The new Act provides for the possibility to submit an application for leasing construction tourist land for a period of 50 years, which the Company will certainly do, i.e. it will submit an appropriate application within the prescribed time period.

Under the provisions of the Act on non-evaluated construction land, a company shall become the owner of buildings, land under buildings and land in campsites 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 campsites 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).

Furthermore, under the provision of Article 21 of the Act on non-evaluated construction land, a

company on the date of entry into force of the Act (02/05/2020) has the legal standing of a representative of parts of a camp-site owned by the Republic of Croatia, and, pursuant to Article 22 of that Act, it is obliged to pay rent for parts of a camp-site owned by the Republic of Croatia whose initial amount, method and time-periods for payment shall be prescribed the Government of the Republic of Croatia by a regulation. In the case of potential non-payment of rent by a company, it shall be considered that the Republic of Croatia has a legally established interest to expropriate parts of a camp-site owned by that company (Article 26).

In line with the above, it is evident that, until the entry into force of the Act on non-evaluated construction land, i.e. from 02/05/2020, Ilirija d.d. would be obliged to pay rent for the camp-site Soline in Biograd na Moru to the Republic of Croatia, which is obliged to adopt parameters for calculating the amount of rent, while non-payment of rent by a company would result in legal consequences provided by the Act.

The Company is a concessionaire of the Kornati nautical tourism port in Biograd na Moru (hereinafter: the Marina Kornati) for a period of 32 years, counting from 13th January 1999, and in accordance with Article 22 of the Act on maritime domain and seaports (hereinafter: ZPDML) on 17th October, 2017 the Com-

pany 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 to 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.

As a matter of fact, the Company had built a marina by engaging its own resources before the concession was issued, and during the period from 01/01/2000 to 31/12/2013, the Company invested a total amount of: HRK 41,365,161.00 in the marina and in the last investment cycle it offered to make an investment in the further amount of HRK 45,144,206.00 in the maritime - construction part, inland part and in the environmental protection, i.e. in the port understructure and port superstructure in the Marina Kornati out of which HRK 18,505,822.26 has already been invested on the basis of obtained building permits and an additional amount of HRK 26,638,383.38 would be in-

vested after the extension of the concession term is issued.

To date, the decision on the Company's request for the extension of the concession term in the Marina Kornati by a total of 50 years has not been issued yet.

Climate changes, which have a significant impact on the tourism industry globally, also pose a potential risk to the Company in terms of a significant increase in the incidence of extreme weather conditions (storms, hurricanes, etc.), enhancing their intensity and unpredictability, and can cause extraordinary and unpredictable damage and threats to the Company's business operations. The Company pays the highest attention to overcoming such sudden and extreme climatic and weather conditions by ensuring preventive, technical-spatial and 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 aquatorium, which are beyond the Company's control, but may potentially jeopardize the Company's business safety, are the circumstances which the Company attends to insofar as it can actively contribute to as low impact on the Company's long-term business viability as possible, being aware of the fact that the

Company's impact here is reduced to measures which cannot be of key importance to the elimination of all the risks posed to the Company.

In the fiscal year 2020, the world is facing an unpredictable, strong and extremely dynamic epidemiological risk or global COVID-19 pandemic disease with a very negative impact on businesses in almost all industries, while among the most affected are the travel, tourism and hospitality industries, which actually constitute the core business of the Company. The risk of the COVID-19 disease is actually the most serious and the greatest risk that the Company has faced so far, and which has been successfully resisted by implementing a series of measures and activities described in the chapter *Reorganization of the Company's business activities, processes and operations, as well as implementation of measures and activities in circumstances surrounding 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 the Company as one of them. Overview of key obstacles or restrictions in development 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 or unresolved issue of conversion on the maritime domain, i.e. of acquired rights, legitimate investments and legitimate expectations in the maritime domain, having in mind, in particular, the contracted permanent right to utilization of the maritime domain, while companies which completed the conversion process as is the case with our Company carry out economic activity on the maritime domain,

(III) VAT rate on services in tourism and hotel industry is much higher than in competitive countries, which consequently makes Croatian tourism less competitive, hinders and slows down further investments both in the construction of new accommodation facilities and in improvement of the existing services and standards, affects new employment and salaries in tourism and hospitality,

(IV) bureaucracy, administrative barriers, frequent changes to regulations,

(V) complex and time-consuming procedure of issuing

spatial plans and issuing building and operating permits,

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

(VII) fiscal and parafiscal benefits unsuitable



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 NAUTICS

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.

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 Commerce 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 Cro-

atia 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 21 years in a row.

Restaurant



Jogging track

Beach



Children
playground



Camping
emptying area



3.3 CAMPSITE "PARK SOLINE"

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 2019 amounted to approximately HRK 200,000,000.00 and owing to these investments, the number of overnight stays rose from 4,556 in 1996 to 290,487 overnight stays in 2019.



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. In 2019, a total of 92 events were organized in Marina Kornati attended by over 9.021 persons.

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-magazine 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.

In 2019 the show which celebrated twenty-one years of its existence, was attended by over 400 registered exhibitors that participated with 350 vessels, while the number of visitors surpassed the figure of 18,500 with over 2000 realized business visits via the Biograd B2B business networking platform. The novelty is the new B2B event named Croatia Charter Expo-event of Nautical business networking 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

CineStar

SPAR

M&S

3.7 COMMERCIAL-SHOPPING CENTER CITY GALLERIA

Commercial-shopping center City Galleria is located near the old town center of Zadar, one of the two largest shopping centers in the city and the wider Zadar region, completed and opened to the public in October 2008 with a total gross surface of more than 28,500 m² spread over a total of six floors (two garage and four sale areas). The gross area of the center consists of the belonging underground garage with total area of 10,863 m² followed by 9,897.60m² of net lettable surface area and ancillary rooms and corridors. The occupancy of the center was 99.77% of all of its capacities as at 30/09/2020.

The following facilities are found in the Center: an underground car garage with over 400 parking spaces on the two floors, indoor and outdoor market, supermarket, specialized food and beverage shops, fashion clothing, footwear and sporting equipment shops, children's shops, cafés and 6 multiplex movie theaters. The offer is conceptually divided into floors, so the ground floor of the center is envisioned as a space with a mixed offering of food and services; the first floor is designed as a fashion floor with the supply of clothing, footwear, fashion accessories stores and perfumery/drug store; the second floor of the Center is created as a floor for fun and recrea-

tion with an offer of cafés, entertainment, cosmetic and sports services; while the third floor is intended for the lease of office premises.

The unique features of the Commercial-shopping center City Galleria have been recognized at the international level when in 2010 at the award ceremony 'International Property Award', the most prestigious international competition in the real estate business, the Commercial shopping center City Galleria Zadar received the prestigious five-star award in the category of "Best Retail Development". The unique features of the Commercial-shopping center City Galleria, which distinguish it from the rest of the market offer can be summarized in a few features, such as; 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 offer of the first and only multiplex cinema in the city of Zadar.

4 KEY PHYSICAL OPERATING RESULTS OF THE COMPANY

In the tourism industry, travel industry and hospitality industry, the nine months of 2020 were marked by the global COVID-19 pandemic, which affected the Company's business sectors in terms of achieving operating and thus also financial results, especially in specific sectors where, in the period of pre-season from mid-March to mid-May or end of May, business activities were completely absent (hotel sector, the destination management company and hospitality) or took place in a limited scope (nautical sector, camping sector and real estate sector). In high season, from June to the end of August, all tourism sectors of the Company were performing business activities, whereas only the hotel sector was not fully operational, which is a result of lower demand for hotel accommodation on the global level. Additionally, there was a significant absence of business activities organised through the system of the destination management company pertaining to different types of events involving gatherings of a larger number of people, which were restricted or completely banned because of the pandemic.

In the post-season, due to the deterioration of the epidemiological situation on key tourism sectors of the Company, followed by restrictions on travel of their citizens abroad or their competent authorities not recommending travel to the Republic of Croatia, which was especially crucial for the camping sector, there was an absence of more significant business activities,

other than regular activities in the nautical and real-estate sectors, in September.

Despite the fact that it performed its activities in a limited scope throughout the pre-season, the Company's nautical sector, i.e. Marina Kornati, achieved outstanding operating and financial results, taking into account the circumstances of carrying out business activities. In the nine months of 2020, Marina Kornati generated revenues of HRK 39,027,433, which is only a 7% decrease compared to the same period in 2019 when the revenues amounted to HRK 41,889,882. The achieved financial results were mostly generated through revenues from contractual berths for individual and charter vessels, which represent 76.47% of all revenues of Marina Kornati, while the remaining revenues stayed on the level of last year's revenues from the same period, when they amounted to HRK 29,804,733. This is a considerable success when taking into account the business conditions, as well as the fact that, compared to the same period of the previous year, 709 contractual berths were concluded, which is only a 3% decrease, thus making the achieved results even more significant. With the operating results it achieved, Marina Kornati demonstrated the resilience of the entire nautical sector, as well as its own strength and flexibility to, in the context of the pandemic, realize both operating and financial results that contributed to its market and business sustainability, as well as to the

stability of the entire Company.

In the camping sector, the Company also achieved satisfying results in view of the fact that the camping sector was, due to the pandemic, reduced only to a few outbound markets. Some key camping markets (the Netherlands) were already during high season, i.e. near the end of July, changing recommendations to their citizens regarding travel to the Republic of Croatia, and several more countries did the same by the beginning of September, which had a significant impact on the demand in the remaining high season and post-season, including the cancellation of already-made bookings. Despite this, the Company's camping sector generated revenues of HRK 20,073,233.52, representing 64% of the revenues generated in the same period in 2019. This was achieved by realizing 19,519 guest arrivals, i.e. 137,096 overnight stays, which represents 48.03% compared to same period of the previous year.

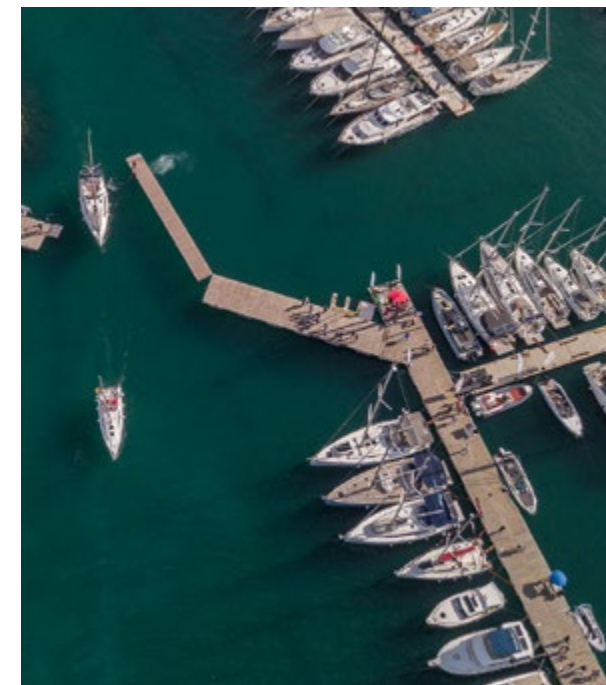
The Company's hotel sector, as well as the entire hotel sector on a global level, was most affected by the COVID-19 pandemic. Since the beginning of the pandemic, the hotel sector has been shown as the most sensitive sector in view of the fact that the initial more significant booking cancellations and suspension of sales had the largest negative impact on the hotel sector, and when the epidemiological situation improved and borders opened, its recovery was the slowest. In

the period from mid-March to end of May, i.e. 12/03-29/05/2020, all hotel facilities, including all catering facilities operating within the hotel sector, were closed. Following the improvement of the epidemiological situation, the Company reactivated its hotel sector and pertaining catering facilities, but with a significantly lower capacity due to the lack of demand for hotel accommodation. This had a significant impact on the total results of the hotel sector that in the nine months of 2020 realized 6,395 arrivals, which is a 83% decline compared to the same period of the previous financial year, and 29,073 overnight stays, which is a 77% decline. Consequently, revenues amounted to 24% of revenues in the same period of the previous year.

With regard to the destination management company Ilirija Travel, which deals with the organisation of different types of events, its business activities were, due to the ban on gatherings of a larger number of people, mostly realized in the period from January to the beginning of the pandemic, after which events were mostly moved to 2021 or cancelled.

In the real-estate sector, after COVID-19 was declared a pandemic, decisions of the competent authorities prevented tenants operating on a total of 57.4% of the net rentable area of the centre from carrying out business activities, whilst the tenants that were allowed to perform their activities did so in a very limited scope

and with reduced working hours. Most of the tenants were allowed to resume their activities as of 11 May, while the centre was fully operational from the second half of August when the last tenant was allowed to resume its activities. Despite the fact that more than 57% of the net rentable area of the centre was closed, while the remaining tenants had to adjust their operations, the real-estate sector generated revenues of HRK 9,627,612.32, i.e. 90% of revenues in the same period in 2019.



4.1 HOTEL SECTOR

The Company's hotel industry continued its operations in the first nine months of 2020 with the same capacities as in the previous year, i.e. with 922 beds. After a significant increase in physical and financial indicators during the exceptionally good years 2017 and 2018, the hotel sector of the Company and the whole Croatian and world's tourism was affected by COVID 19 pandemic with extremely negative effects particularly pronounced in the hotel tourism segment.

After the pandemic was declared, the Company's hotel facilities were closed in the period from 16th March to 28th May and then the recovery started extremely slowly and with reduced figures. As a result of the foregoing, out of four hotels, only Ilirija hotel was opened, and during the very short peak season from 01st to 31st August, the Adriatic Hotel was also opened. Hotel Korinat was operating only during the months of January and February, and the occupancy was reduced to the guests who celebrated the New Year eve here.

In the reporting period, there were 6,395 arrivals recorded, or 83% less than in the same period of the previous fiscal year, and 29,073 overnight stays were recorded showing a decline by 77%, which is a direct consequence of the pandemic. As a result, revenues were reduced to 24% of the revenues generated in the same period last year.

The average decline in the number of guests and overnight stays in the Company's hotel sector equals to an approximately general decline in the whole country. This year we can see far better business operations or occupancy of the northwestern parts compared to those in the south of the country, which is conditioned by the proximity, which much more importantly than ever before was the reason for a lower decline in the season. The area of the Zadar County with a central position when it comes to distance or farther from Istria and Kvarner and the closest for the arrival of tourists compared to the Dalmatian counties had slightly better results, so the average number of hotel guests in the entire county fell by 70%, and the number of realized overnight stays was 38% of those realized last year, i.e. with a decline by 62%. In this context, the results in the Company's hotel segment are worse than the average performance in the destination. The reason partly lies in the fact that Biograd and the local Riviera primarily records and attracts the guests of nautical segment, apartments and camping, which can be seen in the nautical and camping segment of the Company. The second reason is the Company's pricing policy, i.e. the limited reduction of prices according to the Company's decision, assessing that a more drastic reduction in prices would lead to higher occupancy, but at the same time this would require a significant increase in costs.

When it comes to hotel occupancy, the 140 days' ave-

average occupancy in the same period last year has been reduced to 31 days. The number of days of average stay has significantly risen from 3.49 to 4.55 days in 2020. Of course, this is a conditional increase because the season was mostly reduced to the months of July and August when the average stays and holiday tourism are the longest, thereby completely lacking the pre-season and almost completely lacking business groups, seminars and other forms of MICE tourism.

Hotel revenue was reduced from last year's HRK 49,472,473.59 to HRK 11,777,237.18 generated in the first nine months of 2020, i.e. they amount to 24% of the revenue generated in the same period last year. This is the result of the decline in overnight stays by 77% and rise in prices by 3%. The average daily rate rose from HRK 386.30 to HRK 405.09, or from EUR 52.19 to EUR 53.78. This increased the revenue per room sold last year from EUR 107.31 to EUR 115.86. This is primarily due to the fact that most part or most of this year's guests came individually, although prices in the individual segment decreased, and due to their significant increase in total arrivals, and the fact that individual prices are higher than allotment or rental prices, which ultimately resulted in an increase in the average price. Another reason for the increased average price is the consequence that the turnover was almost completely reduced to the tur-

nover in July and August, when prices are higher than in the pre-season months, and last year the Company's hotel sector realized a significant pre-season, which has lacked this year. If the revenue from hotel sector is added by the revenue from hospitality-related and other services rendered in the profit centers in in the Aquatic center, Tennis center and hospitality facilities, the average daily rate is EUR 131.52.

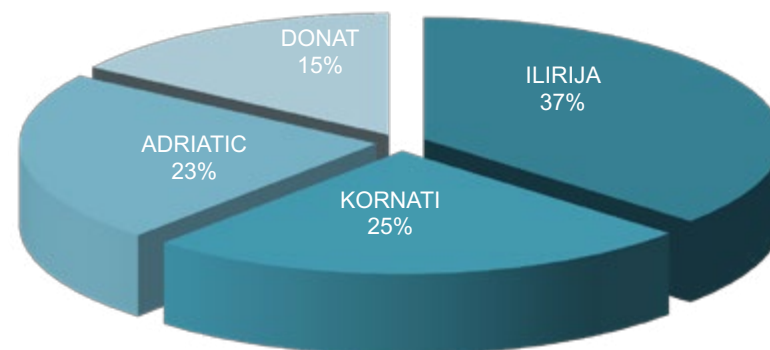
There have been drastic changes in the structure of guests. The most significant change is related to the increase in domestic overnight stays, which in the same period in 2019 amounted to 18.58% of the share in all overnight stays, while in the reporting period of the current year it reached 49.60% of the total share. The German market, our traditionally second market of the Company's hotel sector, which was at 14.28% share of all overnight stays last year fell to 8.61% in the current period, since the decline from the German market was 86%. Thus, the third market last year - Slovenian market is ranked second with a share of 17% of all overnight stays. Regarding the other markets, 6% of share of guests from Austria and Slovakia was reduced to 3.9% share in total overnight stays. There is a significant decline recorded in all markets, and there is a significant share of local guests which caused significant changes in the market structure of the hotel sector.

There have also been extremely great changes in sales channels. The most pronounced change is the complete lack of fixed lease last year with a share of 5.8%, followed by a significant decrease in the share of groups from last year's 34.5% share, especially important for the pre- and post-season, which in the current year was reduced to 13.9%. The allotment sales channel, which is the usual and most represented with a traditional share of approximately 40% grew in the first nine months of 2020 to 41.8% share, where the basis is sales through allotments in the domestic market, which have grown significantly. The foregoing resulted in a significant growth of the individual sales channel from 19.1% to as much as 44.3% share. It should be noted that sales through a fixed lease and the group segment completely lacked. In the extraordinary circumstances this year, the Company's hotel sector mainly relied on the use of domestic allotment sales channels. Business groups, a subject of special interest in the previous years in conjunction with the DMK agency and a wide range of additional services in the combination of business and leisure stays, which are increasingly intertwined, have also almost completely lacked. Experience tourism, i.e. tourism of special interests as an Company's integrated product lacked and the most of the achievements are reduced to the traditional holiday of "sun and sea" at the very peak of the bathing season.

Hotel sector capacities

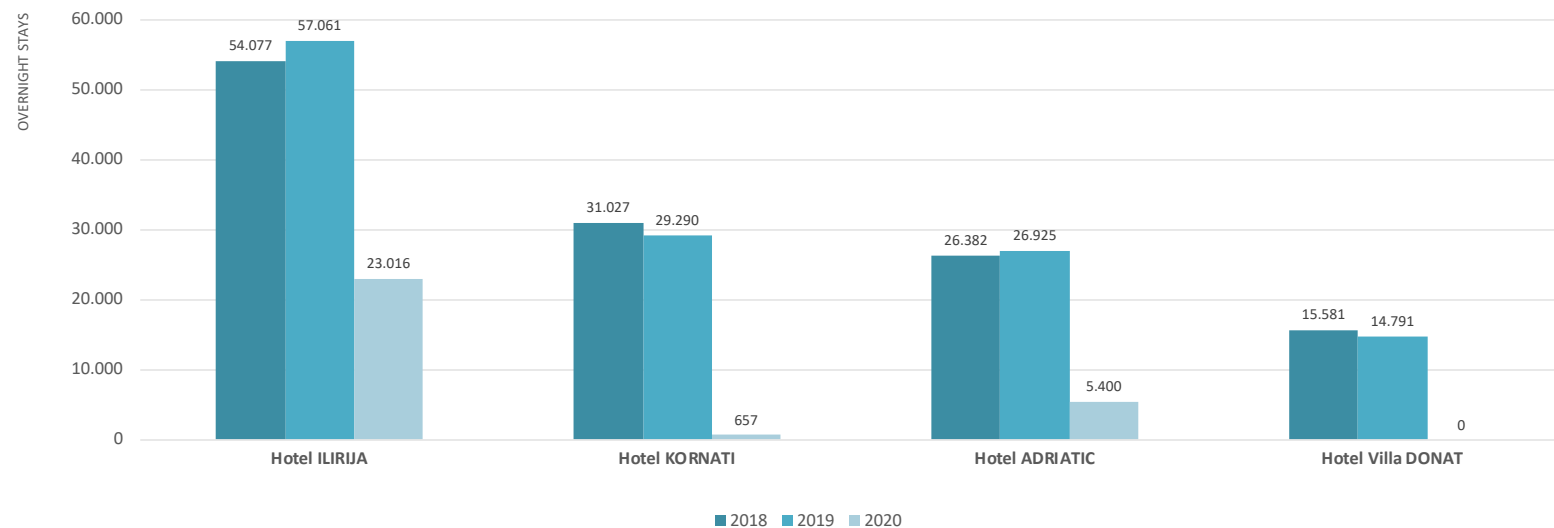
ILIRIJA D.D.	NUMBER OF ROOMS				NUMBER OF BEDS			
	2018	2019	2020	INDEX 20/19	2018	2019	2020	INDEX 20/19
ILIRIJA	165	165	165	1,00	337	338	338	1,00
KORNATI	106	106	106	1,00	216	230	230	1,00
ADRIATIC	100	100	100	1,00	210	210	210	1,00
DONAT	72	72	72	1,00	144	144	144	1,00
TOTAL	443	443	443	1,00	907	922	922	1,00

% Share of indiv. hotel (number of beds)

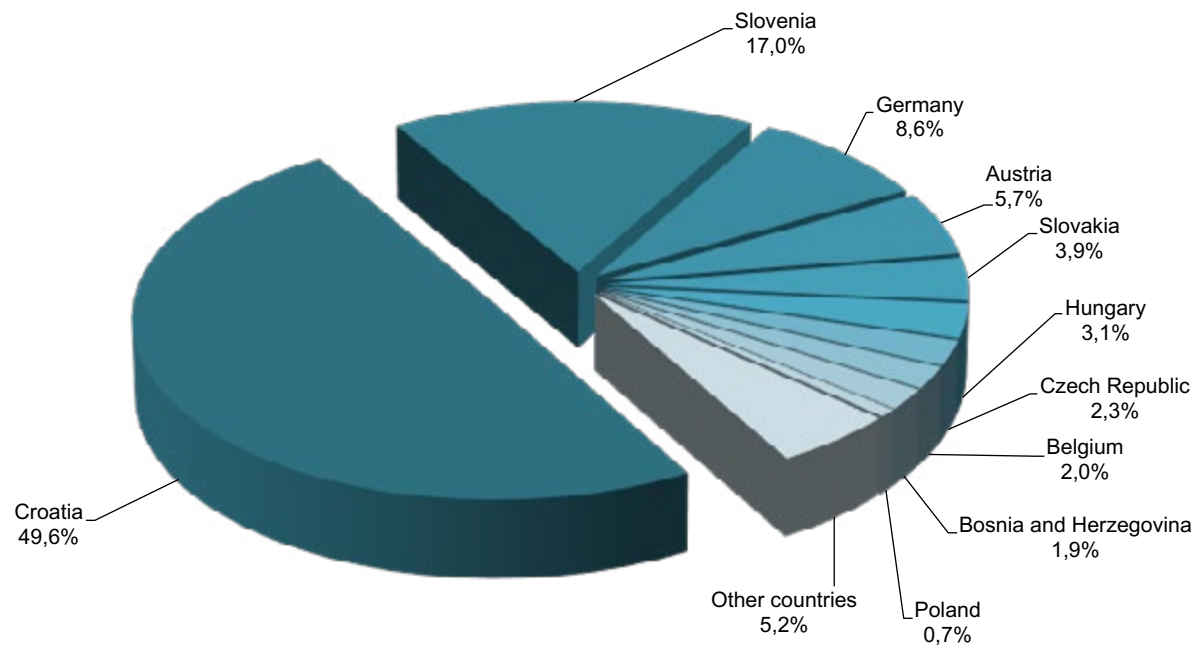


Overview and comparison of realized arrivals and overnight stays from 01/01/ to 30/09/2020 to the same period in 2018 and 2019

PROFIT CENTER	HOTEL INDUSTRY							
	ARRIVALS			INDEX	OVERNIGHT STAYS			INDEX
	2018.	2019.	2020.	2020./2019.	2018.	2019.	2020.	2020./2019.
Hotel ILIRIJA	17.162	19.452	5.041	26	54.077	57.061	23.016	40
Hotel KORNATI	10.376	8.787	365	4	31.027	29.290	657	2
Hotel ADRIATIC	6.245	5.977	989	17	26.382	26.925	5.400	20
Hotel Villa DONAT	3.505	2.842	0	0	15.581	14.791	0	0
TOTAL	37.288	37.058	6.395	17	127.067	128.067	29.073	23



Graph of the realized overnight stays by source markets for the period from 01/01/ to 30/09/2020



Occupancy rate for the period from 01/01/ to 30/09/2020 and the comparison to that in the same period of 2019

Percentage share

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total rooms	2019	%	2020	%	Total rooms	2019	%	2020	%	Total rooms	2019	%	2020	%	Total rooms	2019	%	2020	%	Total rooms	2019	%	2020	%
JANUARY (I)	5.115	1.050	20,53%	574	11,22%	3.286	165	5,02%	189	5,75%	3.100	156	5,03%	80	2,58%	2.232	0	0,00%	0	0,00%	13.733	1.371	9,98%	843	6,14%
FEBRUARY (II)	4.620	473	10,24%	620	13,42%	2.968	0	0,00%	211	7,11%	2.800	0	0,00%	0	0,00%	2.016	0	0,00%	0	0,00%	12.404	473	3,81%	831	6,70%
MARCH (III)	5.115	1.716	33,55%	278	5,43%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	1.716	12,50%	278	2,02%
APRIL (IV)	4.950	3.193	64,51%	0	0,00%	3.180	994	31,26%	0	0,00%	3.000	276	9,20%	0	0,00%	2.160	0	0,00%	0	0,00%	13.290	4.463	33,58%	0	0,00%
MAY (V)	5.115	3.779	73,88%	12	0,23%	3.286	2.066	62,87%	0	0,00%	3.100	1.592	51,35%	0	0,00%	2.232	312	13,98%	0	0,00%	13.733	7.749	56,43%	12	0,09%
JUNE (VI)	4.950	4.094	82,71%	1.187	23,98%	3.180	2.589	81,42%	0	0,00%	3.000	2.478	82,60%	0	0,00%	2.160	1.265	58,56%	0	0,00%	13.290	10.426	78,45%	1.187	8,93%
JULY (VII)	5.115	4.538	88,72%	3.120	61,00%	3.286	2.831	86,15%	0	0,00%	3.100	2.858	92,19%	0	0,00%	2.232	1.960	87,81%	0	0,00%	13.733	12.187	88,74%	3.120	22,72%
AUGUST (VIII)	5.115	4.721	92,30%	3.653	71,42%	3.286	3.106	94,52%	0	0,00%	3.100	2.970	95,81%	2.076	66,97%	2.232	2.132	95,52%	0	0,00%	13.733	12.929	94,15%	5.729	41,72%
SEPTEMBER (IX)	4.950	4.403	88,95%	1.518	30,67%	3.180	2.525	79,40%	0	0,00%	3.000	2.580	86,00%	0	0,00%	2.160	1.413	65,42%	0	0,00%	13.290	10.921	82,17%	1.518	11,42%
OCTOBER (X)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
NOVEMBER (XI)	4.950	0	0,00%	0	0,00%	3.180	0	0,00%	0	0,00%	3.000	0	0,00%	0	0,00%	2.160	0	0,00%	0	0,00%	13.290	0	0,00%	0	0,00%
DECEMBER (XII)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
TOTAL	60.225	27.967	46,44%	10.962	18,20%	38.690	14.276	36,90%	400	1,03%	36.500	12.910	35,37%	2.156	5,91%	26.280	7.082	26,95%	0	0,00%	161.695	62.235	38,49%	13.518	8,36%

Occupancy rate for the period from 01/01 to 30/09/2020 and the comparison to that in the same period of 2019

Occupancy days

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total rooms	2019	days	2020	days	Total rooms	2019	days	2020	days	Total rooms	2019	days	2020	days	Total rooms	2019	days	2020	days	Total rooms	2019	days	2020	days
JANUARY (I)	5.115	1.050	6	574	3	3.286	165	2	189	2	3.100	156	2	80	1	2.232	0	0	0	0	13.733	1.371	3	843	2
FEBRUARY (II)	4.620	473	3	620	4	2.968	0	0	211	2	2.800	0	0	0	0	2.016	0	0	0	0	12.404	473	1	831	2
MARCH (III)	5.115	1.716	10	278	2	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	1.716	4	278	1
APRIL (IV)	4.950	3.193	19	0	0	3.180	994	9	0	0	3.000	276	3	0	0	2.160	0	0	0	0	13.290	4.463	10	0	0
MAY (V)	5.115	3.779	23	12	0	3.286	2.066	19	0	0	3.100	1.592	16	0	0	2.232	312	4	0	0	13.733	7.749	17	12	0
JUNE (VI)	4.950	4.094	25	1.187	7	3.180	2.589	24	0	0	3.000	2.478	25	0	0	2.160	1.265	18	0	0	13.290	10.426	24	1.187	3
JULY (VII)	5.115	4.538	28	3.120	19	3.286	2.831	27	0	0	3.100	2.858	29	0	0	2.232	1.960	27	0	0	13.733	12.187	28	3.120	7
AUGUST (VIII)	5.115	4.721	29	3.653	22	3.286	3.106	29	0	0	3.100	2.970	30	2.076	21	2.232	2.132	30	0	0	13.733	12.929	29	5.729	13
SEPTEMBER (IX)	4.950	4.403	27	1.518	9	3.180	2.525	24	0	0	3.000	2.580	26	0	0	2.160	1.413	20	0	0	13.290	10.921	25	1.518	3
OCTOBER (X)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
NOVEMBER (XI)	4.950	0	0	0	0	3.180	0	0	0	0	3.000	0	0	0	0	2.160	0	0	0	0	13.290	0	0	0	0
DECEMBER (XII)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
TOTAL	60.225	27.967	169	10.962	66	38.690	14.276	135	400	4	36.500	12.910	129	2.156	22	26.280	7.082	98	0	0	161.695	62.235	140	13.518	31

Monthly comparison of revenues/overnight stays of Ilirija Resort hotel for the period from 01/01 to 30/09/2020 with the same period in the year 2019

MONTH	GENERATED REVENUES			OVERNIGHT STAYS			AVER.PRICE IN HRK		AVER.PRICE IN €		
	2019	2020	INDEX	2019	2020	INDEX	2019	2020	2019	2020	INDEX
JANUARY	1.406.055,11	777.544,20	0,55	2.322	1.437	0,62	605,54	541,09	81,58	72,73	0,89
FEBRUARY	351.380,76	388.042,39	1,10	869	1.484	1,71	404,35	261,48	54,45	35,11	0,64
MARCH	963.108,71	199.027,83	0,21	3.084	503	0,16	312,29	395,68	42,06	52,42	1,25
APRIL	2.216.611,41	0,00	0,00	8.369	0	0,00	264,86	#DIV/0!	35,73	#DIV/0!	#DIV/0!
MAY	4.619.475,38	41.829,77	0,01	13.173	21	0,00	350,68	1.991,89	47,27	263,20	5,57
JUNE	7.728.383,78	806.424,91	0,10	20.192	2.377	0,12	382,74	339,26	51,77	44,84	0,87
JULY	11.236.894,24	3.078.461,88	0,27	29.848	7.609	0,25	376,47	404,58	51,06	53,71	1,05
AUGUST	13.389.920,46	5.722.058,28	0,43	31.415	14.124	0,45	426,23	405,13	57,63	54,03	0,94
SEPTEMBER	7.560.643,74	763.847,92	0,10	18.795	1.518	0,08	402,27	503,19	54,34	67,10	1,23
OCTOBER	3.914.412,58	0,00	0,00	12.200	0	0,00	320,85	0,00	43,05	0,00	0,00
NOVEMBER	866.306,40	0,00	0,00	3.358	0	0,00	257,98	0,00	34,69	0,00	0,00
DECEMBER	1.569.782,92	0,00	0,00	3.190	0	0,00	492,09	0,00	66,15	0,00	0,00
TOTAL	55.822.975,50	11.777.237,18	0,21	146.815	29.073	0,20	380,23	405,09	51,27	53,86	1,05
30/09	49.472.473,59	11.777.237,18	0,24	128.067	29.073	0,23	386,30	405,09	52,19	53,78	1,03

Revenues per sold room 30/09/2020	871,23 HRK	115,83 €
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Revenues per sold room 30/09/2019	794,93 HRK	107,31€
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Selected profit centers within the hotel sector

Lavender	2019		
	2019	2020	INDEX
31/12	1.049.685,47		
30/09	1.019.818,15	424.965,47	0,42

Aquatic centar	2019		
	2019	2020	INDEX
31/12	2.397.917,11		
30/09	2.385.872,61	821.807,81	0,34

Tenis centar	2019		
	2019	2020	INDEX
31/12	514.179,54		
30/09	441.509,89	306.765,57	0,69

Beach bar Donat	2019		
	2019	2020	INDEX
31/12	284.975,84		
30/09	95.390,17	41.616,76	0,44

Hotel sector total

TOTAL	2019		
	2019	2020	INDEX
31/12	60.069.733,46		
30/09	53.415.064,41	13.372.392,79	0,25

Revenues per sold room - 2020:	989,23 HRK	131,52 €
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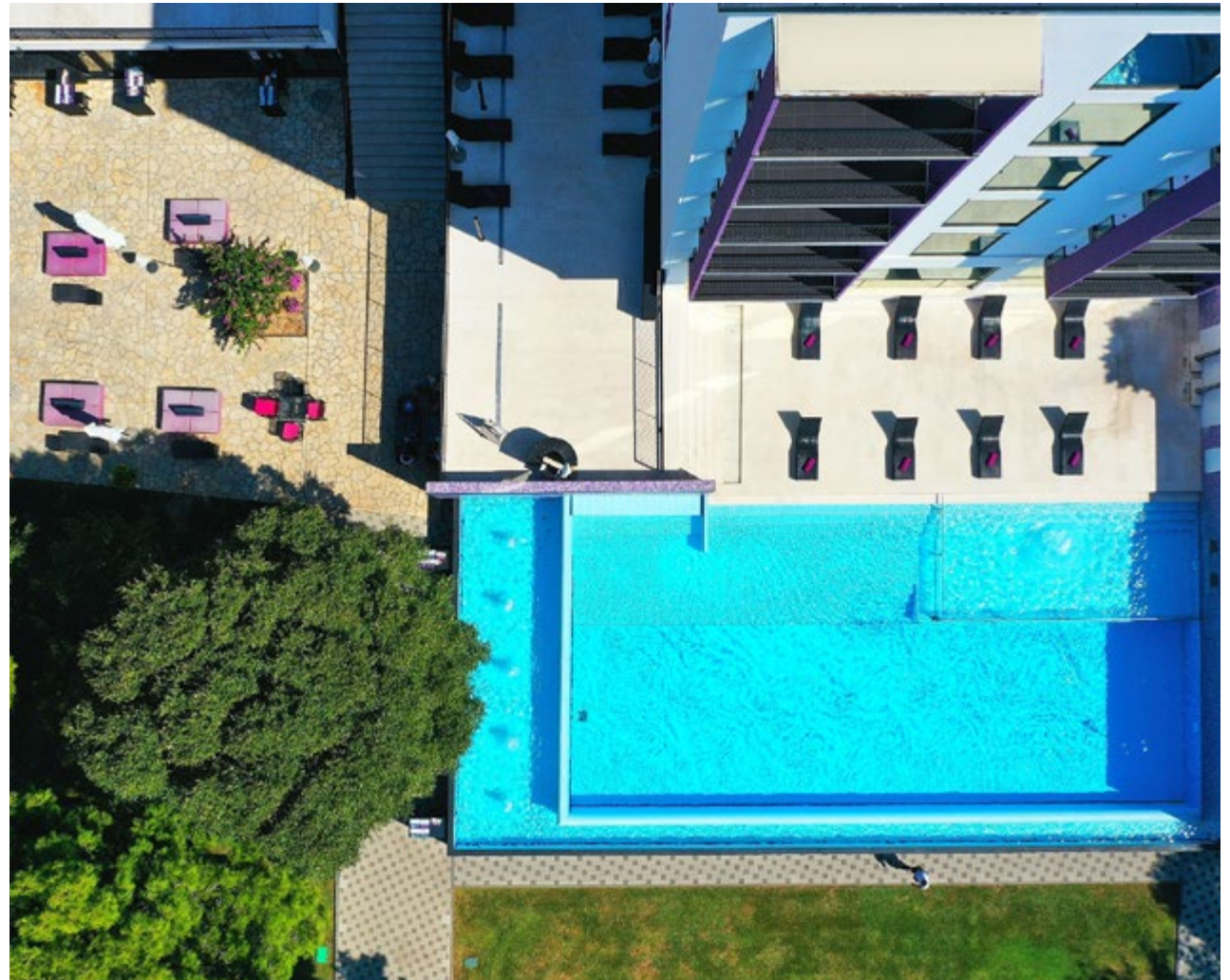
Revenues per sold room- 2019:	858,28 HRK	115,86 €
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REVENUES BY ACTIVITIES

Revenues from hotel services amount HRK 11,777,237.18 and declined by 76% in comparison with those in the same period last fiscal year.

Other revenues from hotel industry including Beach bar Donat, which is a part of the business unit hotel Villa Donat, Sv. Filip i Jakov, were generated in the amount of HRK 1,595,155.76 compared to HRK 3,942,590.82 in the same period in 2019 which constitutes 40.45% of generated revenue.

Overall, the revenues of the hotel sector amount to HRK 13,372,392.79 and are lower by 75% than those in the nine months of the previous fiscal year.



Summary of key operating market indicators for hotel sector of Ilirija d.d.

The results of the hotel industry is usually shown separately for the hotels in Biograd and hotel in Sv. Filip Jakov considering a different market profile, but due to a significant reduction in the volume of business due to the global pandemic, the hotel in Sv. Filip Jakov was not opened this year and the data refers to hotels in Biograd na Moru. In the first nine months of 2020, due to the pandemic and the global crisis in the travel industry, the Company's hotel industry recor-

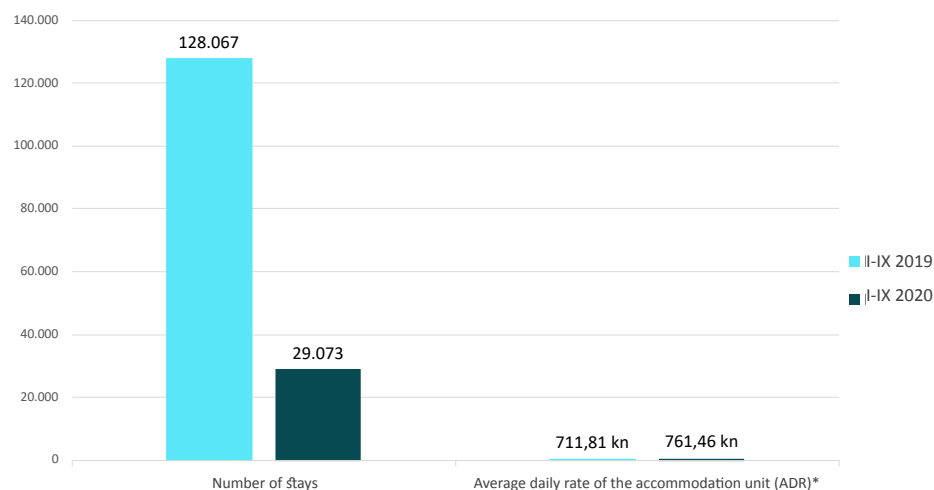
ded a significant decline in all market indicators, starting from occupancy to average utilization, as well as in financial indicators.

The results are in discontinuity with all previous results, marked by a general decline, as opposed to continuous growth over two decades, all due to international epidemic circumstances which drastically impacted tourism. Compared to the previous year,

there was a decrease in physical demand or overnight stays by 74.33%, and a decrease in occupancy of accommodation units based on the total number of days by 75.58%, while a decrease in occupancy based on open days decreased by 41.99%.

The average realized price grew by 5.04%, as a result of operations at the peak of the season, with usually the highest prices as well as the dominance of individual sales. Revenue per accommodation unit decreased by 74.35% on an open days basis or 39.07% on an open days basis. The difference between the decrease in revenue per unit and the total number of days, in relation to the open days, is an expression of a calculation with a redistribution of labor costs and other costs in proportion to market circumstances.

Number of overnight stays and average daily rate of the accommodation unit (ADR) in the hotels of Ilirija d.d. in I-IX 2020 and I-IX 2019



* ADR – Average daily rate of the accommodation unit is calculated on the basis of the revenue from board services (revenue from the accommodation and food and beverages of the board services)

Key market indicators of the hotel sector of Ilirija d.d.

	2020	2019	2020/ 2019
HOTELS IN BIOGRAD			
Accommodation capacities:			
Number of hotels	3	3	0,00%
Number of accommodation units	371	371	0,00%
Number of beds	778	778	0,00%
Physical turnover:			
Number of overnight stays	29.073	113.276	-74,33%
Number of accommodation units sold	13.518	55.153	-75,49%
The occupancy of accommodation units based on a total number of days in a period (%)	13,30%	54,45%	-75,58%
Occupancy rate of the accommodation units on an open days basis (%)	45,17%	77,86%	-41,99%
Financial results:			
Average daily rate of the accommodation unit (ADR) *	761,46 kn	724,92 kn	5,04%
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	101,26 kn	394,75 kn	-74,35%
Revenue per accommodation unit (RevPAR) on an open days basis **	343,94 kn	564,46 kn	-39,07%
HOTEL IN SV. FILIP I JAKOV			
Accommodation capacities:			
Number of hotels	1	1	0,00%
Number of accommodation units	72	72	0,00%
Number of beds	144	144	0,00%
Physical turnover:			
Number of overnight stays	0	14.791	-100,00%
Number of accommodation units sold	0	7.082	-100,00%
The occupancy of accommodation units based on a total number of days in a period (%)	0,00%	36,03%	-100,00%
Occupancy rate of the accommodation units on an open days basis (%)	#DIV/0!	82,66%	#DIV/0!
Financial results:			
Average daily rate of the accommodation unit (ADR) *	#DIV/0!	609,68 kn	#DIV/0!
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	#DIV/0!	219,66 kn	#DIV/0!
Revenue per accommodation unit (RevPAR) on an open days basis **	#DIV/0!	503,94 kn	#DIV/0!
HOTELS - TOTAL ILIRIJA d.d.			
Accommodation capacities:			
Number of hotels	4	4	0,00%
Number of accommodation units	443	443	0,00%
Number of beds	922	922	0,00%
Physical turnover:			
Number of overnight stays	29.073	128.067	-77,30%
Number of accommodation units sold	13.518	62.235	-78,28%
The occupancy of accommodation units based on a total number of days in a period (%)	11,14%	51,46%	-78,36%
Occupancy rate of the accommodation units on an open days basis (%)	45,17%	78,38%	-42,37%
Financial results:			
Average daily rate of the accommodation unit (ADR) *	761,46 kn	711,81 kn	6,98%
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	84,80 kn	366,29 kn	-76,85%
Revenue per accommodation unit (RevPAR) on an open days basis **	343,94 kn	557,92 kn	-38,35%

Notes:

Hotels in Biograd include the hotels Ilirija, Adriatic and Kornati, while the hotel in Sv. Filip Jakov is the hotel Villa Donat. *

* ADR – Average daily rate of the accommodation unit is calculated on the basis of the revenue from board services (revenue from the accommodation and food and beverages of the board services).

** RevPAR – Revenue from the board services per accommodation unit includes the revenue from the board services (revenue from the accommodation and food and beverages of the board services) divided by the number of the available accommodation units in a given period (365 days; number of open days).

4.2 NAUTICS – MARINA KORNATI

In the circumstances of a global pandemic when the tourism industry, travel industry and hospitality suffer extremely extensive consequences, since they are among the most affected activities on a global level, the Company's nautical sector has shown exceptional strength and flexibility to achieve perhaps the best results so far, especially financial results in the circumstances in which the fiscal year took place. Despite lower operating results, owing almost to individual treatment of each client, taking into account the years spent with the boat in the marina, that is, the previous number of years of business cooperation with Marina Kornati, the connection between guests and business partners, the Company's nautical sector generated HRK 38,193,809 in revenues or 93% achieving thus the total financial stability not only of the nautical sector, but also (sentence not finished*).

In the first nine months of 2020, 709 contracts on the use of berths were concluded, which is 97% compared to those in 2019, when 729 contracts were concluded, of which 398 contracts for individual vessels, which is about 1% less compared to those in the same period in 2019 and 311 contracts for charter vessels, which is a decline by about 5% compared to those in the same period in 2019.

Given the uncertainty due to the COVID-19 pandemic and the situation in the nautical market, especially

charter activities, due to limited freedom of movement, in the nautical sector the Company focused its efforts on negotiating and contracting contract vessels for individual guests and the reduction of physical turnover by 3% in circumstances of business operations in the nine months of 2020 can be considered successful.

The consequences of the pandemic had the greatest impact on transit berth services in the segment of inbound vessels in transit, where with 1,504 inbound sails compared to 3,230 inbound sails realized in the same period in 2019, 47% physical turnover of the turnover in the same period of the previous fiscal year was realized. Vessels in transit realized 14% fewer overnight stays, which can be considered a success, since the vessel overnight stays do not show negative indicators as the number of inbound vessels. The foregoing shows that the vessels stayed longer in the marina.

In the reporting period, 2,377 port service operations (lifting, lowering and washing of vessels) were performed, which is 24% less than in the same period of 2019, which is mainly the consequence of lack of transit vessels.

In nine months, Marina Kornati generated HRK 38,193,809 in revenues, i.e. 96% of revenues generated in the same period of the previous fiscal year, which is more than a successful result in the circumstances

in which the tourism sector has been operating since mid-March. The achieved operational and financial business results are the result of a well-organized nautical system of the Company, both operational and sales, which, considering the special circumstances, had an individual approach to each guest-client.

Of the total revenue of the marina, almost 84% refers to the revenues – contract-based berth with accessories, i.e. HRK 29,844,703 compared to that in the same period in 2019, when almost the same revenue was generated, i.e. HRK 29,918,751, in which way the revenues from the contract-based berth are at the level of the previous fiscal year, which is also the main reason for the more than satisfactory results achieved by the nautical sector in the first nine months of 2020.

Revenue from the transit berth was realized in the amount of HRK 1,843,006 compared to that in the same period in 2019 when HRK 2,572,612 or 72% of revenues were generated. Comparing the revenue with the physical indicators of inbound vessels and overnight stay of vessels, it is evident that the revenue from the transit berth refers to vessels that changed their status of contract-based to the status of transit vessels as at 31/03/2020.

Revenues generated in the port service are an extremely good result achieved, since in one period, at the

time of servicing the vessels the operational activities of the service lacked due to the pandemic. The port service generated 93% of revenues generated in the same period in 2019, i.e. the revenues of the port service amount to HRK 2,324,732 in the current year.

The revenue that could not be influenced despite the activities undertaken and the opening of borders, which had a positive effect on the revenue generated from the transit and servicing, is the generation of revenues from parking, which remained at 61% of revenues generated in the same period in 2019.

Considering the revenue of the marina generated on an annual basis, where the contractual berth service accounts for 84% of the total revenue, transit berth accounts for 3%, servicing accounts for 7%, business cooperation accounts for 4%, and parking accounts for 1%, Marina Kornati may achieve the last year's business result, provided that the business conditions remain the same as in the third quarter of the fiscal year, i.e. provided that no restriction of movement primarily among the EU member states, especially among the countries that are also its source markets of the nautical sector is imposed.

This year's 22nd International Biograd Boat Show, organized and hosted by the Company will adapt to the new circumstances if the favorable epidemiological

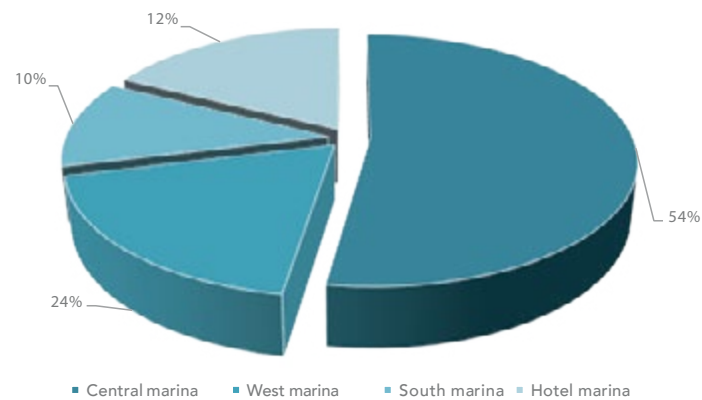
situation is maintained. In order to comply with the epidemiological measures of maintaining distance, the largest boat show in Central Europe will be held one day longer or a total of five days in the period from 21 October to 25 October 2020. Since the boat show is held outdoors and at sea, fresh air and open space provide a safer environment. In order to meet international and national health and safety criteria, the Company monitors the current situation very carefully and prepares for the introduction of measures intended for public safety and the safety of exhibitors and visitors. As a golden member of IFBSO, the International Federation of Boat Show Organizers, the Company cooperates with its colleagues and competent services in the Republic of Croatia primarily with the Zadar County Civil Protection Headquarters, the Biograd na Moru Civil Protection Headquarters and the Zadar Public Health Institute in implementing epidemiological measures and safety recommendation in the organization of the boat show.

Since the regattas are categorized as sports competitions and events which are attended by a large number of boaters, mostly from the Central European countries, they have been postponed or cancelled, as well as other events that were normally held in Marina Kornati.

Marina Kornati capacities

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

% Share of individual marina (number of berths)



Cumulative overview of physical turnover of Marina Kornati during the period from 01/01/2020 to 30/09/2020 and comparison with that in 2019

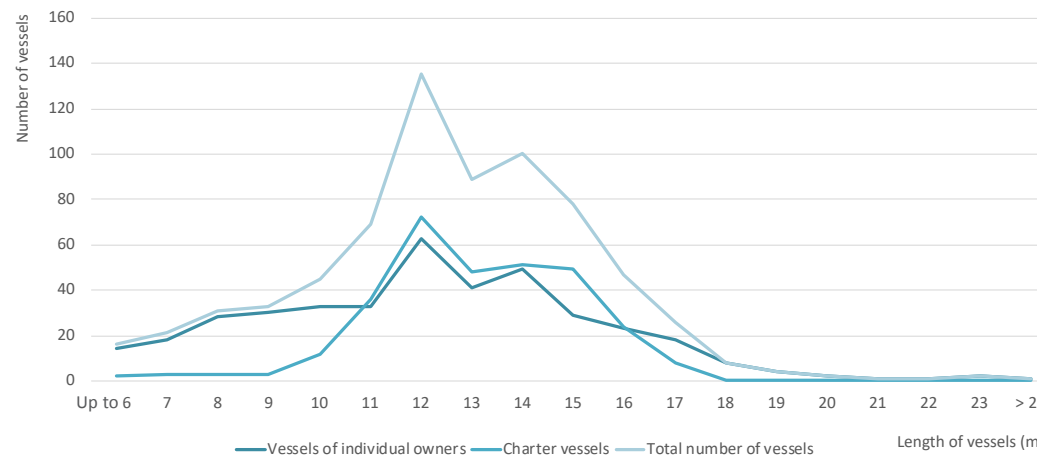
		2020 by month											
Name of position	Measurement unit	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
Contract-based berth -individual	Contracted vessel	101	274	303	343	351	379	393	396	398			
Contract-based berth -charter	Contracted vessel		10	21	271	290	309	309	310	311			
TOTAL Contract-based berth	Contracted vessel	101	284	324	614	641	688	702	706	709	0	0	0
Transit berth-sailing in port	Sailing in port	5	17	31	52	80	268	733	1.318	1.504			
Transit berth-overnight stay of vessels	Boat / day	150	444	797	1.607	2.694	3.990	5.979	7.933	8.823			
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	180	387	568	687	965	1.450	1.823	2.176	2.377			

		2019 by month											
Name of position	Measurement unit	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
Contract-based berth -individual	Contracted vessel	99	248	303	353	374	384	396	400	402			
Contract-based berth -charter	Contracted vessel	0	2	81	291	315	326	327	327	327			
TOTAL Contract-based berth	Contracted vessel	99	250	384	644	689	710	723	727	729			
Transit berth-sailing in port	Sailing in port	1	9	30	143	526	1.058	1.823	2.709	3.230			
Transit berth-overnight stay of vessels	Boat / day	132	320	563	1.364	2.301	3.472	5.775	8.773	10.223			
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	118	402	673	1.070	1.485	1.945	2.358	2.888	3.144			

Vessels on contract-based berth during the period from 01/01/-30/09/2020 and comparison with those in 2019

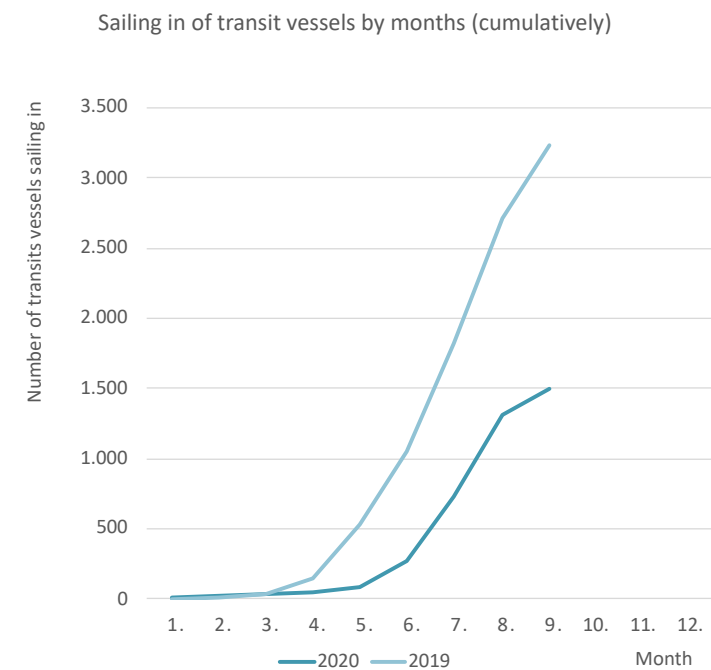
Purpose	Type of berth	Position of berth	01.01.-30.09	% Total	01.01.-30.09.	% Total	Index
			2020	Vessels	2019	Vessels	
VESSEL OF INDIVIDUAL OWNERS	Annual berth in the sea	Central aquatorium	294	41	287	39	102
		South aquatorium	42	6	45	6	93
		Western aquatorium	10	1	1	0	1000
		Hotel port	36	5	34	5	106
	Annual berth on the land	Marina land	5	1	4	1	125
	Seasonal berth in the sea	Marina aquatorium	10	1	30	4	33
		Hotel port	1	0	12	2	8
	Total individual vessels:			398	56	413	56
CHARTER VESSELS	Annual berth in the sea	Central aquatorium	118	17	103	14	115
		South aquatorium	0	0	0	0	#DIV/0!
		Western aquatorium	189	27	224	30	84
		Hotel port	4	1	0	0	#DIV/0!
	Total charter vessels:			311	44	327	44
Total vessels 2020:			709	100	740	100	96

Vessels on berth contract 01/01-30/09/2020



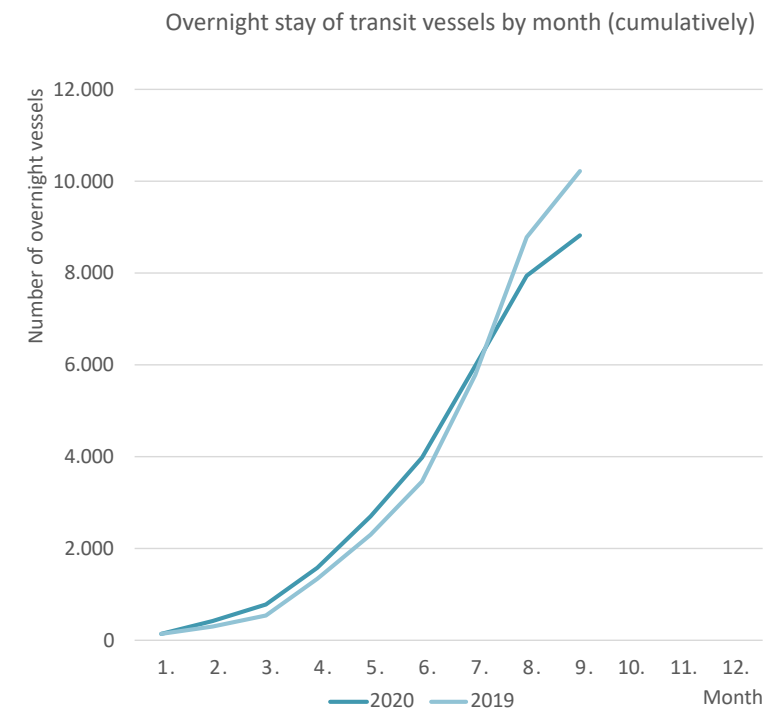
Transit berth – inbound vessels sailing in during the period from 01/01-30/09/2020 and comparison with that in the year 2019

2020	Individually monthly			Cumulatively monthly		
	2020	2019	INDEX	2020	2019	INDEX
Month	2020/2019			2020/2019		
1.	5	1	500	5	1	500
2.	12	8	150	17	9	189
3.	14	21	67	31	30	103
4.	21	113	19	52	143	36
5.	28	383	7	80	526	15
6.	188	532	35	268	1.058	25
7.	465	765	61	733	1.823	40
8.	585	886	66	1.318	2.709	49
9.	186	521	36	1.504	3.230	47
10.			#DIV/0!			#DIV/0!
11.			#DIV/0!			#DIV/0!
12.			#DIV/0!			#DIV/0!
Total 2020	1.504					
Total 2019		3.230				
Index 2020/2019		47				



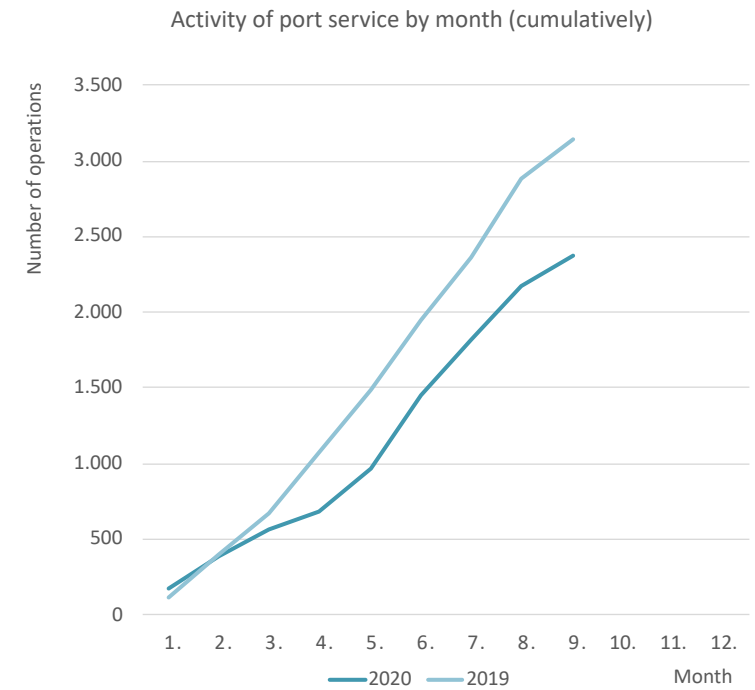
Transit berth – overnight stays during the period from 01/01-30/09/2020 and comparison with that in the year 2019

2020	Individually monthly			Cumulatively monthly		
	2020	2019	INDEX	2020	2019	INDEX
Month	2020/2019			2020/2019		
1.	150	132	114	150	132	114
2.	294	188	156	444	320	139
3.	353	243	145	797	563	142
4.	810	801	101	1.607	1.364	118
5.	1.087	937	116	2.694	2.301	117
6.	1.296	1.171	111	3.990	3.472	115
7.	1.989	2.303	86	5.979	5.775	104
8.	1.954	2.998	65	7.933	8.773	90
9.	890	1.450	61	8.823	10.223	86
10.			#DIV/0!			#DIV/0!
11.			#DIV/0!			#DIV/0!
12.			#DIV/0!			#DIV/0!
Total 2020	8.823					
Total 2019	10.223					
Index 2020/2019	86					



Activities of the port repair services during the period from 01/01-30/09/2020 and comparison with those in the same period in 2019

2020	Individually monthly			Cumulatively monthly		
	2020	2019	INDEX	2020	2019	INDEX
Month	2020/2019			2020/2019		
1.	180	118	153	180	118	153
2.	207	284	73	387	402	96
3.	181	271	67	568	673	84
4.	119	397	30	687	1.070	64
5.	278	415	67	965	1.485	65
6.	485	460	105	1.450	1.945	75
7.	373	413	90	1.823	2.358	77
8.	353	530	67	2.176	2.888	75
9.	201	256	79	2.377	3.144	76
10.			#DIV/0!			#DIV/0!
11.			#DIV/0!			#DIV/0!
12.			#DIV/0!			#DIV/0!
Total 2020	2.377					
Total 2019	3.144					
Index 2020/2019	76					



Revenue generated by Marina Kornati during the period in 01/01 to 30/09/2020 individually by months and comparison with that in the same period of the year 2019

REVENUES OF MARINA KORNATI 2020 SEPARATE BY MONTHS																
Revenue positions		Months 2020												2020	2019	Index
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.	TOTAL	2020/2019
I	Daily berths	32.900	46.712	75.157	95.259	229.069	284.733	412.056	450.733	216.386				1.843.005	2.572.612	72
II	Contracted berth with accessories	4.052.194	6.716.752	1.213.953	6.446.857	1.743.239	1.527.498	8.108.963	-228.858	264.105				29.844.703	29.918.751	100
III	Port service	447.000	222.908	222.515	42.506	275.600	464.839	287.141	226.264	135.959				2.324.732	2.509.396	93
IV	Vehicle parking	1.029	6.456	3.136	192	10.108	200.751	380.301	439.966	214.347				1.256.286	2.069.253	61
V	Other services	10.772	47.371	4.058	788	10.878	105.502	138.624	98.728	40.775				457.496	393.788	116
VI	Business cooperation	0	0	0	0	1.102.707	72.216	1.245.809	46.856					2.467.588	2.450.017	101
VII	Boat fair and events	2.277	17.060	0	0	0	-1.336	179.123	21.242	615.258				833.624	1.976.075	42
TOTAL:		4.546.172	7.057.259	1.518.819	6.585.602	3.371.601	2.654.203	10.752.017	1.054.931	1.486.830	0	0	0	39.027.433	41.889.892	93

REVENUES OF MARINA KORNATI 2019 SEPARATE BY MONTHS																
Revenue positions		Months 2019												2020	2019	Index
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.	TOTAL	2020/2019
I	Daily berths	1.649	32.993	58.793	173.766	253.713	407.784	632.061	640.748	371.107				2.572.612	2.247.543	114
II	Contracted berth with accessories	3.601.219	5.969.253	3.932.524	6.304.731	1.352.030	642.848	7.828.376	204.248	83.521				29.918.751	28.552.431	105
III	Port service	117.641	280.502	328.496	376.837	451.647	360.644	215.958	271.114	106.556				2.509.396	2.417.212	104
IV	Vehicle parking	1.452	2.352	18.968	117.644	231.024	422.790	385.121	487.805	402.096				2.069.253	1.866.301	111
V	Other services	1.141	17.349	-22.713	26.029	34.922	153.011	35.155	74.525	74.369				393.788	523.392	75
VI	Business cooperation	0	7.410	0	1.198.675	23.800	3.713	1.188.874	27.545	0				2.450.017	2.309.657	106
VII	Boat fair and events	4.044	0	8.415		24.605	70.916	250.216	218.241	1.399.639				1.976.075	1.724.291	115
TOTAL:		3.727.146	6.309.859	4.324.483	8.197.682	2.371.742	2.061.705	10.535.761	1.924.226	2.437.288	0	0	0	41.889.892	39.640.827	106

Revenue generated by Marina Kornati during the period from 01/01 to 30/09/2020 cumulatively by months and comparison with that in the year 2019

REVENUES OF MARINA KORNATI 2020 SEPARATE BY MONTHS														
Revenue positions		Months 2020												% of total revenues
		1	2	3	4	5	6	7	8	9	10	11	12	
I	Daily berths	32.900	79.612	154.769	250.028	479.097	763.830	1.175.886	1.626.619	1.843.005				3
II	Contracted berth with accessories	4.052.194	10.768.946	11.982.899	18.429.756	20.172.995	21.700.493	29.809.456	29.580.598	29.844.703				84
III	Port service	447.000	669.908	892.423	934.929	1.210.529	1.675.368	1.962.509	2.188.773	2.324.732				7
IV	Vehicle parking	1.029	7.485	10.621	10.813	20.921	221.672	601.973	1.041.939	1.256.286				1
V	Other services	10.772	58.143	62.201	62.989	73.867	179.369	317.993	416.721	457.496				1
VI	Business cooperation	0	0	0	0	1.102.707	1.174.923	2.420.732	2.467.588	2.467.588				4
VII	Boat fair and events	2.277	19.337	19.337	19.337	19.337	18.001	197.124	218.366	833.624				0
TOTAL:		4.546.172	11.608.432	13.127.250	19.712.853	23.084.453	25.738.656	36.485.672	37.540.603	39.027.433	0	0	0	100

REVENUES OF MARINA KORNATI 2019 SEPARATE BY MONTHS														
Revenue positions		Months 2019												% of total revenues
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	
I	Daily berths	1.649	34.642	93.435	267.201	520.913	928.697	1.560.757	2.201.505	2.572.612				3
II	Contracted berth with accessories	3.601.219	9.570.472	13.502.996	19.807.727	21.159.757	21.802.605	29.630.982	29.835.230	29.918.751				81
III	Port service	117.641	398.143	726.639	1.103.476	1.555.123	1.915.767	2.131.726	2.402.839	2.509.396				7
IV	Vehicle parking	1.452	3.804	22.772	140.416	370.441	794.230	1.179.352	1.667.157	2.069.253				3
V	Other services	1.141	18.490	-4.223	21.806	56.728	209.739	244.894	319.418	393.788				1
VI	Business cooperation	0	7.410	7.410	1.206.085	1.229.885	1.233.598	2.422.472	2.450.017	2.450.017				5
VII	Boat fair and events	4.044	4.044	12.459	12.459	37.064	107.980	358.195	576.436	1.976.075				0
TOTAL:		3.727.146	10.037.005	14.361.488	22.559.170	24.930.912	26.992.617	37.528.378	39.452.604	41.889.892	0	0	0	100

Summary of key operating market indicators for Marina Kornati

The nautics of the company Ilirija d.d. consist of three segments: Marina Kornati, boat show and Restaurant of "Marina Kornati". In the first nine months of 2020, compared to the same period last year, despite the global pandemic Covid-19 and taking into account the circumstances in which the business took place, we find that the Nautical sector achieved successful business results, both physical and financial.

Although the capacity of Marina Kornati has not changed and as in previous years, the total number of berths with the hotel marina is 805, physical turnover in nine months recorded a decrease in all items, namely contract-based berth declined by 3%, inbound vessels in transit declined by 53%, overnight stays of transit vessels declined by 14%, the number of service operations declined by 24%, while the number of business cooperation contracts remained at the same level, i.e. in the nine months of 2020, 49 contracts were concluded, while in 2019, 50 contracts were concluded.

The achieved result of the Company's nautical sector was mostly contributed by the revenue from the contract-based berth, which, although in physical indicators, the number of vessels on berth decreased by 2.74%, generated the revenue at the level of the same period in 2019 or HRK 29,844.703. Despite the circumstances extremely negative to the tourism industry in the nautical sector, the Company achieved an increase in the average revenue per berth (mooring) by 2.57%, i.e. in the amount of HRK 42,094.



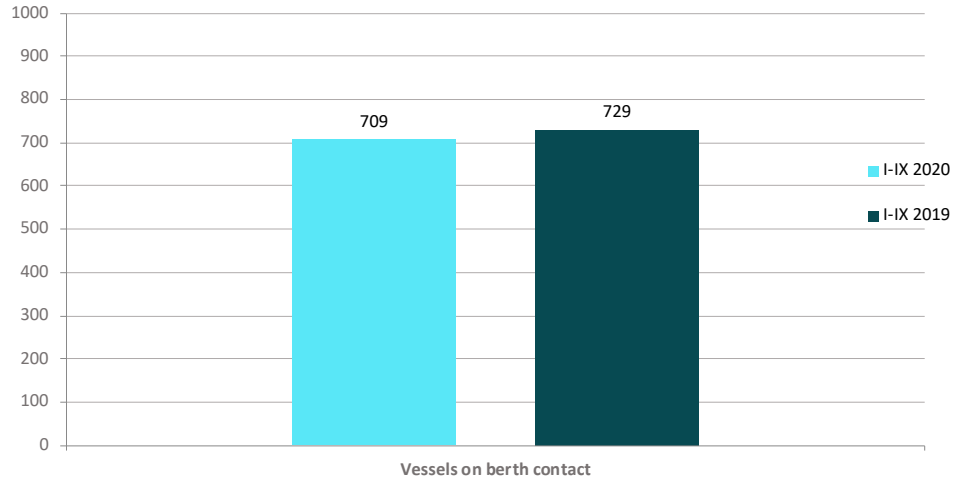
Key market indicators of Marina Kornati

	I-IX 2020	I-IX 2019	2020/2019
Capacity (number of berths): *			
Central marina	435	435	0,00%
Western marina	190	190	0,00%
Southern marina	80	80	0,00%
Hotel marina	100	100	0,00%
Total number of berths	805	805	0,00%
Physical turnover:			
Vessels on berth contact	709	729	-2,74%
Number of overnight stays (vessels having transit berth)	8.823	10.223	-13,69%
Number of service operations executed	2.377	3.144	-24,40%
Number of parking places	500	500	0,00%
Number of business cooperation agreements	49	50	-2,00%
Financial results:			
Total operating revenue of the marina	38.193.809,17	39.913.816,92	-4,31%
Berth contract:			
Revenue from berth contracts	29.844.703,00 kn	29.918.751,13 kn	-0,25%
Aver. revenue per berth contract	42.094,08 kn	41.040,81 kn	2,57%
Share in the total operating revenue of the marina	78,1%	75,0%	4,24%
Transit berth:			
Revenue from the transit berth	1.843.006,00 kn	2.572.612,37 kn	-28,36%
Aver. revenue per overnight stay (transit berth)	208,89 kn	251,65 kn	-16,99%
Share in the total operating revenue of the marina	4,8%	6,4%	-25,13%
Servicing::			
Revenue from servicing	2.324.732,00 kn	2.509.395,72 kn	-7,36%
Aver. revenue per serv. operation	978,01 kn	798,15 kn	22,53%
Share in the total operating revenue of the marina	6,1%	6,3%	-3,19%
Parking::			
Revenue from parking	1.256.286,00 kn	2.069.252,91 kn	-39,29%
Aver. revenue per parking space	2.512,57 kn	4.138,51 kn	-39,29%
Share in the total operating revenue of the marina	3,3%	5,2%	-36,55%
Business cooperation:			
Revenue from business cooperation	2.467.588,00 kn	2.450.017,28 kn	0,72%
Aver. revenue from business cooperation	50.358,94 kn	49.000,35 kn	2,77%
Share in the total operating revenue of the marina	6,5%	6,1%	5,25%

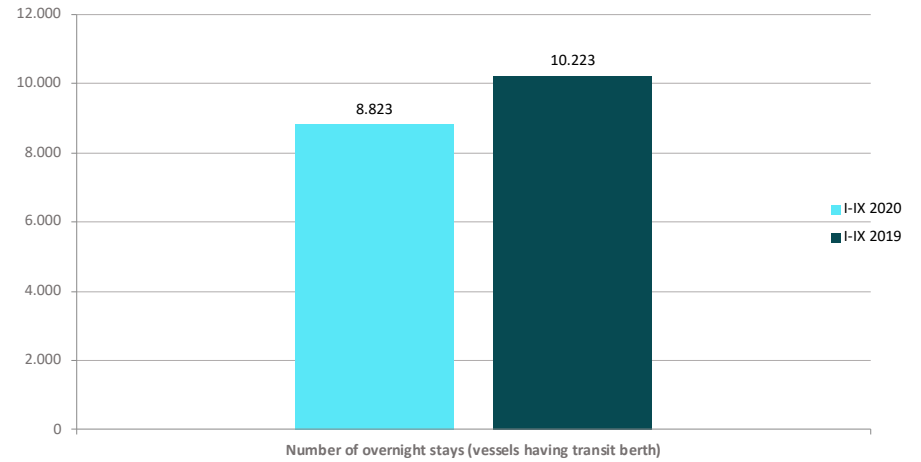
Notes:

* Number of berths refers to physically available number of berths in the marina.

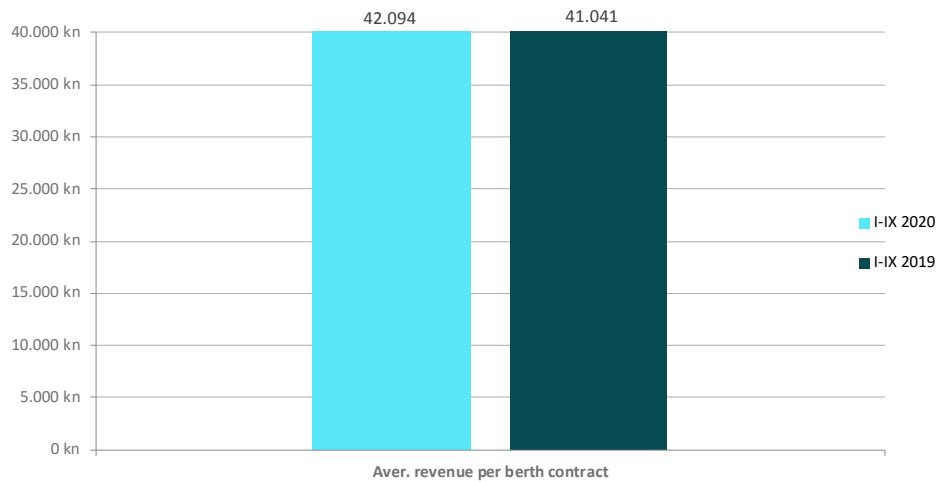
No. of vessels per berth contract in the Marina Kornati in I-IX 2020 and I-IX 2019



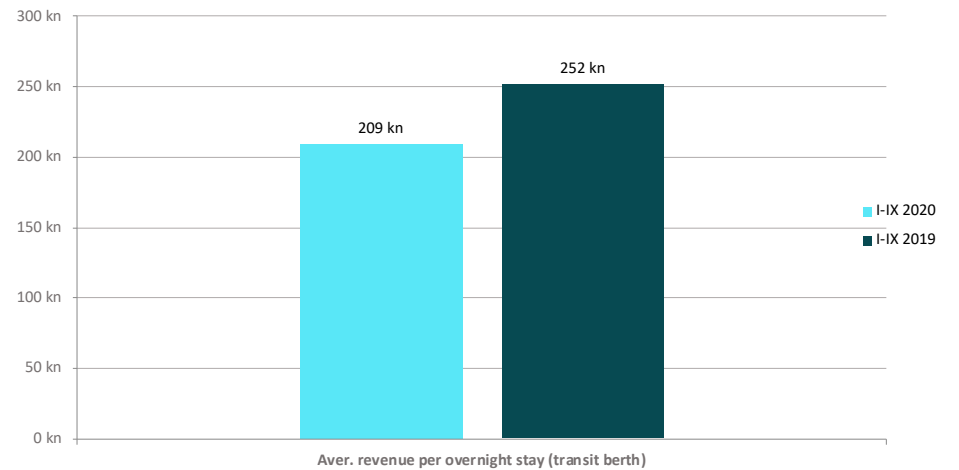
No. of vessels per berth contract in the Marina Kornati in I-IX 2020 and I-IX 2019



Average revenue earned per berth contract in Marina Kornati in I-IX 2020 and I-IX 2019



Average revenue earned per overnight stay of transit vessel in Marina Kornati in I-IX 2020 and I-IX 2019





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4.3 CAMPING – CAMPSITE PARK SOLINE

The operations of the Park Soline campsite took place in circumstances affected by the COVID-19 pandemic in the first nine months of 2020. Until early March, the camping sector operated within the plan forecasted for 2020, but the declaration of a pandemic significantly affected the planned and achieved business results both in physical and financial indicators. In the nine months of the current year, the camping sector realized 19,519 arrivals, which accounts for 48.03% compared to those in the same period last year. The reduced number of arrivals consequently resulted in a decrease in the number of overnight stays by 52.10% compared to those in the same period in 2019. Out of the total number of overnight stays, 91% overnight stays were realized in June, July and August, i.e. after European countries began to open their borders for free movement.

All four segments of the campsite operations (lump sum, individuals, allotment and mobile homes) record the following indicators in arrivals and overnight stays compared to those in the same period last year: the market segment allotment records 37.15% in overnight stays and 38.74% in arrivals, the market segment lump sum realized 71.39% in arrivals and 73.13% in overnight stays compared to those in the nine months in 2019, the market segment individuals realized 31.38% in arrivals and 31.02% in overnight stays and the mobile homes as a segment realized 52.31%

in arrivals in the nine months and 51.19% in overnight stays compared to those in the same period in 2019.

The decrease in overnight stays was recorded for guests from the Czech Republic, Austria and Germany in the segment of fixed lease and individual guests, because in 2019 these countries were the leaders in these market segments. Slightly better results were achieved in the segment of mobile homes and lump sums, where guests from Slovenia and Croatia achieved the largest share in total overnight stays.

Revenues generated for the reporting period amount to HRK 20,073,233.52 which is 64% of the revenue generated in comparison with that in the same period in 2019. Mobile homes recorded a realization of 59% of last year's revenue until 30/09/2019, agencies (fixed lease) recorded a realization of 82%, while individuals record 30% and a lump sum record 103% compared to last year's revenue until 30/09/2019. Revenues from other services are at the level of 54% of last year's revenues until 30/09/2019.

Average days of stay are minimally reduced in total and by segments. The total average number of days of stay in the campsite until 30/09/2019 was 7.04 days, while for the same period in 2020 that number of days was 7.02.

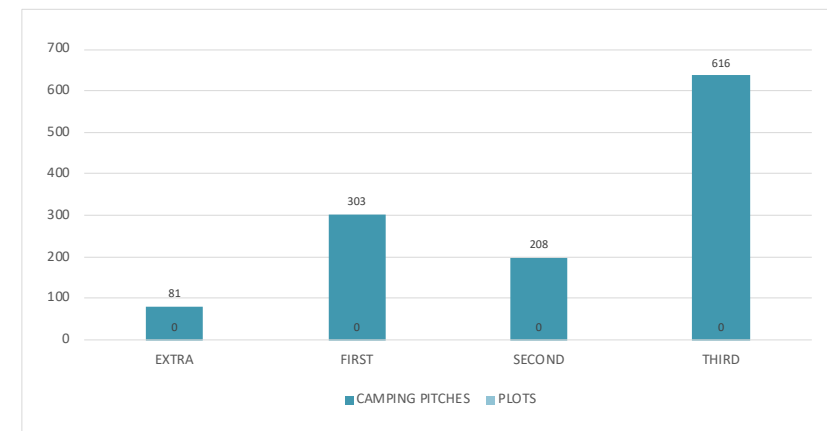
In the structure of realized overnight stays, the top five source markets are (I) the Slovenian market with a share of 34% overnight stays, (II) the Czech market with a share of 20% overnight stays, (III) the Croatian market with a share of 20% overnight stays, (IV) the German market with a share of 10% overnight stays and (V) the Polish market with a share of 6% overnight stays.

In the business segment of mobile homes, the highest share of overnight stays was recorded by the guests from the Slovenian market 48.67%, the Croatian market with a share of 16.74% and the German market with a share of 12.73%. In the business segments of camping units, the highest share has been recorded by the guests from the German market with 25.43% in overnight stays, the Slovenian market with 24.02% in overnight stays and the Croatian market with 12.74% in overnight stays.



Capacities of the Campsite „Park Soline“

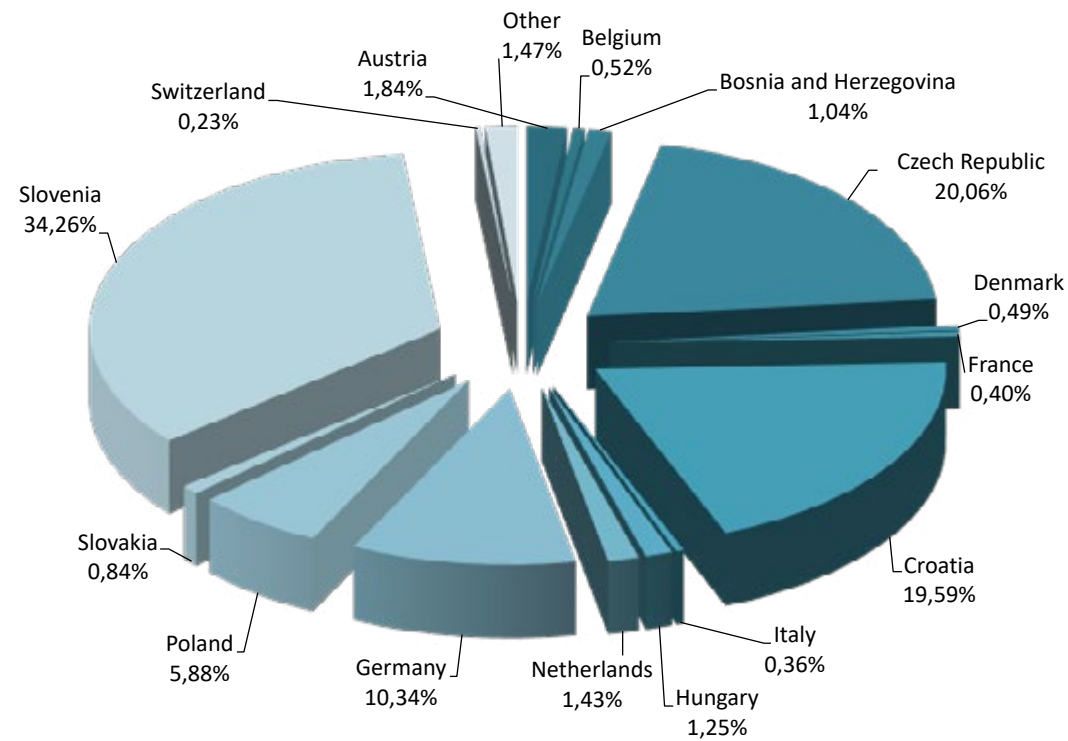
		2016	2017	2018	2019	2020
I	EXTRA ZONE					
	CAMPING PITCHES	81	81	81	81	81
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	81	81	81	81	81
II	FIRST ZONE					
	CAMPING PITCHES	326	326	303	303	303
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	326	326	303	303	303
III	SECOND ZONE					
	CAMPING PITCHES	182	182	198	208	208
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	182	182	198	208	208
IV	THIRD ZONE					
	CAMPING PITCHES	347	347	638	628	616
	CAMPING PLOTS	187	194	0	0	0
	TOTAL	534	541	638	628	616
Σ	GRANDTOTAL					
	CAMPING PITCHES	936	936	1220	1220	1208
	CAMPING PLOTS	187	194	0	0	0
	GRANDTOTAL	1123	1130	1220	1220	1208



Arrivals and overnight stays by source markets and average days of stay during the period from 01/01 to 30/09/2020 and comparison with those in the same period in 2019

Country	2020		2019		INDEX 2020/2019		AVERAGE DAYS OF STAY	
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	2020	2019
Austria	403	2.525	1.959	12.186	20,57	20,72	6,27	6,22
Belgium	83	706	330	2.409	25,15	29,31	8,51	7,30
Bosnia and Herzegovina	236	1.419	612	2.889	38,56	49,12	6,01	4,72
Czech Republic	3.660	27.494	7.234	55.739	50,59	49,33	7,51	7,71
Denmark	85	678	444	3.601	19,14	18,83	7,98	8,11
France	77	555	820	5.711	9,39	9,72	7,21	6,96
Croatia	4.212	26.857	4.183	27.880	100,69	96,33	6,38	6,67
Italy	64	496	1.166	7.298	5,49	6,80	7,75	6,26
Hungary	311	1.712	1.552	10.098	20,04	16,95	5,50	6,51
Netherlands	208	1.967	1.830	15.989	11,37	12,30	9,46	8,74
Germany	1.699	14.169	5.132	38.847	33,11	36,47	8,34	7,57
Poland	1.185	8.065	2.227	16.169	53,21	49,88	6,81	7,26
Slovakia	193	1.150	893	5.738	21,61	20,04	5,96	6,43
Slovenia	6.697	46.972	10.574	72.226	63,33	65,03	7,01	6,83
Switzerland	52	322	335	1.787	15,52	18,02	6,19	5,33
Other	354	2.009	1.352	7.642	26,18	26,29	5,68	5,65
TOTAL	19.519	137.096	40.643	286.209	48,03	47,90	7,02	7,04

Overnight stays by source markets during the period from 01/01 to 30/09/2020



Arrivals, overnight stays and number of pitches by source markets till 30th September 2020 and comparison with those in the same period in 2019

MARKET SEGMENT	2020			2019			INDEX 2020/2019			AVERAGE DAYS OF STAY	
	Arrivals	Overnight stays	Pitch	Arrivals	Overnight stays	Pitch	Arrivals	Overnight stays	Pitch	2020	2019
Allotment	4.136	31.268	234	10.677	84.167	270	38,74	37,15	86,67	7,56	7,88
Lump sum	6.941	50.171	220	9.723	68.601	242	71,39	73,13	90,91	7,23	7,06
Individuals	3.219	19.461	529	10.259	62.730	508	31,38	31,02	104,13	6,05	6,11
Mobile homes	5.223	36.196	225	9.984	70.711	200	52,31	51,19	112,50	6,93	7,08
TOTAL:	19.519	137.096	1.208	40.643	286.209	1.220	48,03	47,90	99,02	7,02	7,04

Cumulative overview of daily and monthly occupancy of accommodation units of the campsite during the period from 01/03 to 30/09/2020

MONTH	MARCH				APRIL				MAY				JUNE				JULY			
	SEGMENT	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %
MOBILE HOMES ILIRIJA	6.975	58	0,83%	0,26	6.750	0	0,00%	0,00	6.975	86	1,23%	0,38	6.750	2.075	30,74%	9,22	6.975	2.360	33,84%	10,49
AGENCIES	7.254	7.254	100,00%	31,00	7.020	7.020	100,00%	30,00	7.254	7.254	100,00%	31,00	7.020	7.020	100,00%	30,00	7.254	7.254	100,00%	31,00
LUMP SUM	6.820	6.820	100,00%	31,00	6.600	6.600	100,00%	30,00	6.820	6.820	100,00%	31,00	6.600	6.600	100,00%	30,00	6.820	6.820	100,00%	31,00
INDIVIDUALS PITCHES STANDARD MARE - CAMPING PLACE STANDARD III ZONE	10.819	7	0,06%	0,02	10.470	0	0,00%	0,00	10.819	51	0,47%	0,15	10.470	1.183	11,30%	3,39	10.819	2.688	24,85%	7,70
INDIVIDUALS CAMPING PLACE STANDARD IV ZONE	5.580	0	0,00%	0,00	5.400	0	0,00%	0,00	5.580	0	0,00%	0,00	5.400	0	0,00%	0,00	5.580	11	0,20%	0,06
INDIVIDUALS TOTAL	16.399	7	0,04%	0,01	15.870	0	0,00%	0,00	16.399	51	0,31%	0,10	15.870	1.183	7,45%	2,24	16.399	2.699	16,46%	5,10
TOTAL	37.448	14.139	37,38%	11,59	36.240	13.620	37,58%	11,27	37.448	14.211	37,95%	11,76	36.240	16.878	46,57%	13,97	37.448	19.133	51,09%	15,84

MONTH	AUGUST				SEPTEMBER				TOTAL TILL 30/09/2020				TOTAL TILL 30/09/2019				INDEX 2020/2019						
	SEGMENT	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMODATING UNITS	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMODATING UNITS	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMODATING UNITS	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %
MOBILE HOMES ILIRIJA	6.975	4.186	60,01%	18,60	6.750	376	5,57%	1,67	225	48.150	9.141	18,98%	40,63	200	42.800	18.583	43,42%	92,92	112,50	112,50	49,19	43,72	43,72
AGENCIES	7.254	7.254	100,00%	31,00	7.020	7.020	100,00%	30,00	234	50.076	50.076	100,00%	214,00	270	57.780	57.780	100,00%	214,00	86,67	86,67	86,67	100,00	100,00
LUMP SUM	6.820	6.820	100,00%	31,00	6.600	6.600	100,00%	30,00	220	47.080	47.080	100,00%	214,00	242	51.696	51.696	100,00%	214,00	90,91	91,07	91,07	100,00	100,00
INDIVIDUALS PITCHES STANDARD MARE - CAMPING PLACE STANDARD III ZONE	10.819	2.196	20,30%	6,29	10.470	351	3,35%	1,01	349	74.686	6.476	8,67%	18,56	354	75.756	20.754	27,40%	58,63	98,59	98,59	31,20	31,65	31,65
INDIVIDUALS CAMPING PLACE STANDARD IV ZONE	5.580	324	5,81%	1,80	5.400	0	0,00%	0,00	180	38.520	335	0,87%	1,86	154	33.048	1.735	5,25%	11,23	116,88	116,56	19,31	16,57	16,57
INDIVIDUALS TOTAL	16.399	2.520	15,37%	4,76	15.870	351	2,21%	0,66	529	113.206	6.811	6,02%	12,88	508	108.804	22.489	20,67%	44,23	104,13	104,05	30,29	29,11	29,11
TOTAL	37.448	20.780	55,49%	17,20	36.240	14.347	39,59%	11,88	1208	258.512	113.108	43,75%	93,63	1220	261.080	150.548	57,66%	123,40	99,02	99,02	75,13	75,88	75,88

Revenues of the campsite during the period from 01st January to 30th September 2020 and comparison with those in the same period in 2019

SEGMENT		2019					2020			INDEX	
		REALIZED IN 2019			REALIZED TILL 30/09/2019		REALIZED TILL 30/09/2020			2020/2019	
		NUMBER OF PITCHES	OVER-NIGHT STAYS	REVENUES	REALIZED OVERNIGHT STAYS	REVENUES	NUMBER OF PITCHES	REALIZED OVERNIGHT STAYS	REALIZED REVENUE	OVERNIGHT STAYS	REVENUES
1.	MOBILE HOMES ILIRIJA	200	71.569	13.059.081,35 kn	70.711	12.982.741,50 kn	225	36.196	7.606.212,34 kn	51	59
2.	AGENCIES	270	84.849	4.961.578,20 kn	84.167	4.961.578,20 kn	234	31.268	4.076.199,26 kn	37	82
3.	INDIVIDUALS	508	63.919	6.398.535,79 kn	62.730	6.364.434,45 kn	529	19.461	1.938.715,66 kn	31	30
4.	LUMP SUM	242	69.989	5.501.577,48 kn	68.601	5.468.888,09 kn	220	50.171	5.648.919,66 kn	73	103
5.	OTHER SERVICES	-	-	1.559.089,31 kn	-	1.482.262,51 kn	0		803.186,60 kn	#DIV/0!	54
TOTAL:		1220	290.326	31.479.862,13 kn	286.209	31.259.904,75 kn	1208	137.096	20.073.233,52 kn	48	64

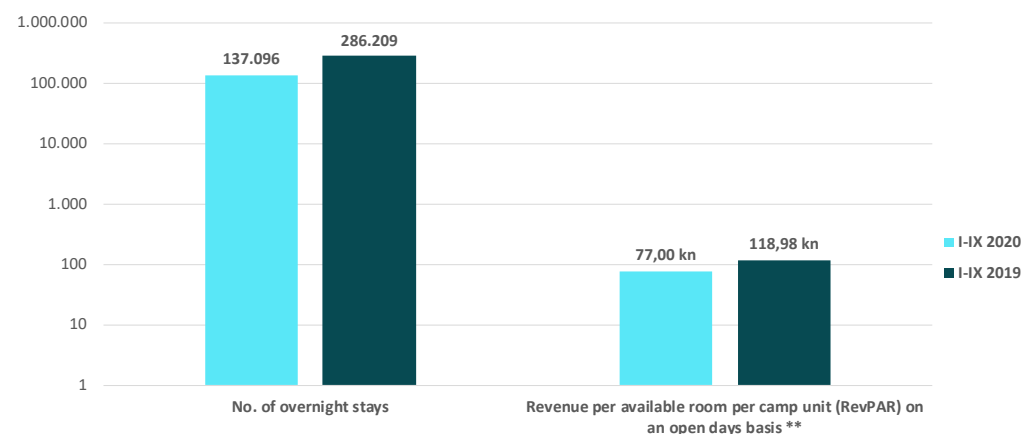
Summary of key market indicators of the campsite

The camping sector of the Company, consisting of the campsite „Park Soline“ and restaurant „Park Soline“ recorded a significant decline in the nine months of 2020 compared to that in the previous year both according to physical and financial indicators, which was expected considering the specific business operations this year.

In comparison with the same period in the previous fiscal year, a lower number of guest arrivals and overnight stays was recorded in the campsite “Park Soline”, which resulted in the decline in capacity occupancy rate by 24.33%, drop in an average daily rate by 14.71% and a decline in revenue from accommodation per camp unit by 35.28% on the basis of the camp unit occupancy rate based on open days.

This reduction in key market indicators is the result of an extremely challenging season due to already known restrictions, limitations and uncertainties due to the declared pandemic, but at the same time preparedness for these challenges and very fast and customized sales and marketing activities and pricing policy towards all market segments of campsite “Park Soline”, thus boiling down this reduction to a minimum.

Number of overnight stays and revenue from accommodation per camp unit in the campsite Park Soline I-IX 2020 and I-IX 2019



Note:

** RevPAR – Revenue from accommodation per camp unit is the revenue from accommodation divided by a number of available camp units in a given period.

Key market indicators of the "Park Soline" campsite

	I-IX 2020	I -IX 2019	2020/2019
Accommodation capacities:			
Number of camping units	1.208	1.220	-0,98%
Number of guests	3.624	3.660	-0,98%
Physical turnover:			
No. of overnight stays	137.096	286.209	-52,10%
No. of sold camp units	113.108	150.548	-24,87%
Annual occupancy rate of the camp units (%)	25,58%	33,81%	-24,33%
Occupancy rate of the units on an open days basis (%)	43,75%	57,66%	-24,12%
Financial results:			
Average daily rate of the camp unit (ADR)*	175,99 kn	206,33 kn	-14,71%
Revenue per available room per camp unit (RevPAR) on a basis of 366/365 days **	45,02 kn	69,76 kn	-35,46%
Revenue per available room per camp unit (RevPAR) on an open days basis **	77,00 kn	118,98 kn	-35,28%

Notes:

* ADR - Average daily rate of a camp unit is calculated on the basis of the revenue from accommodation in the campsite and the number of camp units sold.

** RevPAR - Revenue from accommodation per camp unit is the revenue from accommodation divided by a number of available camp units in a given period (366/365 days; number of open days).

4.4 COMMERCIAL-SHOPPING CENTER CITY GALLERIA

The Commercial – Shopping Center City Galleria is located in a highly residential area, in the center of the City of Zadar only 10 minutes walk from the old city center. The high-quality location of the facility near the bus station and the major city roads that surround the facility ensure exceptional visibility and easy accessibility of the Commercial-Shopping Center City Galleria to a large number of local residents and foreign visitors. This whole area is growing into a new city central zone, where a number of new residential and office projects concentrate that are currently underway, which will have a significant positive impact on the center's attendance.

The total gross surface area of the facility is over 28.500 m² spread over a total of 6 floors, which include 2 floors of underground garages and 4 floors with commercial premises and sales outlets. The gross surface area of the Center consists of a surface area of the underground garage of 10,863.50 m², net rentable area with premises of 9,897.60 m² and communication, technical and common areas. The offer of the Center consists of a great number of diverse amenities with a wide range of merchandise and services available to visitors to the center on a daily basis. As at 30th September 2020, the occupancy of the center was 99.77% of all capacities, that is, 37 premises lease contracts are active with floor areas ranging from 9.80 m² to 1.836 m².

The World Health Organization's declaration of the

epidemic at a global level, namely since March 2020 and the coronavirus pandemic have led to significant disruptions to the operations. In the circumstances of life and business operations where the measures are applied that prohibit gathering and movement, temporary leaving the place of permanent residence, that impose the closure of borders that prohibit and/or restrict international and national passenger traffic (air, road, rail, sea), temporarily prohibit the operations of numerous business entities, whose performance of business operations was not necessary for the daily life of the citizens due to extraordinary circumstances, the business activities of the center under the influence of the previously mentioned measures were significantly limited and hindered. The period of drastic decline in visiting the center and the temporary inability of business operations for some, or even most lessees, and the unpredictability of the total duration of all causal consequences of measures adopted to protect the health of the population, significantly affected the business operations and the achieved results of the Center.

As of 31 March, 2020, lessees operating on a total of 57.4% of the net lettable area of the center were prevented from performing their business activities, while lessees that continued with business operations did so in a very limited regime and with reduced working hours. It was the 11th May when most of the lessees were allowed to resume their business activities, first

with limited operation hours, and somewhat later with full operation hours, thereby adhering to the anti-epidemiological and hygienic measures. On 20 August, 2020, the Cinestar multiplex on the second floor of the Center resumed its business operations, while adhering to the recommendations given by the authorities competent for cinema broadcasting, which finally enabled all lessees of the Center to perform their activities.

Disruptions in business operations caused by the global coronavirus pandemic affected all lessees of the Commercial-Shopping Center City Galleria, where the Company as a responsible legal entity towards the lessees, that could not run their business or that significantly reduced their scope of business, has made it easier to lessees of the Center to overcome the challenges of the current situation in a way that it additionally regulated the process of rental fee collection taking into account the consequences of the pandemic for the business operations of the lessees, which has helped maintain the existing Lease Agreements as a key objective.

The operating revenues from the City Galleria Center, generated in the nine months of 2020 by leasing the premises, through shared costs, using common parts of the center, leasing advertisement space and revenues from the garage, amount to HRK 9,556,175.22, while they amounted to HRK 10,637,468.53 in the same

period of 2019, which accounts for 89.84%. While the revenues from leasing the advertising space and using the common parts recorded a rise, a decline of HRK 11.46% has been recorded in the category of revenues from leasing business premises, while the decline of 4.36% was recorded in the category of revenues from the common expenses, and the highest decline was recorded in the category of revenues from the garage that dropped by 30.58%. Other operating revenues relating to the insurance compensation of damages amount to HRK 71,437.10 in the nine months of 2020.

In this period, 65.09% of the operating revenues, or HRK 6,266,210.24 was generated from collection of the rental fees for premises. The average rental fee per square meter of premises during the relevant period was EUR 9.36 or about 70.50 HRK/m². The largest lessees according to the leased area are Spar Hrvatska d.o.o., Müller trgovina d.o.o. and Blitz - Cinestar d.o.o. These three lessees have taken lease of 49.04% of the net lettable surface area in the Center. In addition to the lease of business premises, the operating revenues generated from charging shared costs to the lessees amount to HRK 2,298,338.51, which is 23.87% of total revenues; the revenues from leasing and commercial use of common areas of the center amount to HRK 505,388.82, or 5.25%; the revenues from the one-time parking charge and leasing of the parking spaces amount to HRK 457,640.79 or 4.75%; and in the smallest



part, the revenues from leasing of the advertising space on the facade of the center amounts to HRK 28,596.86, which makes up for 0.30% of total revenues generated.

The usage of the underground garage by customers of the Center declined by 21.68% in the nine months of 2020 and it was used by 439,219 vehicles, while it was used by 560,819 vehicles in the same period of 2019. The revenues generated from the garage in the amount of HRK 457,640.79 were mostly realized from the one-time parking of visitors to the garage, which makes up for 82.93% of the mentioned revenues, or they amount to HRK 379.532. Restrictions on movement of population have resulted in a sharp drop to visiting the City Galleria Center. The drop in visiting the garage facility amounts to 70.85% only for the month of April 2020, compared to that in the last year, which caused a drop in revenues from the one-off parking by 95.82% in the same month. The negative trend of visiting the Center and the decline in the revenues from the garage, observed throughout March and April, continued even in May, while the Company recorded a slight increase in visiting the Center in the summer months, which is still below the level of revenues generated in the same period in 2019.

In accordance with the significant and unpredictable disruptions in the operations of all world and dome-

stic markets, in the given circumstances we responsibly approach the whole situation and monitor the development of events on a daily basis. The technical, security and cleaning services continue to maintain and safeguard the property, with enhanced security measures and disinfection of the common areas of the Center. Common air-conditioning systems, ventilation

system, video surveillance system, and fire-fighting system are fully operational, and in this way we continue to care about the Company's and our business partners' assets. Our goal as a company with corporate social responsibility is to preserve the health of all employees and visitors and to continue the full business processes after the situation becomes normal.



Operating revenues of the Commercial and shopping center City Galleria in Zadar for the period from 01/01 – 30/09/2020 and comparison with those in the same period in 2019

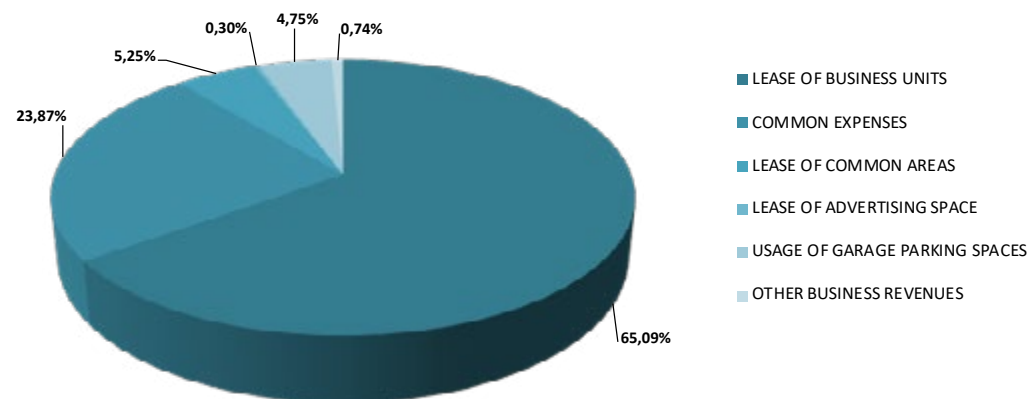
DESIGNATION	DESCRIPTION	NUMBER OF ACTIVE CONTRACTS	SURFACE AREA (m ²)	REVENUES 01-09/2020	%	REVENUES 01-09/2019	%	INDEX 2020/2019
1.	LEASE OF BUSINESS UNITS	37	9.897,60*	6.266.210,24 kn	65,09%	7.077.180,21 kn	66,26%	89
2.	COMMON EXPENSES	35	7.173,53	2.298.338,51 kn	23,87%	2.403.009,69 kn	22,50%	96
3.	LEASE OF COMMON AREAS	23	999,80	505.388,82 kn	5,25%	470.812,50 kn	4,41%	107
4.	LEASE OF ADVERTISING SPACE	8	121,18	28.596,86 kn	0,30%	27.272,51 kn	0,26%	105
5.	USAGE OF GARAGE PARKING SPACES	410***	10.863,50	457.640,79 kn	4,75%	659.193,62 kn	6,17%	69
REVENUES:				9.556.175,22 kn	99,26%	10.637.468,53 kn	99,59%	90
6.	OTHER BUSINESS REVENUES			71.437,10 kn	0,74%	43.958,07 kn	0,41%	163
TOTAL REVENUES				9.627.612,32 kn	100,00%	10.681.426,60 kn	100,00%	90

* total net leasable surface area

** total net leasable area for calculation of common expenses

*** number of parking spaces in the garage

OPERATING REVENUES OVERVIEW 01-09/2020

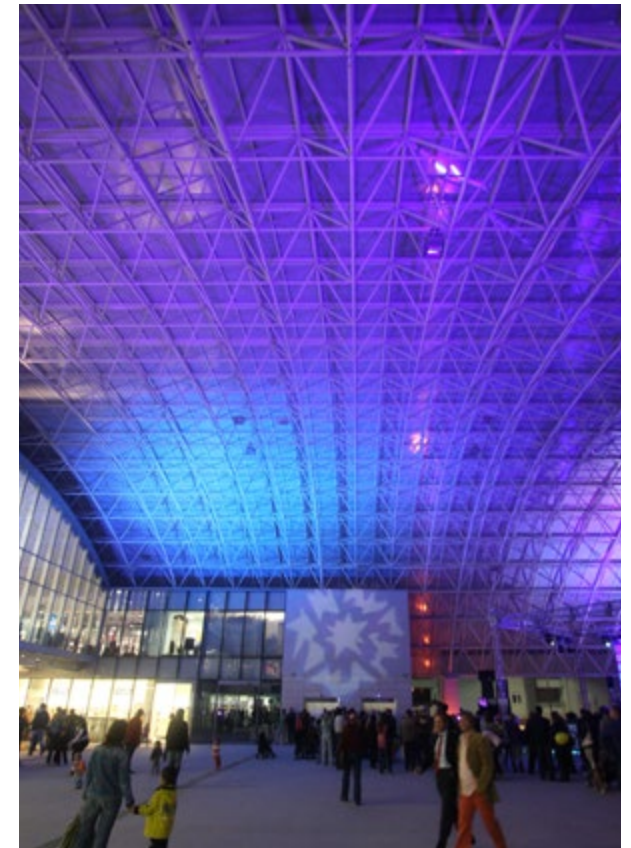


Summary of the key operating results of the Commercial-Shopping Center City Galleria

The Commercial-Shopping Center City Galleria generates a major portion of its revenues by leasing its premises. The average rental fee achieved per square meter of the active premises for the nine months of 2020 amounted to 634.54 HRK/m² or 70.50 HRK/m² on a monthly basis. Other revenues were generated from charging for the shared costs to the lessees (calculated on the area of 7,173.53 m²), leasing and the commercial use of the common areas of the commercial-shopping center (total 1.041,50 m²), charging for one-time parking and leasing of parking spaces in the underground garage of the center (total area of 10,863.50 m²), and in the smallest segment, renting out the advertising space on the facade of the center (total area 129.18 m²). Total revenues generated in the nine months of 2020 decreased by 9.87% compared to those in the same period last year as a result of applying the measures that prohibit the gathering and movement as well as temporary operations to a great number of businesses, which is expected given the circumstances of the business operations. On the other hand, it is important to point out that despi-

te the aforementioned circumstances, the Center has not recorded a decrease in key indicators or the number of lease agreements compared to that in the same period last year owing to proactive cooperation with lessees, which contributed to the stability and sustainability of the center.

The underground garage of the Center has a total of 410 parking spaces, while the usage of the underground garage by customers declined by 21.68% in the nine months of 2020 and it was used by 439.21 vehicles, as opposed to the same period of 2019. The revenue generated from the garage from one-time parking; monthly, weekly and daily tickets; annual subscriptions and leased parking spaces as at 30th September 2020 totals to HRK 457,640.79 and the average revenue generated from the garage per parking space for the nine months amounts to 1,116.20. The average revenue per parking space was HRK 1,607.79 in the same period of 2019 according to which indicator a decline by 30.58 occurred in the current year.



Key market indicators of the real estate sector - City Galleria

PERIOD	I-IX 2020	I-IX 2019.	2020/2019
Commercial capacities:			
Premises - floor area (m ²)	9.897,60	9.897,60	0,00%
Shared costs - floor area (m ²)	7.173,53	7.173,53	0,00%
Common areas - floor area (m ²)	1.041,50	1.018,80	2,23%
Advertising space - floor area (m ²)	129,18	129,18	0,00%
Garage - floor area (m ²)	10.863,50	10.863,50	0,00%
Commercial turnover:			
Premises - number of active contracts	37	37	0,00%
Shared costs - number of active contracts	36	36	0,00%
Common areas - number of active contracts	21	21	0,00%
Advertising space - number of active contracts	8	8	0,00%
Garage - number of parking spaces	410	410	0,00%
Garage - turnover of vehicles	439.219	560.819	-21,68%
Financial results:			
Average monthly rent earned per m ² of premises (AMR)*	70,50 kn	79,62 kn	-11,45%
Average rent earned per m ² of premises for the period	634,54 kn	716,61 kn	-11,45%
Average revenue from the garage per parking space for the period**	1.116,20 kn	1.607,79 kn	-30,58%

Notes:

* AMR - Average Monthly Rent – The average monthly price achieved for m² of the premises is calculated based on the revenue from the rent of premises and net available floor area of active premises.

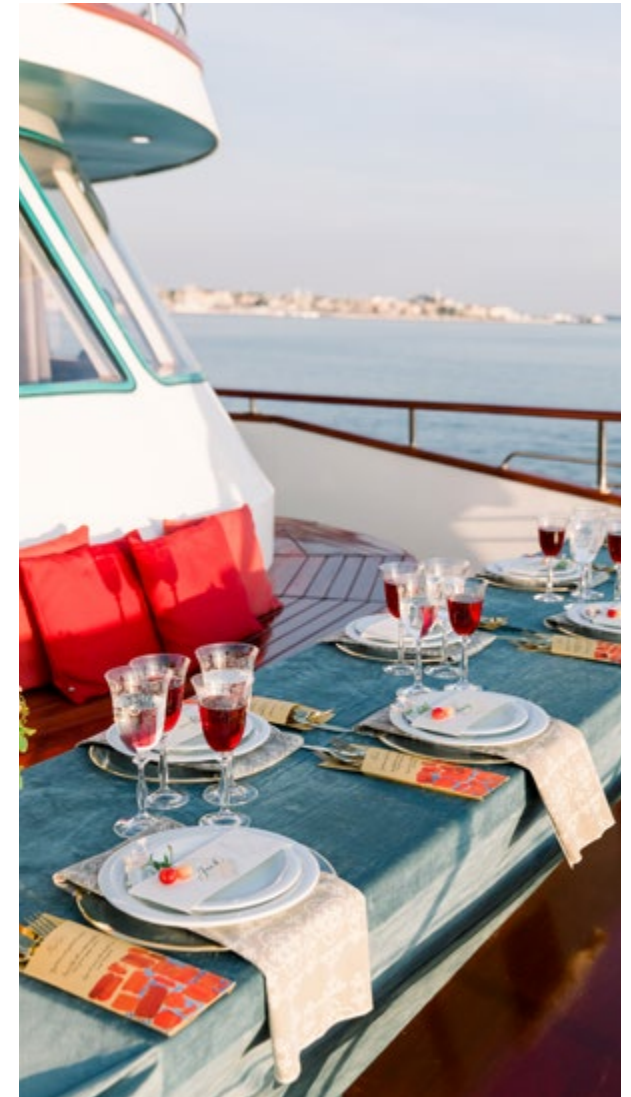
** The revenue from the garage per parking space is the total revenue from the garage divided by a number of available parking spaces in a given period.

4.5 ILIRIJA TRAVEL

In the nine months of the year 2020, some 98 events, that is, individual events, special programs, incentives, conferences, congresses, weddings, trips, regattas and concerts with a total number of 9.239 visitors were realized through the system and organization of DMK Ilirija Travel including other profit centers of the Company.

These activities traditionally constitute the backbone of the Company's season extension and strengthening the guests' experience and impressions by offering complementary forms of tourism and special interest tourism as well as tailor-made events, particularly active throughout the pre- and postseason that have lacked this year.

A total of HRK 1,931,175.28 in revenues was generated through the other profit centers of the Company. In the extraordinary circumstances of the global pandemic, 82% fewer events were realized with a lower number of visitors (participants) by 75%, which resulted in a decrease in revenue by 77% (the last year's revenue in the same period in 2019 amounted to HRK 8,222,065.65). This is the consequence of the Covid-19 pandemic, which had a particularly negative impact on group events, events, business group arrivals, holding seminars, congresses and other events that were banned or severely restricted for a significant part of this period. These circumstances were



also reflected in reduced departures for regular excursions, as well as staying in the areas with additional amenities for relaxation and entertainment. Due to the fact that most of the guests arrived in their own cars, they mostly used and organized additional amenities in their own arrangement. Many domestic, European and international companies that organized regional gatherings, social gatherings, presentations, regattas and reward trips for their customers or employees have completely lacked this year since the month of March.

After record revenues generated last year and continuous previous growth, the Company also faced a specific delay in the development of this type of complementary offer this year, which had a particularly negative impact on the established facilities and amenities starting from the Arsenal multimedial facility, the backbone of social events in Zadar and the wider region, which have almost fully lacked. It also refers to the agritourism complex, and especially to the event boat *Nada*, which accommodated business groups in the entire Adriatic area last year, and this year the event boat *Nada* was almost not engaged at all. In such circumstances, the regattas held by the Biograd Riviera the most in the country with the backbone in Marina Kornati have also lacked, whereby congress events have lacked as well.



5 FINANCIAL OPERATING RESULTS OF THE COMPANY

5.1 KEY FINANCIAL OPERATING RESULTS BY SECTORS

5.1.1 HOTEL SECTOR

Notes:

The hotel industry in Biograd includes the hotels Ilirija, Adriatic and Kornati, Lavender bar and Aquatic center and entertainment and sports center, while the hotel industry in Sv. Filip Jakov refers to the hotel Villa Donat.

* TRevPAR (total annual revenue per accommodation unit) denotes the total operating revenue of the hotel industry divided by a number of physical accommodation units.

** Operating costs include the costs of raw material and material, costs of services, gross pays and other operating costs, not including the depreciation, financial expenses and extraordinary expenses.

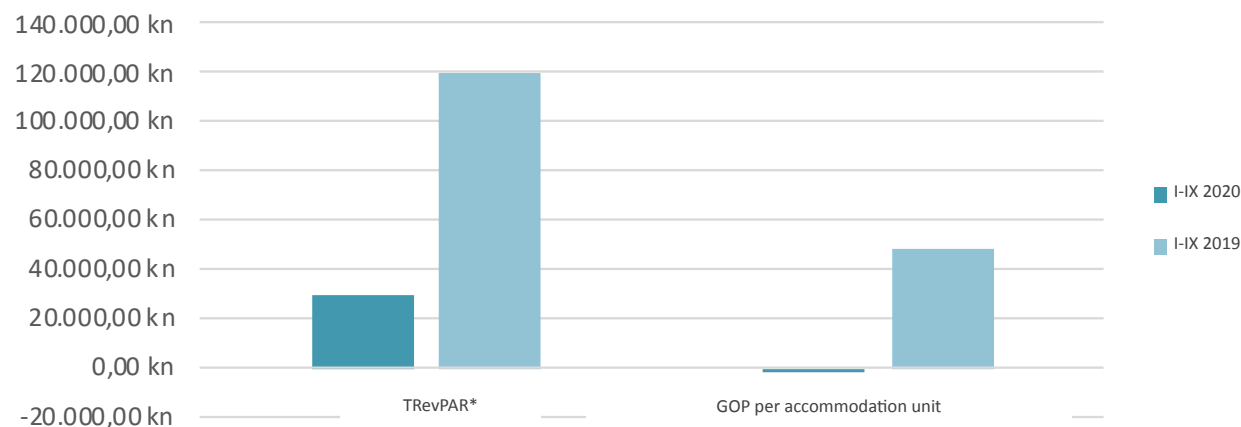
*** GOP denotes a gross operating profit of the hotel industry before the allocation of costs of common services, and is calculated in the following way: operating revenues – operating expenses (before allocation, without depreciation and fixed costs).

**** GOP margin is calculated by correlating the amount of GOP before the allocation of costs of common services and operating revenues.

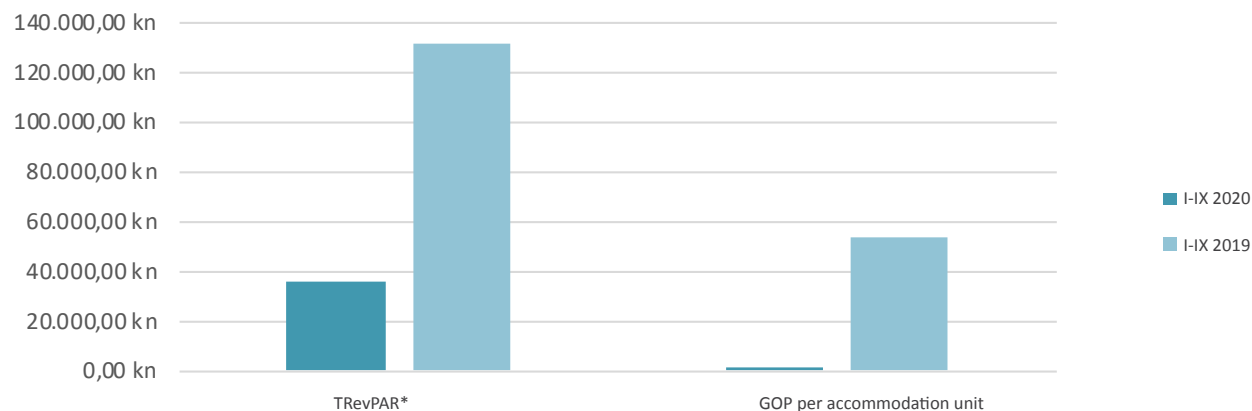
	I-IX 2020	I-IX 2019	2020/2019
HOTEL SECTOR - BIOGRAD			
Operating revenues	13.327.430,79 kn	48.593.919,20 kn	-72,57%
Revenues from board services	10.293.402,94 kn	39.981.497,70 kn	-74,25%
TRevPAR *	35.922,99 kn	130.980,91 kn	-72,57%
Operating costs **	13.182.817,35 kn	28.588.740,85 kn	-53,89%
Gross operating profit (GOP) ***	144.613,44 kn	20.005.178,35 kn	-99,28%
GOP per accommodation unit	389,79 kn	53.922,31 kn	-99,28%
GOP margin****	1,1%	41,2%	-97,36%
Capital investments	766.382,37 kn	3.620.838,69 kn	-78,83%
HOTEL SECTOR - SV. FILIP I JAKOV			
Operating revenues	3.345,24 kn	4.725.755,04 kn	-99,93%
Revenues from board services	0,00 kn	4.317.720,44 kn	-100,00%
TRevPAR *	46,46 kn	65.635,49 kn	-99,93%
Operating costs **	476.454,39 kn	3.174.316,22 kn	-84,99%
Gross operating profit (GOP) ***	-473.109,15 kn	1.551.438,82 kn	-130,49%
GOP per accommodation unit	-6.570,96 kn	21.547,76 kn	-130,49%
GOP margin****	-14142,8%	32,8%	-43179,50%
Capital investments	225.878,48 kn	390.982,03 kn	-42,23%
HOTEL SECTOR - TOTAL ILIRIJA d.d.			
Operating revenues	13.330.776,03 kn	53.319.674,24 kn	-75,00%
Revenues from board services	10.293.402,94 kn	44.299.218,14 kn	-76,76%
TRevPAR *	30.092,05 kn	120.360,44 kn	-75,00%
Operating costs **	13.659.271,74 kn	31.763.057,07 kn	-57,00%
Gross operating profit (GOP) ***	-328.495,71 kn	21.556.617,17 kn	-101,52%
GOP per accommodation unit	-741,53 kn	48.660,54 kn	-101,52%
GOP margin****	-2,5%	40,4%	-106,10%
Capital investments	992.260,85 kn	4.011.820,72 kn	-75,27%

In the nine months of 2019, the hotel industry generated HRK 13.33 million in operating revenue which is a decline by 75%. At the same time, the operating expenses of the hotel sector compared to those in the previous year decreased by 57%. The decrease in the revenue was the result of the COVID-19 virus global pandemic, which could not be responded by an equal reduction in costs due to a significant proportion of fixed costs. Gross operating profit (GOP) could not be generated at the hotel industry level in the observed period. Nevertheless, in the first nine months of 2020, the Company made HRK 1 million capital investments to maintain the previous level of competitiveness of hotel products.

Total revenues per accommodation unit (TrevPAR) and GOP per accommodation unit the hotels in Biograd na Moru during the period from I-IX 2020 and I-IX 2019



Total revenues per accommodation unit (TrevPAR) and GOP per accommodation unit in the hotel sector of Ilirija d.d. in I-IX 2020 and I-IX 2019



Notes:

* TrevPAR denotes the total operating revenue of the hotel industry divided by a number of physical accommodation units.

GOP denotes a gross operating profit of the hotel industry before the allocation of costs of common services, and is calculated in the following way: operating revenues – operating expenses (before allocation, without depreciation and fixed costs).

5.1 FINANCIAL OPERATING RESULTS OF THE COMPANY

5.1.2 NAUTICS

As regards the achieved financial results of the nautical sector, which includes all of its three segments – vessel accommodation service, hospitality and the nautical fair, it generated revenues in the amount of HRK 40,443,526.33, which were realized in the following facilities:

- Marini Kornati revenues in the amount of HRK 38,193,809.17;
- Restaurant “Marina Kornati” revenues in the amount of HRK 1,416,093.88;
- Nautical Fair revenues in the amount of HRK 833,623.48.

The revenues of the nautical sector in the accommodation of vessels decreased by 4.31% or only by HRK 1,720,068.00, while the revenues from hospitality completely lacked, primarily due to the closure of the facility since mid-March to mid-May, which resulted in a decrease in revenues by 47.29%. At the same time, due to the pandemic in the mentioned period, no revenues were generated from the boat show, which will be partially compensated in the month of October when the show is to be held.



Key financial indicators of the nautics

	I -IX 2020	I-IX 2019	2020/ 2019
NAUTICS TOTAL			
Operating revenues	40.443.526,53 kn	44.576.243,32 kn	-9,27%
Operating revenue per berth	50.240,41 kn	55.374,22 kn	-9,27%
Operating costs *	12.446.568,39 kn	14.680.254,52 kn	-15,22%
GOP **	27.996.958,14 kn	29.895.988,80 kn	-6,35%
GOP per berth	34.778,83 kn	37.137,87 kn	-6,35%
GOP margin ***	69,2%	67,1%	3,22%
Capital investments	1.597.443 kn	670.047,65 kn	138,41%
MARINA KORNATI			
Operating revenues	38.193.809,17	39.913.816,92	-4,31%
Operating revenue per berth	47.445,73	49.582,38	-4,31%
Operating costs *	9.534.812,15	10.208.818,75	-6,60%
GOP **	28.658.997,02	29.704.998,17	-3,52%
GOP per berth	35.601,24	36.900,62	-3,52%
GOP margin ***	75,0%	74,4%	0,82%
RESTAURANT OF MARINA KORNATI			
Operating revenues	1.416.093,88	2.686.351,20	-47,29%
Operating costs *	2.099.148,09	3.277.560,40	-35,95%
GOP **	-683.054,21	-591.209,20	15,54%
GOP margin ***	-48,2%	-22,0%	119,17%
BOAT SHOW			
Operating revenues	833.623,48	1.976.075,20	-57,81%
Operating costs *	812.608,15	1.193.875,37	-31,94%
GOP **	21.015,33	782.199,83	-97,31%
GOP margin ***	2,5%	39,6%	-93,63%

Notes:

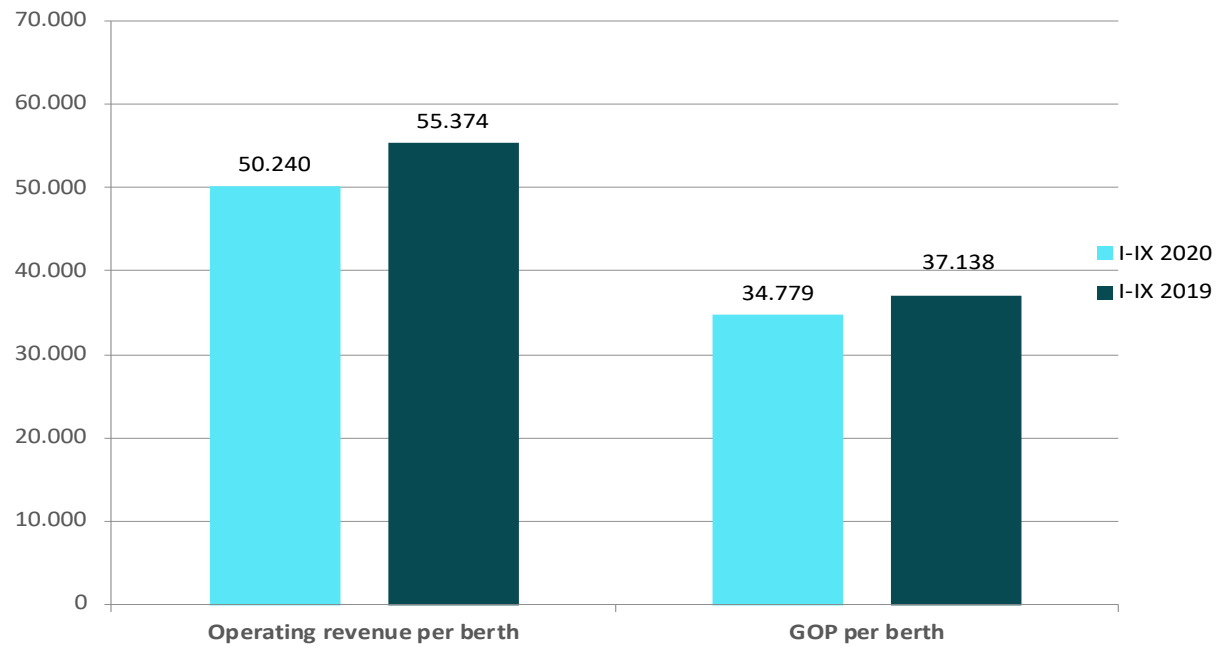
The Nautics of Ilirija d.d. consists of three business units Marina Kornati, Boat Show and restaurant of "Marina Kornati".

* Operating costs include the costs of raw material and material, costs of services, gross pays and other operating costs, not including the depreciation, financial expenses and extraordinary expenses.

** GOP (Gross Operating Profit) denotes a gross operating profit of the nautics before the allocation of costs of common services, and is calculated in the following way: operating revenues – operating expenses (before the allocation, without depreciation and fixed costs).

*** GOP margin is calculated by correlating the amount of GOP before the allocation of costs of common services and operating revenues.

Total revenue and gross operating profit (GOP) per berth of the Nautics of Ilirija d.d. in the period I-IX 2020 and I-IX 2019



5.1 FINANCIAL OPERATING RESULTS OF THE COMPANY

5.1.3 CAMPING

Notes:

The campsite includes the accommodation and restaurant in the Park Soline Campsite.

* TRevPAR - Total revenue per camp unit denotes total operating revenue of the camping (or the campsite) divided by a number of physical camp units.

** Operating costs include the costs of raw material and material, costs of services, gross pays and other operating costs, not including the depreciation, financial expenses and extraordinary expenses.

*** GOP (Gross Operating Profit) denotes a gross operating profit of the camping/ campsite / restaurant before the allocation of costs of common services, and is calculated in the following way: operating revenues - operating expenses (before the allocation, without depreciation and fixed costs).

**** GOP margin is calculated by correlating the amount of GOP of camping / campsite / restaurant before the allocation of costs of common services and operating revenues.

	I-IX 2020	I-IX 2019	2020/2019
CAMPING TOTAL			
Operating revenue	21.652.269,43 kn	34.446.659,53 kn	-37,14%
TRevPAR *	17.924,06 kn	28.234,97 kn	-36,52%
Operating costs**	10.845.307,58 kn	14.018.582,97 kn	-22,64%
GOP ***	10.806.961,85 kn	20.428.076,56 kn	-47,10%
GOP per accommodation unit	8.946,16 kn	16.744,33 kn	-46,57%
GOP margin ****	49,9%	59,3%	-15,84%
Capital investments	8.007.381,84 kn	4.852.689,68 kn	65,01%
CAMPSITE PARK SOLINE			
Operating revenue	20.073.233,52 kn	31.259.904,75 kn	-35,79%
TRevPAR *	16.616,92 kn	25.622,87 kn	-35,15%
Operating costs**	9.033.631,07 kn	11.131.373,22 kn	-18,85%
GOP ***	11.039.602,45 kn	20.128.531,53 kn	-45,15%
GOP per accommodation unit	9.138,74 kn	16.498,80 kn	-44,61%
GOP margin ****	55,0%	64,4%	-14,59%
RESTAURANT OF THE PARK SOLINE CAMPSITE			
Operating income	1.579.035,91 kn	3.186.754,78 kn	-50,45%
Operating costs**	1.811.676,51 kn	2.887.209,75 kn	-37,25%
GOP ***	-232.640,60 kn	299.545,03 kn	-177,66%
GOP margin ****	-14,7%	9,4%	-256,74%

In nine months of 2020, the Company's camping sector generated revenues in the amount of HRK 21,652,269.43, which is a 37.14% decrease compared to the nine months of the previous year, which were realized in the following facilities:

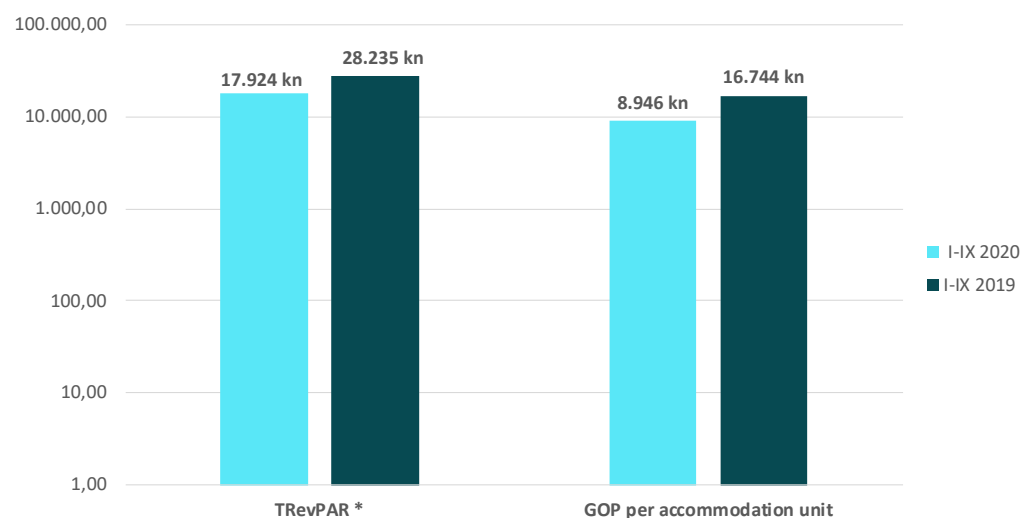
- Camp-site "Park Soline" revenues in the amount of HRK 20,073,233.52;
- Restaurant "Park Soline" revenues in the amount of HRK 1,579,035.91.

Revenues were decreased in the case of individual guests, mobile homes and fixed leases, while the lump sum recorded a 3% increase. Additionally, the overall reduction in the number of guests also affected the operations of restaurants, whose revenues dropped by 50.45%.

The operating expenses at the level of the whole campsite decreased by 22.64%, as a result of the situation in the global non-European tourism market, which resulted in fewer seasonal employees and the associated reduction in labor costs, but also due to a reduction in all other related costs.

In the nine months in 2020, the amount of HRK 8,007,381.84 capital investments was invested in the improvement of competitiveness and quality of services which was successfully completed despite the pandemic.

TrevPAR and GOP of the camping per camp unit of the Park Soline Campsite in I-IX 2020. and I-IX 2019



Notes:

* TrevPAR denotes the total operating revenue of the campsite divided by a number of physical camp units.
 GOP denotes a gross operating profit of the camping before the allocation of costs of common services, and is calculated in the following way: operating revenues – operating expenses (before allocation, without depreciation and fixed costs).

5.1 FINANCIAL OPERATING RESULTS OF THE COMPANY

5.1.4 COMMERCIAL-SHOPPING CENTER CITY GALLERIA

	I-IX 2020	I-IX 2019	2020/2019
Operating revenues	9.627.612,32 kn	10.681.426,60 kn	-9,87%
Operating costs*	3.820.229,70 kn	4.330.582,12 kn	-11,78%
GOP **	5.807.382,62 kn	6.350.844,48 kn	-8,56%
GOP margin ***	60,3%	59,5%	1,45%
Capital investments	456.337,52 kn	379.954,71 kn	20,10%

Notes:

* Operating costs include the costs of raw material and material, costs of services, gross pays and other operating costs, not including the depreciation, financial expenses and extraordinary expenses.

** GOP (Gross Operating Profit) denotes a gross operating profit of the real estate sector before the allocation of costs of common services, and is calculated in the following way: operating revenues - operating expenses (before the allocation, without depreciation and fixed costs).

*** GOP margin is calculated by correlating the amount of GOP of the real estate sector before the allocation of costs of common services and operating revenue.

The operating revenues of the Center City Galleria for the first nine months in 2020 generated by leasing the premises, through common costs, using common parts of the center, leasing the advertisement space and revenues from the garage amount to HRK 9,556,175.22. The grand-total operating revenues of the center total to HRK 9,627,612.32 including the other operating revenues in the amount of HRK 71,437.10. Total operating revenues fell by 9.87% as a result of disruptions in business operations caused by the global coronavirus pandemic that greatly affected all lessees of the Commercial-Shopping Center City Galleria.

The operating expenses of the operations which do not include the depreciation costs, financial and extraordinary expenses for the reporting period amount to HRK 3,820,229.70. Operating expenses decreased at a rate of 11.78% compared to those in the same period in 2019, with the highest proportion in the reduction of expenses in the segment of advertising and promotion expenses as well as insurance premium expenses. The operating gross profit of the center for the relevant period amounts to HRK 5,807,382.62 before the allocation of the costs of the common services, which makes up for the margin of 60.3%.

5 FINANCIAL OPERATING RESULTS OF THE COMPANY

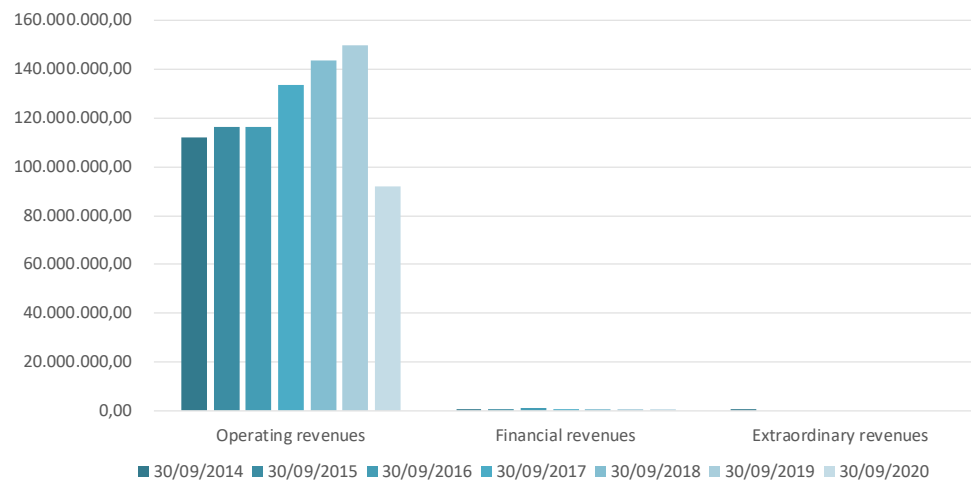
5.2 FINANCIAL OPERATING RESULTS AT COMPANY LEVEL

5.2.1 FINANCIAL PERFORMANCE OF THE COMPANY

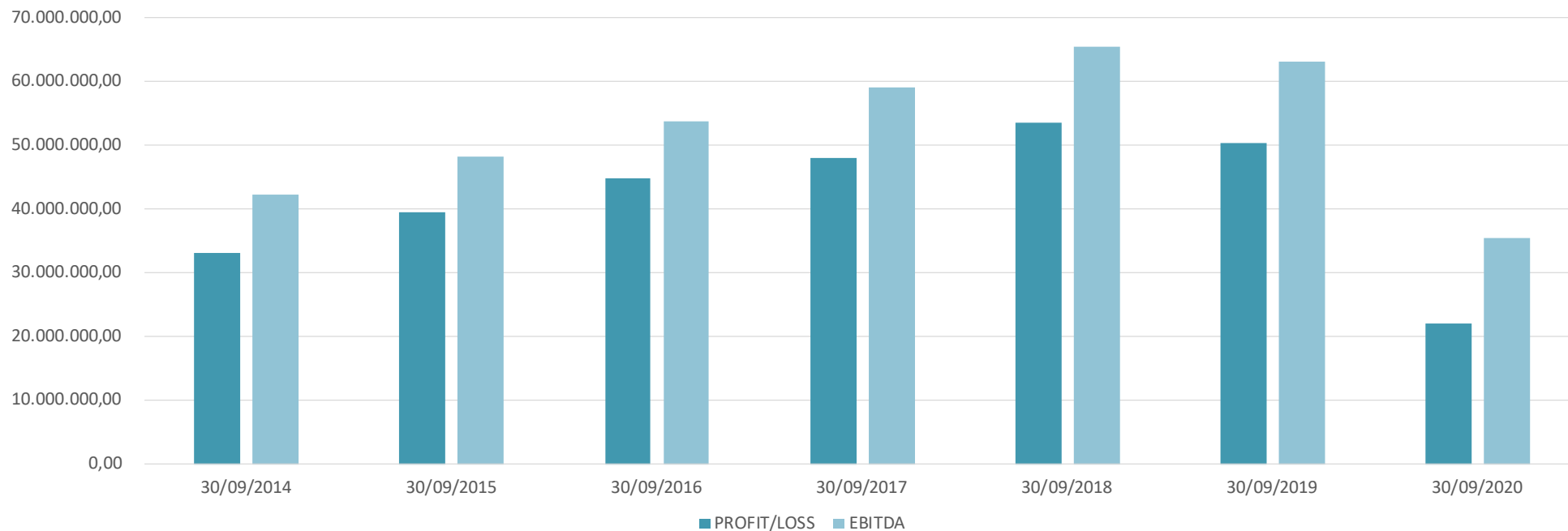
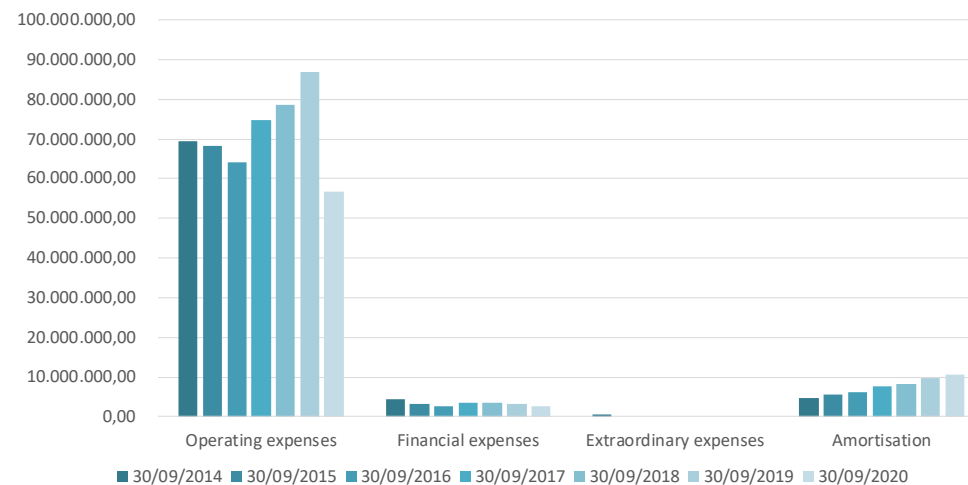
Overview of financial performance for the period 01/01 – 30/09/2020 and a comparison with the same period from 2014 to 2019

DESCRIPTION	30/09/2014	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020	Index 20/19
Operating revenues	112.063.612,03	116.438.694,86	116.341.032,15	133.683.991,24	143.746.360,96	149.848.902,06	91.977.594,60	61,38
Financial revenues	101.872,88	169.969,36	1.376.108,17	130.719,63	178.732,77	51.026,43	91.822,61	179,95
Extraordinary revenues	367.249,51	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
TOTAL REVENUES	112.532.734,42	116.608.664,22	117.717.140,32	133.814.710,87	143.925.093,73	149.899.928,49	92.069.417,21	61,42
Operating expenses	69.539.142,34	68.406.421,17	64.083.275,90	74.795.602,82	78.576.779,24	86.881.384,52	56.659.843,64	65,22
Financial expenses	4.390.325,97	3.131.122,26	2.675.230,13	3.356.649,98	3.402.730,68	3.099.948,88	2.622.905,41	84,61
Extraordinary expenses	667.960,12	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	4.788.904,95	5.602.665,15	6.169.485,96	7.650.121,51	8.366.607,36	9.597.672,00	10.664.629,35	111,12
TOTAL EXPENSES	79.386.333,38	77.140.208,58	72.927.991,99	85.802.374,31	90.346.117,28	99.579.005,40	69.947.378,40	70,24
PROFIT/LOSS	33.146.401,04	39.468.455,64	44.789.148,33	48.012.336,56	53.578.976,45	50.320.923,09	22.122.038,81	43,96
OPERATING PROFIT/LOSS	42.524.469,69	48.032.273,69	52.257.756,25	58.888.388,42	65.169.581,72	62.967.517,54	35.317.750,96	56,09
EBITDA	42.325.631,96	48.202.243,05	53.633.864,42	59.019.108,05	65.348.314,49	63.018.543,97	35.409.573,57	56,19

REVENUES 2014-2020



EXPENSES 2014-2020



1

Total revenue in the reporting period amounted to HRK 92,069,417.21, dropping by 38.58% compared to the same period in 2019, when it amounted to HRK 149,899,928.49, as a result of a significant drop in operating revenue or sales revenue of 42.06%, of which sales on the domestic market dropped by 32%, while the foreign markets recorded a 70% decline, which is a direct consequence of the global pandemic and its overall effect on the tourism industry, travel industry and hospitality industry, which are among the most affected economic sectors on a global level, and which also had a direct effect on business activities of the Company as a predominantly tourism company.

Operating revenue amounted to HRK 91,977,594.60 with a drop rate of 38.62% compared to the same period of the previous financial year when they amounted to HRK 149,848,902.06, which is a result of the sales decline in all sectors of the Company.

Sales revenue amounted to HRK 86,244,178.43 compared to the same period in 2019 when they amounted to HRK 148,849,796.71, which is a 42.06% drop resulting from a decrease in foreign and domestic market activity.

2

Total expenses amounted to HRK 69,947,378.40, which is a 29.76% drop compared to the same period in 2019 when they amounted to HRK 99,579,005.40, as a result of a 34.78% reduction in operating expenses and an 11% growth in depreciation, i.e. significant reduction and absence of business activities of the Company due to the global COVID-19 pandemic.

3

Operating profit was realized in the amount of HRK 35,317,750.96, recording a 43.91% drop compared to the same period of the previous financial year.

EBITDA, i.e. earnings before depreciation, interest and taxes, was realized in the amount of HRK 35,409,573.57, which represents a decrease compared to the same period in 2019 when it amounted to HRK 63,018,543.97.

Profit for the reporting period amounted to HRK 22,122,038.81, recording a 56.04% drop compared to the same period in 2019.

A significant absence of business activities from mid-March to, in some business segments, end of May (hotel sector, destination management company and catering facilities in the said sectors) was recorded, while other sectors of the Company carried out their business processes within an adapted business scope until mid-May, whether due to the ban on carrying out business activities (tenants in the Commercial-shopping Centre City Galleria) or restrictions of movement, and their more significant recovery in the tourism sector of the Company occurred in high season, i.e. from July until end of August, which resulted in a decrease in revenues that was expected in view of the business conditions. Consequently, although the realized business profitability indicators are significantly lower than those realized in the same period of the previous financial year, we consider these results to be successful and satisfying when taking into account the circumstances in the financial year, the fact that, despite this, the Company completed its investment cycle and maintained full employment.

Financial statements of the Company as at 30/09/2020 and a comparison with the same period in 2018 and 2019

REVENUES	2018	2019	INDEX 19/18	2020	INDEX 20/19
Revenue on the domestic market	107.771.622,11	111.313.214,03	103	75.133.551,54	67
Revenues on foreign market	35.310.389,56	37.897.282,89	107	11.256.723,53	30
Other operating revenues	664.349,29	638.405,14	96	5.587.319,53	875
OPERATING REVENUES	143.746.360,96	149.848.902,06	104	91.977.594,60	61
FINANCIAL REVENUES	178.732,77	51.026,43	29	91.822,61	180
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL REVENUES	143.925.093,73	149.899.928,49	104	92.069.417,21	61
EXPENSES					
Raw material and material costs	18.598.209,35	19.400.740,50	104	8.260.505,53	43
Costs of services	12.712.623,65	14.573.722,48	115	11.277.283,19	77
Gross pays	28.930.974,04	32.040.522,00	111	23.099.997,20	72
Other expenses	18.334.972,20	20.866.399,54	114	14.022.057,72	67
TOTAL EXPENSES	78.576.779,24	86.881.384,52	111	56.659.843,64	65
AMORTISATION	8.366.607,36	9.597.672,00	115	10.664.629,35	111
FINANCIAL EXPENSES	3.402.730,68	3.099.948,88	91	2.622.905,41	85
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL EXPENSES	90.346.117,28	99.579.005,40	110	69.947.378,40	70
PROFIT/LOSS	53.578.976,45	50.320.923,09	94	22.122.038,81	44
OPERATING PROFIT/LOSS	65.169.581,72	62.967.517,54	97	35.317.750,96	56
EBITDA	65.348.314,49	63.018.543,97	96	35.409.573,57	56

REVENUES BY ACTIVITIES:

Hotel sector revenue amounted to HRK13,330,776.03, recording a 75% drop compared to the previous financial year as a consequence of complete absence of business activities in the period from mid-March to end of May and a significantly lower demand for hotel capacities in high season, i.e. July and August, primarily as a result of the nature of such accommodation, i.e. implementation of physical distancing measures between different groups of guests that is more difficult to achieve, followed by travel restrictions in key outbound markets of Croatian tourism and the inability of guests to plan their stay or travel due to changes in the epidemiological situation, both in Croatia and in key outbound markets of the hotel sector.

Revenue from nautical services amounted to HRK 40,443,526.53, recording a 9% drop compared to the same period in 2019, as a result of revenue decline pertaining to the vessel accommodation service, i.e. the Marina Kornati, especially when it comes to contractual berth revenue that, in its absolute amount, contributed most to the growth in revenue of the nautical sector. Although the nautical sector recorded a decline in revenues, that decline is negligible considering the overall business circumstances, and the Company considers this result to be more than

satisfying, i.e. stability was achieved in the key market segments of the nautical sector – mostly contractual berths for individual and charter vessels – and thus also the stability of the entire sector and the Company.

Revenue from camping services amounted to HRK 21,652,269.43, recording a 37% drop compared to the same period of the previous year, as a result of the absence of more significant business activities until mid-June, travel restrictions in key camping markets for Croatia, such as the Netherlands, and significant absence of individual guests who realized 30% of revenues from the same period of the previous year, while the lump sum market segment realized a 3% revenue growth.

Revenue from the real estate sector i.e. Commercial-shopping Centre City Galleria amounted to HRK 9,627,612.32, recording a 10% drop as a direct consequence of the COVID-19 pandemic since a group of tenants were not allowed to carry out their activities until 11 May, i.e. the centre was fully operational from the second half of August. Consequently, due to decisions of competent bodies and for the purpose of initiating the overall offer and services in the centre, the Company additionally regulated lease issues and

common costs for tenants unable to carry out their activities, which had an impact on the realization of revenues in the reporting period.

Revenue from other activities i.e. other sectors and profit centres, including Ilirija Travel and Arsenal, the event boat "Nada", agritourism, Villa Primorje and restaurants/bars, amounted to HRK 1,684,897.77, recording a 75.31% drop compared to the same period of the previous financial year due to the absence of revenues generated through the destination management company since the outbreak of the pandemic since its services include events, MICE events and gatherings of a larger number of people.

Additionally, the Company, on account of the job retention grant by the Government of the Republic of Croatia, in the period from March to June received a grant in the amount of HRK 5,211,795.92.

TOTAL: Operating revenue per activity amounted to HRK 91,977,594.60, and it dropped by 38.62% compared to the same period in 2019.

5.2.2 FINANCIAL POSITION OF THE COMPANY



KEY FINANCIAL

INDICATORS OF THE STATUS OF THE COMPANY AS AT 30/09/2020

Since the table providing an overview of the Company's key indicators covers the period of 2010–2020 (eleven years), the realized described indicators are also listed in absolute amounts and growth rates.

1

The value of the Company's assets as at 30/09/2020 is HRK 500,691,610.44, showing an increase by HRK 16,618,818.41 or 3.43% compared to the same period in 2019, when it was HRK 484,072,792.03, and its increase is a result of investments.

The value of the company's assets has increased from HRK 285,999,669.48, realized in the same period of 2010, by HRK 214,691,940.96 or 75.07%.

2

The Company's total liabilities amount to HRK 131,826,197.25, which is an increase of HRK 13,801,620.39 or 11.69% compared to the same period in 2019 when they amounted to HRK 118,024,576.86, as a result of deferment of payment of all due liabilities pertaining to the principal amount of long-term credit liabilities for a period of one year.

Total liabilities of the Company ending with

30/09/2020 are lower by HRK 10,182,724.06 or 7.72% compared to total liabilities of the Company on 30/09/2010 when they amounted to HRK 142,008,921.31.

3

Equity and reserves of the Company as at 30/09/2020 amounted to HRK 368,865,413.19, recording an increase of HRK 2,817,198.02 or 0.77% compared to the same period in 2019 when they amounted to HRK 366,048,215.17.

Comparing equity and reserves of the Company as at 30/09/2020, they increased by HRK 224,874,665.02 or 156.17% compared to the same period in 2010 when they amounted to HRK 143,990,748.17.

4

Total revenue of the Company amounted to HRK 92,069,417.21, recording a drop of HRK 57,830,511.28 or 38.58% compared to the nine months in 2019

when it amounted to HRK 149,899,928.49, as a result of a significant drop in operating revenues, i.e. sales revenue in tourism sectors of the Company (hotel sector, destination management company, and camping sector), which had a significant share in revenue in the previous year's reporting period.

Total revenue of the Company, compared to the same period in 2010 when it amounted to HRK 84,875,428.58, increased by HRK 7,193,988.63 or 8.48%.

5 Operating profit of the Company was realized in the amount of HRK 35,317,750.96, recording a decrease of HRK 27,649,766.58 or 43.91% compared to the same period in 2019 when it amounted to HRK 62,967,517.54, which the Company considers to be a success in view of the overall business circumstances on the domestic and international scene, taking into account the fact that the initiated investment cycle was completed and that the Company maintained full employment. The Company realized the key profitability indicators in the circumstances of the global pandemic, ensured stability and sustainability of the business system in very difficult business conditions, and managed to do so without taking on additional loan liabilities.

Comparing the operating profit generated in the

reporting period of 2020 to the operating profit in 2010 when it amounted to HRK 31,722,703.62, an 11.33% increase was recorded.

6

EBITDA was realized in the amount of HRK 35,409,573.57, recording a drop of 43.81% or HRK 27,608,970.40 compared to the same period in 2019 when it amounted to HRK 63,018,543.97.

The realized EBITDA in the reporting period has increased by HRK 4,685,506.09 or 15.25% compared to 2010 when it amounted to HRK 30,724,067.48.

7

The Company's profit in the reporting period amounted to HRK 22,122,038.81, recording a drop of HRK 28,198,884.28 or 56.04% compared to the same period in 2019 when it amounted to HRK 50,320,923.09.

Profit realized in the nine months of 2020, compared to the profit generated in the same period of 2010 that amounted to HRK 22,577,195.98, has decreased by HRK 455,157.17 or 2.02%.

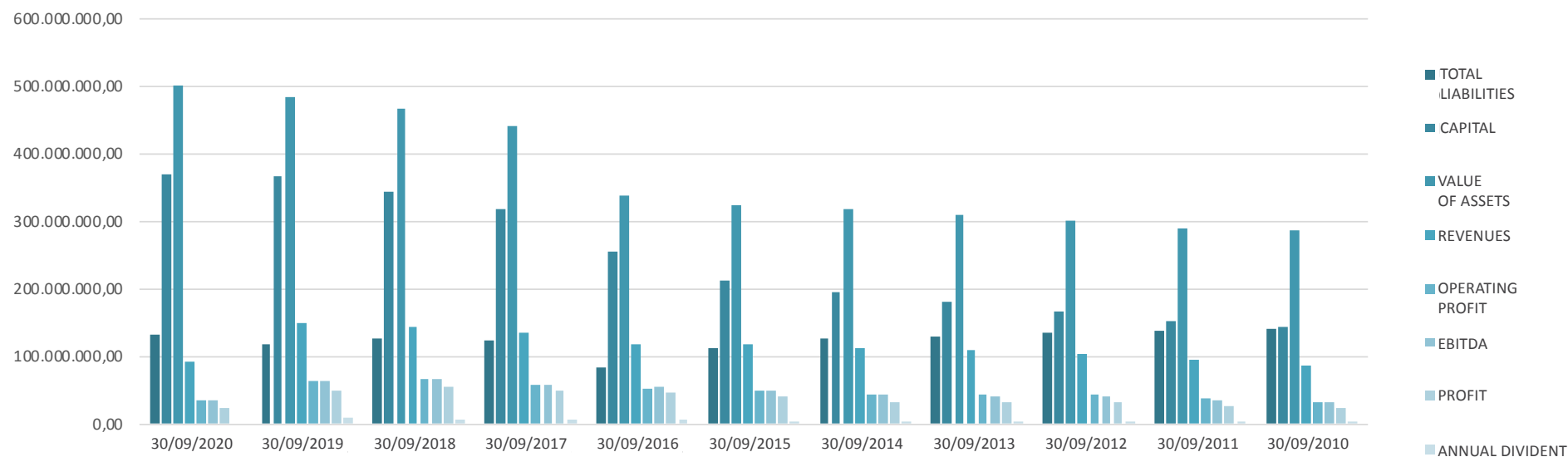


CUMULATIVE COMPARATIVE OVERVIEW

of fundamental operating results, as well as asset, capital and liability indicators of the Company as at 30/09/2020, and for the same period of 2010-2020

YEAR	TOTAL LIABILITIES	CAPITAL	VALUE OF ASSETS	REVENUES	OPERATING PROFIT	EBITDA	PROFIT	ANNUAL DIVIDEND
1	2	3	4	5	6	7	8	9
30/09/2020	131.826.197,25	368.865.413,19	500.691.610,44	92.069.417,21	35.317.750,96	35.409.573,57	22.122.038,81	0,00
30/09/2019	118.024.576,86	366.048.215,17	484.072.792,03	149.899.928,49	62.967.517,54	63.018.543,97	50.320.923,09	8.417.962,00
30/09/2018	125.447.257,27	342.411.182,35	467.858.439,62	143.925.093,73	65.169.581,72	65.348.314,49	53.578.976,45	7.221.240,00
30/09/2017	122.469.356,54	317.679.704,54	440.149.061,08	133.814.710,87	58.888.388,42	59.019.108,05	48.012.336,56	6.016.540,00
30/09/2016	82.305.840,84	256.102.674,48	338.408.515,62	117.717.140,32	52.257.756,25	53.633.864,42	44.789.148,33	4.937.148,00
30/09/2015	110.720.793,04	213.593.055,17	324.313.848,21	116.608.664,22	48.032.273,69	48.202.243,05	39.468.455,64	3.740.790,00
30/09/2014	125.000.091,75	194.440.141,31	319.440.233,06	112.532.734,42	42.524.469,69	42.325.631,96	33.146.401,04	3.740.790,00
30/09/2013	128.884.542,13	179.400.931,75	308.285.473,88	107.911.903,81	44.008.059,61	41.381.418,41	32.668.721,40	3.740.790,00
30/09/2012	135.863.714,92	165.701.164,63	301.564.879,55	103.634.805,37	43.204.867,92	41.328.375,57	32.060.877,35	3.740.790,00
30/09/2011	137.125.121,72	152.465.850,07	289.590.971,79	94.065.679,13	37.054.613,81	35.834.580,57	26.858.778,57	3.740.790,00
30/09/2010	142.008.921,31	143.990.748,17	285.999.669,48	84.875.428,58	31.722.703,62	30.724.067,48	22.577.195,98	3.740.790,00

A graph of basic operating results, as well as asset, capital and liability indicators of the Company as at 30/09/2020, and for the same period of 2010 -2020



OPERATING AND OTHER COSTS

Operating costs for the period until 30/09/2020 amounted to HRK 56,659,843.64, which is a 34.78% drop compared to the previous financial year.

FINANCIAL EXPENSES

Financial expenses in the period until 30/09/2020 amounted to HRK 2,622,905.41, which is a 15.39% drop compared to the same period in 2019.

LIQUIDITY

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

Also, the Company concluded an Annex to the Loan

Agreement with the commercial bank Erste&Steiermarkische Bank d.d., postponing all outstanding liabilities for long-term loans for a period of one year, and at the same time converted the existing short-term loan in the amount of EUR 600,000.00 due in summer of 2020 to a mid-term loan in the same amount with a repayment term of three years and a grace period of one year, which is significantly better for maintaining the Company's current liquidity. The credit obligations of the Company have not increased.

The Company initiated a procedure at Erste&Steiermarkische Bank d.d. for postponing all monthly instalments for the financial lease in the period from 1 April 2020 to 30 April 2021, and the annex to the Agreement is currently being formally and legally drafted.

SHARE DISTRIBUTION

There was no share distribution in the reported period.

COLLECTION OF FUTURE REVENUE

Even now 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.

The Company is aware of potential difficulties in collecting claims, especially with customers with fixed leases who failed to realise their business goals, which is why for those customers the Company will additionally regulate collection for the purpose of maintaining current liquidity and the stability of cash flow.

6 ADDITIONAL INFORMATION

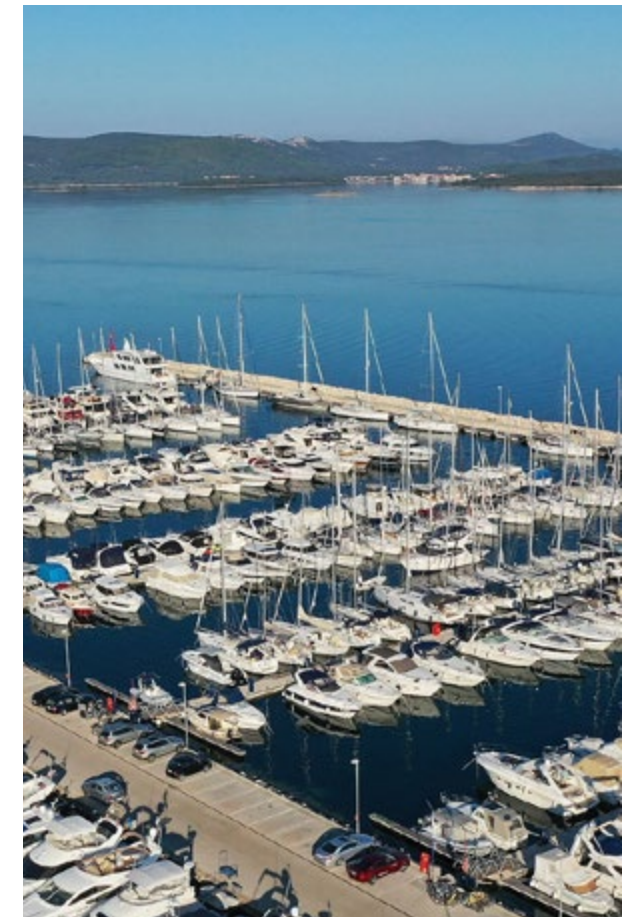
6.1 INVESTMENTS IN 2020

The Company invested HRK 11,053,423.24 mainly in the camping and nautical sector for the purpose of improving the overall quality and standards of existing services, i.e. for maintaining the four-star rating level at the Soline Park camp and raising the rating for the Kornati Marina to the four-anchor level. Taking into account the circumstances caused by the COVID-19 pandemic and the fact that the Company is benefiting from incentives in the form of exemption from paying corporation tax for the period 2018-2020, the Company successfully completed all ongoing investments in capacities and facilities in all sectors.

Investments in the camping sector were focused on modernizing the camp accommodation capacities and upgrading its equipment and design, renovation and adaptation of all sanitary facilities, improving its infrastructure, installation of optical network and improvement of the Wi-Fi signal, paving roads, construction of paths and parking lots inside the camp, and its further horticultural landscaping.

In the nautical sector, the Company aims to raise the rating level of the Kornati Marina from two- to four-anchor level. All investments made in the first quarter of 2020 relate to the improvement of the service quality and standards in the Kornati Marina with special emphasis on common, business and catering facilities within the marina, landscaping of the C pier

crossing bridge in the southern waters of the marina, adaptation of sanitary facilities and further horticultural landscaping of the marina environment.



6.2 NON-PERFORMING 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 Centre: 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 Centre 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 centre.

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

At the meeting held on 04/03/2020, the Company's Supervisory Board gave its consent to the Management Board for the conclusion of Annex 2 to the Loan Agreement concluded with Erste&Steiermarkische Bank d.d. pertaining to the reduction of the existing interest rate.

On 13 March 2020, the Company released the Information on the impact of COVID-19 on business.

The Company released 2,055 of its own shares, which represent 0.085% of the share capital, under the Share Transfer Agreement, concluded with the Company's employees in compliance with the Decision of the Company's Management Board on the allocation of treasury shares to the Company's employees free of charge as a reward for the business results achieved in 2019. Prior to disposing of the shares, the Company had 9,888 own shares, constituting 0.409% of the share capital, while,

following the disposal, it has a total of 7,833 own shares, constituting 0.325% of the Company's share capital.

In the reporting period, the Company also acquired 298 own shares as a result of corporate actions, as well as the acquisition and disposal of shares, while as at 30/06/2020 the Company held 7,833 own shares, constituting 0.32% of the share capital.

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

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

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

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

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

- the Management Board's Report on the Company's Business and Situation for 2019,
- the Management Board's Report on the Acquisition of Own Shares for 2019,
- the Supervisory Board's Report on Performed Supervision of Business Activities in 2019,
- the Auditor's Report on the Performed Audit of the Company's Business,
- taking note of the Decision on the Establishment of

the Company's Basic Annual Financial Statements for 2019,

- the Decision on the Allocation of Profit of Ilirija d.d. for the financial year 2019
- granting discharge to the Company's Management Board,
- granting discharge to the Members of the Supervisory Board for the performed supervision of the Company's business in the previous period,
- adoption of the Decision on the Approval of the Policy on the Admission of Members of the Management Board, and
- appointment of the Company's auditor for 2020.



6.4 POST-BALANCE SHEET EVENTS

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.

In October, the Company signed agreements on deferral of payment of all monthly financial leasing instalments with the commercial bank Erste&Steiermarkische Bank d.d. until 01/04/2021.

The 22nd international nautical fair Biograd Boat Show was successfully held from 21-25 October 2020 in the Marina Kornati, which was organized and hosted by the Company, as the largest nautical fair in Central Europe. In doing so, it complied with all epidemiological measures and recommendations of competent authorities (Croatian Institute of Public Health, Zadar County Civil Protection Headquarters and Biograd na Moru Civil Protection Headquarters).



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 Centre" with the surrounding land. Thus, the dispute regarding the ownership right over the "Ilirija Tennis Centre" 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 Camp for 50 years, which is pending as for other joint-stock companies with the same status in the conversion process.

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 AND DEVELOPMENT PLAN OF THE COMPANY IN 2020

In the first half of March 2020, namely on 11/03/2020, the World Health Organization (WHO) declared the pandemic of coronavirus, the causal agent of COVID-19, which affected most countries in the world, including the countries of Europe and the Republic of Croatia. Among the most affected countries are also the key outbound markets of Croatian tourism, including those of the Company. The protection of human health and life, both globally and nationally, has changed the daily lives of individuals, but it has also drastically affected economic activities and, consequently, the Company as well. Given the measures taken in order to prevent the spread of the coronavirus, namely pertaining to the ban and restriction of international and national traffic, the ban on border crossing, the restriction and ban on social gatherings, the work ban for bars and restaurants, etc., economic and business activities of hospitality and tourism-related business entities are the most vulnerable ones in current circumstances related to the global coronavirus pandemic, and it is realistic to expect that, due to the nature of the said activities, they will be among the last ones to recover after the pandemic.

All of the above affected the Company as well, given that it performs its core hospitality and tourism-related activities in the hotel sector, camping sector, nautical sector, a number of smaller hospitality facilities, the destination management sector and a shopping centre. With the easing of epidemiological measures, accommodation units as well as bars and restaurants

in the hotel sector and the DMC Ilirija Travel were opened. They were the only ones not in business in the period from mid-March to end of May. Thus, on 29/05/2020, the Company performed activities in all its sectors. Business activities will exclusively depend on the epidemiological situation on the domestic and key international markets. Additionally, with regard to business activities of the destination management company Ilirija Travel, epidemiological recommendations and measures given by the competent bodies regarding the organization of events and gatherings of larger numbers of people mostly lead to the postponement of events for the next year or their cancellation. Therefore, the Company has no significant expectations regarding the success of the hotel sector and the DMC Ilirija Travel.

In the nautical sector, where vessel accommodation and reception services are provided for approximately 725 vessels, the Company has been performing its regular activities the entire time, and so have the partners who, as our business collaborators, perform their activities in the marina, and especially those related to charters. We therefore expect regular business activities specific for the post-season in the nautical sector to also continue in the remaining part of the financial year, which will further contribute to the stabilization of business at the level of the Company.

Furthermore, in the camping sector, which is of extremely seasonal character with business activities reali-

zed by the end of September, the Company, considering the epidemiological situation in key markets, does not expect more significant business activities to be generated in the post-season, although the camp-site is also open in October.

In the real-estate sector, which is fully operational since the second half of August, all tenants regularly perform their activities, and the Company thus expects the business process to proceed smoothly in the remaining part of the financial year.

Consequently, given all the measures and activities taken for the purpose of adjusting business processes, as well as the achieved operating results with a positive realization of all profitability indicators for nine months in 2020, we consider the Company's business activities to be successful. As for the preservation of the current liquidity, the conclusion of the Addendum to the Loan Agreement between the Company and the commercial bank Erste&Steiermarkische Bank d.d. is of particular importance. The said Addendum defers all due liabilities pertaining to the principal amount of long-term credit liabilities for a period of one year. In addition, the Company has also converted the 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 in the same amount, with a repayment period of three years and more favourable

terms, as well as with a grace period of one year. The procedure of deferment of payment of all liabilities due in respect of the principal of the financial lease has been initiated with the commercial bank Erste&Steiermarkische Bank d.d. for the period from 01/04/2020 to 30/04/2021, and the agreements were signed in October.

It is especially important to point out that, in order to preserve liquidity, the Company did not increase its loan liabilities. In the upcoming period until the end of the financial year 2020, just like in the previous nine months, the Company will, if the need arises, take all the necessary measures and activities to maintain the Company's long-term business stability, smooth performance of business processes in the sectors and profit centres in compliance with, and implementation of, all health, epidemiological and sanitary measures and recommendations of the competent authorities, preserve the Company's current liquidity, preserve the Company's assets and facilities, as well as to retain full employment and preserve the social and material rights of employees.

According to all current performance indicators, it is probable that the Company will achieve:

- 60% of the revenues realized at the level of the entire 2019.

- adequate EBITDA,
- the realization of operating profit,
- the performance of business activities without taking on new loan liabilities, as it did until now and will do until 31/12/2020.

Furthermore, the Company is optimistic that, in view of the business results achieved until 30/09/2020, it will preserve all vital business functions at the level of all its sectors also in the last quarter of the financial year, i.e. as at 31/12/2020.



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



BALANCE SHEET			
balance as at 30/09/2020			
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	444.476.554	452.200.616
I INTANGIBLE ASSETS (ADP 004 to 009)	003	578.240	330.536
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	0	0
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	578.240	330.536
II TANGIBLE ASSETS (ADP 011 to 019)	010	443.859.620	451.831.386
1 Land	011	43.295.283	43.295.283
2 Buildings	012	253.421.215	256.124.508
3 Plant and equipment	013	61.395.441	65.709.302
4 Tools, working inventory and transportation assets	014	0	
5 Biological assets	015	0	
6 Advances for the purchase of tangible assets	016	1.333.071	1.197.980
7 Tangible assets in preparation	017	7.560.650	9.341.515
8 Other tangible assets	018	0	
9 Investment property	019	76.853.960	76.162.798
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	38.694	38.694
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	38.694
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	39.493.830	48.490.994
I INVENTORIES (ADP 039 to 045)	038	2.667.464	1.206.315
1 Raw materials and consumables	039	2.667.464	1.206.315
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	18.796.850	10.782.027
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	17.977.334	9.307.779
4 Receivables from employees and members of the undertaking	050	549.995	899.721
5 Receivables from government and other institutions	051	166.424	387.152
6 Other receivables	052	103.097	187.375
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	2.738.499	1.032.064
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	2.738.499	1.032.064
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	15.291.017	35.470.588
D) PREPAID EXPENSES AND ACCRUED INCOME	064	102.408	
E) TOTAL ASSETS (ADP 001+002+037+064)	065	484.072.792	500.691.610
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	366.048.215	368.865.413
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	25.665.017	37.097.949
1 Legal reserves	071	12.477.986	24.077.986
2 Reserves for treasury shares	072	6.975.716	6.975.716
3 Treasury shares and holdings (deductible item)	073	-1.311.364	-1.478.432
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 Fair value of financial assets 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
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	57.983.406	77.566.556
1 Retained profit	082	57.983.406	77.566.556
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	50.320.923	22.122.039
1 Profit for the business year	085	50.320.923	22.122.039
2 Loss for the business year	086	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
B) PROVISIONS (ADP 089 to 094)	088	0	0
1 Provisions for pensions, termination benefits and similar obligations	089	0	0
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	0	0
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	0	0
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	103.803.230	112.461.526

1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0
3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	0	0
6 Liabilities to banks and other financial institutions	101	103.803.230	112.461.526
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	0	0
11 Deferred tax liability	106	0	0
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	13.066.030	17.857.124
1 Liabilities to undertakings within the group	108	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	0
3 Liabilities to companies linked by virtue of participating interests	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	0	0
6 Liabilities to banks and other financial institutions	113	1.607.626	1.733.729
7 Liabilities for advance payments	114	0	
8 Liabilities to suppliers	115	8.260.208	10.972.501
9 Liabilities for securities	116	0	
10 Liabilities to employees	117	2.463.860	2.257.500
11 Taxes, contributions and similar liabilities	118	195.765	1.732.274
12 Liabilities arising from the share in the result	119	0	
13 Liabilities arising from fixed assets held for sale	120	0	
14 Other short-term liabilities	121	538.571	1.161.120
E) ACCRUALS AND DEFERRED INCOME	122	1.155.317	1.507.547
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	484.072.792	500.691.610
G) OFF-BALANCE SHEET ITEMS	124	0	0

STATEMENT OF PROFIT OR LOSS					
for the period 01/01/2020 to 30/09/2020					
in HRK					
ILIRIJA d.d. BIOGRAD NA MORU					
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 126 to 130)	125	149.848.902	79.012.423	91.977.595	42.875.419
W	126	0	0	0	0
2 Income from sales (outside group)	127	149.210.497	78.826.178	86.400.952	41.041.440
3 Income from the use of own products, goods and services	128	0	0	0	
4 Other operating income with undertakings within the group	129	0	0	0	
5 Other operating income (outside the group)	130	638.405	186.245	5.576.643	1.833.979
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	96.479.056	42.889.063	67.324.473	26.923.019
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	33.974.472	16.374.329	19.537.789	9.509.071
a) Costs of raw materials and consumables	134	19.400.750	10.220.184	8.260.506	4.582.044
b) Costs of goods sold	135	0	0		
c) Other external costs	136	14.573.722	6.154.145	11.277.283	4.927.027
3 Staff costs (ADP 138 to 140)	137	32.040.522	12.858.858	23.099.997	8.062.029
a) Net salaries and wages	138	19.243.870	7.760.120	14.090.344	4.830.964
b) Tax and contributions from salary costs	139	8.247.329	3.273.699	5.727.052	2.085.905
c) Contributions on salaries	140	4.549.323	1.825.039	3.282.601	1.145.160
4 Depreciation	141	9.597.672	3.199.224	10.664.629	1.184.959
5 Other costs	142	20.780.401	10.429.772	12.660.311	8.066.808
6 Value adjustments (ADP 144+145)	143	0	0	0	0
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	0	0	0	0
7 Provisions (ADP 147 to 152)	146	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	0	0
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	0	0	0	0
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8 Other operating expenses	153	85.989	26.880	1.361.747	100.152
III FINANCIAL INCOME (ADP 155 to 164)	154	51.026	21.955	91.822	68.130
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operations with undertakings within the group	158	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	40	14	58.921	58.844
8 Exchange rate differences and other financial income	162	50.986	21.941	32.901	9.286
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	0	0	0	0

IV FINANCIAL EXPENSES (ADP 166 to 172)	165	3.099.949	1.025.666	2.622.905	898.489
1 Interest expenses and similar expenses with undertakings within the group	166	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0	0	0
3 Interest expenses and similar expenses	168	3.099.949	1.025.666	2.622.905	898.489
4 Exchange rate differences and other expenses	169	0	0	0	0
5 Unrealised losses (expenses) from financial assets	170	0	0	0	0
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	0	0	0	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	149.899.928	79.034.378	92.069.417	42.943.549
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	99.579.005	43.914.729	69.947.378	27.821.508
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	50.320.923	35.119.649	22.122.039	15.122.041
1 Pre-tax profit (ADP 177-178)	180	50.320.923	35.119.649	22.122.039	15.122.041
2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	50.320.923	35.119.649	22.122.039	15.122.041
1 Profit for the period (ADP 179-182)	184	50.320.923	35.119.649	22.122.039	15.122.041
2 Loss for the period (ADP 182-179)	185	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 187-188)	186	0	0	0	0
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192	0	0	0	0
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
XVII INCOME TAX (ADP 182+189)	195	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196	0	0	0	0
1 Profit for the period (ADP 192-195)	197	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	0	0	0	0
1 Attributable to owners of the parent	200	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	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	202	0	0	0	0
"II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)"	203	0	0	0	0
1 Exchange rate differences from translation of foreign operations	204	0	0	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0

3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	
4 Profit or loss arising from effective cash flow hedging	207	0	0	
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	
8 Other changes in equity unrelated to owners	211	0	0	
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0	
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	0	0	
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	0	0	
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 216+217)	215	0	0	
1 Attributable to owners of the parent	216	0	0	
2 Attributable to minority (non-controlling) interest	217	0	0	

STATEMENT OF CASH FLOWS - indirect method				
for the period 01/01/2020 to 30/09/2020				
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	50.320.923	22.122.039	
2 Adjustments (ADP 003 to 010):	002	9.597.672	10.664.629	
a) Depreciation	003	9.597.672	10.664.629	
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	
f) Provisions	008		0	
g) Exchange rate differences (unrealised)	009		0	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010		0	
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	59.918.595	32.786.668	
3 Changes in the working capital (ADP 013 to 016)	012	-5.873.388	2.110.410	
a) Increase or decrease in short-term liabilities	013	643.789	4.791.094	
b) Increase or decrease in short-term receivables	014	1.829.209	-8.014.823	
c) Increase or decrease in inventories	015	20.221	-141.149	
d) Other increase or decrease in working capital	016	-8.366.607	5.475.288	
II Cash from operations (ADP 011+012)	017	54.045.207	34.897.078	
4 Interest paid	018		0	
5 Income tax paid	019		0	
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	54.045.207	34.897.078	
Cash flow from investment activities				
1 Cash receipts from sales of fixed tangible and intangible assets	021		0	
2 Cash receipts from sales of financial instruments	022		0	
3 Interest received	023		0	
4 Dividends received	024		0	
5 Cash receipts from repayment of loans and deposits	025		0	
6 Other cash receipts from investment activities	026		0	
III Total cash receipts from investment activities (ADP 021 to 026)	027		0	
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-6.999.864	-4.313.861	
2 Cash payments for the acquisition of financial instruments	029		0	
3 Cash payments for loans and deposits for the period	030		0	
4 Acquisition of a subsidiary, net of cash acquired	031		0	
5 Other cash payments from investment activities	032	-7.477.054	-3.657.905	
IV Total cash payments from investment activities (ADP 028 to 032)	033	-14.476.918	-7.971.766	
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-14.476.918	-7.971.766	
Cash flow from financing activities				
1 Cash receipts from the increase in initial (subscribed) capital	035		0	
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		0	
3 Cash receipts from credit principals, loans and other borrowings	037			2.613.547
4 Other cash receipts from financing activities	038		0	
V Total cash receipts from financing activities (ADP 035 to 038)	039		0	2.613.547
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-6.817.539	-7.372.339	
2 Cash payments for dividends	041	-8.402.797	0	
3 Cash payments for finance lease	042	-4.576.389	-1.893.459	

4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	-164.403	-42.770
5 Other cash payments from financing activities	044	-4.707.505	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-24.668.633	-9.308.568
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-24.668.633	-6.695.021
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	14.899.656	20.230.291
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	391.361	15.240.303
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	15.291.017	35.470.594

STATEMENT OF CASH FLOWS - indirect method			
for the period 01/01/2020 to 30/09/2020 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 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 Cash payments to suppliers	005	0	0
6 Cash payments to employees	006	0	0
7 Cash payments for insurance premiums	007	0	0
8 Other cash receipts and payments	008	0	0
I Cash from operations (ADP 001 to 008)	009	0	0
9 Interest paid	010	0	0
10 Income tax paid	011	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 009 to 011)	012	0	0
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	013	0	0
2 Cash receipts from sales of financial instruments	014	0	0
3 Interest received	015	0	0
4 Dividends received	016	0	0
5 Cash receipts from repayment of loans and deposits	017	0	0
6 Other cash receipts from investment activities	018	0	0
II Total cash receipts from investment activities (ADP 013 to 018)	019	0	0
1 Cash payments for the purchase of fixed tangible and intangible assets	020	0	0
2 Cash payments for the acquisition of financial instruments	021	0	0
3 Cash payments for loans and deposits	022	0	0
4 Acquisition of a subsidiary, net of cash acquired	023	0	0
5 Other cash payments from investment activities	024	0	0
III Total cash payments from investment activities (ADP 020 to 024)	025	0	0
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 019 + 025)	026	0	0
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	027	0	0
2 Cash receipts the from issue of equity financial instruments and debt financial instruments	028	0	0
3 Cash receipts from credit principals, loans and other borrowings	029	0	0
4 Other cash receipts from financing activities	030	0	0
IV Total cash receipts from financing activities (ADP 027 to 030)	031	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	032	0	0
2 Cash payments for dividends	033	0	0
3 Cash payments for finance lease	034	0	0
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	035	0	0
5 Other cash payments from financing activities	036	0	0
V Total cash payments from financing activities (ADP 032 to 036)	037	0	0
C) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 031 +037)	038	0	0
1 UNREALISED EXCHANGE RATE DIFFERENCES IN CASH AND CASH EQUIVALENTS	039	0	0
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 012+026+038+039)	040	0	0
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	041	0	0
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD(ADP 040+041)	042	0	0

STATEMENT OF CHANGES IN EQUITY

		for the period from		01/01/2020		to		30/09/2020												in HRK	
Item	ADP code	Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Attributable to owners of the parent							Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
								Other reserves	Revaluation reserves	Fair value of financial assets available for sale											
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)				
Previous period																					
1 Balance on the first day of the previous business year	01	229,146,480	2,932,389	12,477,986	6,975,716	1,081,205	0	7,522,679	0	0	0	0	59,161,331	0	317,135,376	0	317,135,376				
2 Changes in accounting policies	02	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				
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	229,146,480	2,932,389	12,477,986	6,975,716	1,081,205	0	7,522,679	0	0	0	0	59,161,331	0	317,135,376	0	317,135,376				
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	50,320,923	50,320,923	0	50,320,923				
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				
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				
8 Profit or loss arising from subsequent measurement of financial assets available for sale	08	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				
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				
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				
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				
13 Other changes in equity unrelated to owners	13	0	0	2,200,000	0	230,159	0	0	0	0	0	0	-3,377,925	0	-1,408,084	0	-1,408,084				
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				
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	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	0	0	0	0	0	0	0	0	0	0	0	0				
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
20 Other distribution to owners	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
21 Transfer to reserves according to the annual schedule	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
23 Balance on the last day of the previous business year reporting period (04 to 22)	23	229,146,480	2,932,389	14,677,986	6,975,716	1,311,364	0	7,522,679	0	0	0	0	55,783,406	50,320,923	366,048,215	0	366,048,215				
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)	24	0	0	2,200,000	0	230,159	0	0	0	0	0	0	-3,377,925	0	-1,408,084	0	-1,408,084				
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	2,200,000	0	230,159	0	0	0	0	0	0	-3,377,925	50,320,923	48,912,839	0	48,912,839				

ILIRIJA d.d.

BIOGRAD NA MORU

Biograd na Moru, 20/10/2020

Statement made by the persons responsible for the preparation of the financial statements for the period from 01/01/2020–30/09/2020

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 - September of 2020 have been prepared in accordance with International Financial Reporting Standards and Croatian Accounting Act.

The financial statements give a true and fair view of the financial position of the Company as at 30/09/2020, operating results and cash flows of the Company in accordance with International Financial Reporting Standards.

The Management's Report gives a true overview of operating results and position of the Company as at 30/09/2020.

Accounting Manager:

Zorka Strpić



Management Board:

Goran Ražnjević



ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



ILIRIJA D.D.

TINA UJEVIĆA 7, BIOGRAD NA MORU, REPUBLIKA HRVATSKA
TEL: 023 383 165 FAX: 023 383 008 WWW.ILIRIJABIograd.COM