



 *Ilirija d.d.*

ANNUAL REPORT FOR THE YEAR 2022

Biograd na Moru, February 2023



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INTRODUCTION BY THE PRESIDENT OF THE MANAGEMENT BOARD



Goran Ražnjević, President of the Management Board

Dear shareholders,

in a year that marked 65 years of uninterrupted and continuous business operations of ILIRIJA d.d., we are pleased to say that this was the year that gave us the best business results since the start of business activities. More specifically, we realised record high total and operating revenue, an increase in all profitability indicators, increases in capital and reserves, increases in the value of Company assets, and can report a record low net debt, thereby further improving and strengthening the financial position and stability of the Company, as well as its liquidity, resulting in the most successful business year to date. Taking into account the circumstances that surrounded the business year, which was marked by both the effects of the global pandemic and the emergence of new global security threats, leading to an increase in energy costs and a general increase in prices, i.e. inflation, as well as an unfavourable macro-economic environment in the euro area, these accomplishments are that much more significant.

In a year of global uncertainties, political, economic and security crises affecting the economy, and the standard of living and purchasing power of the population, the Company achieved a fast market recovery, which reflected in the realised business results that recorded an increase in operating revenue and strong profitability growth across all sectors. The Company started 2022 prepared, but with a dose of caution,

given the global uncertainties leading to an absence of business activities in the first half of the business year. As a result of an increase in tourism demand, notably in the peak and late season, all tourism sectors recorded a significant increase in turnover. For certain sectors such as the nautical and camping sectors, a high tourism turnover in peak and late season marked a continuity of growth of business activity from the previous business year, i.e. record high business results since the start of their business activity, both in terms of revenue and profitability, which at the same time greatly contributed to the overall operating results of the Company. On the other hand, the hotel sector and the destination management company Ilirija Travel recorded a significant increase in demand and a market recovery. However, given the absence of more significant business activity in the pre-season, this was not enough to match the operating results from the pre-pandemic period, i.e. 2019, whereas the real estate sector recorded an increase in operating revenue, with somewhat lower profitability rates.

Revenue realised in the amount of HRK 179,158,989.19 represented an increase of 32.88% compared to the previous year, i.e. an increase of 6.77% compared to 2019, the last year of smooth performance of business activities, when revenue was realised in the amount of HRK 167,797,556.86. Total revenue generated represented the strongest results of the Company in terms of revenue, which is especially significant given that, due

to the absence of tourism demand in the first part of the year, the hotel sector and the destination management company failed to reach the revenue figures from the pre-pandemic period, i.e. failed to achieve a full recovery, although revenue in 2022 increased by 70%, or 168% compared to the previous year. On the other hand, the camping sector realised HRK 50,150,072.60 in revenue, representing an increase of 50% compared to the previous year, i.e. an increase of 42.04% compared to 2019, thus achieving its best results so far in terms of revenue. At the same time, the nautical sector also achieved its best business result in terms of revenue, recording an increase at a rate of 12% compared to 2021, i.e. an increase of 13.17% compared to 2019. It should be specially noted that, in 2022, the nautical sector recorded a recovery in two of its other segments, i.e. hospitality and nautical fair, which also achieved the best results in terms of revenue to date.

With regard to the achieved profitability indicators, an all-around increase was recorded compared to 2021, which is especially significant given the fact that the business year was heavily affected by the increase in energy costs and inflation. Operating profit was generated in the amount of HRK 54,480,301.51, constituting an increase of 12.49% (HRK 6,050,880.29) compared to the same period of 2021, when it amounted to HRK 48,429,421.22. Profit before tax was generated in the amount of HRK 29,077,122.72, constituting an increase of 10.31%, or HRK 2,717,636.69, compared to the same period of 2021, when it amounted to HRK

26,359,486.03. Moreover, net profit amounted to HRK 23,490,715.74, representing an increase of 5.95%, or HRK 1,318,239.71 compared to the previous year when it amounted to HRK 22,172,476.03. EBITDA was realised in the amount of HRK 54,835,508.33, recording an increase of 12.39%, or HRK 6,045,712.16 compared to the previous business year, while compared to 2019, when it amounted to HRK 50,310,254.21, it recorded an increase of 8.99%. EBIT was realised in the amount of HRK 32,504,005.30, constituting an increase of 9.36%, or HRK 2,782,358.00 compared to 2021.

Increase in terms of revenue and profitability growth, in certain indicators greater even compared to 2019, meant that the Company achieved a high level of business resilience reflected in a strong balance sheet position and increase in financial position indicators, not just compared to the previous business year, but also to the pre-pandemic period. The value of assets in the reporting period amounted to HRK 528,280,655.14, representing an increase of 6.74% compared to the previous year, while it recorded an increase of 8.86% compared to 2019, when it amounted to HRK 485,278,090.92. Capital in the reporting period amounted to HRK 384,759,158.79, constituting an increase of 3.92% compared to the previous year when it amounted to HRK 370,244,993.55, as well as an increase of 10.95% compared to 2019. Also, despite of geopolitical and economic uncertainties and an unfavourable macroeconomic environment, the Company continued to reduce its net debt, amounting to HRK 42,007,669.65

in the reporting period, by 29.73% compared to the previous business year, recording the lowest net debt of the Company in the last eleven years.

In addition, after a two-year break, the Company distributed to the shareholders a dividend in the amount of HRK 8,419,792.50, a further testament to its financial stability, achieving a balancing of business expectations of all of its stakeholders. The Company also performed many activities in terms of its relationship with employees, namely in the area of personnel management, focusing on improving the financial standing of its employees and their continued development in order to maintain an optimum level of employment, and a high quality and standard of service.

Dear shareholders, in 2022, the Company accomplished its planned business objectives, a growth in business activities across all of its sectors, and ultimately the best business results, managing to balance the interests and expectations of all of its stakeholders despite all of the challenges, displaying a high level of resilience, stability and responsibility towards all of its stakeholders.

Goran Ražnjević, President of
the Management Board



OVERVIEW OF KEY PERFORMANCE INDICATORS IN 2022

179,2M

TOTAL
REVENUE (HRK)
+32,88%

29,1M

PROFIT
BEFORE TAX
(HRK)
+10,31%

23,5M

NET PROFIT
(HRK)
+5,95%

54,8M

EBITDA
(HRK)
+12,39

528,3M

VALUE OF
ASSETS (HRK)
+6,74%

384,8M

CAPITAL
(HRK)
+3,92%

143,5M

TOTAL
LIABILITIES (HRK)
+15,13%

42M

NET DEBT
(HRK)
-29,73%

10M

DIVIDEND
(HRK)
PAYMENT
PROPOSAL

OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE YEAR 2022

in HRK	2022	2021	2019	Index 2022/2019	Index 2022/2021
Financial indicators					
Total revenues	179.158.989,19	134.831.127,96	167.797.556,86	106,77	132,88
Operating revenues	178.803.782,37	134.470.753,01	167.711.919,32	106,61	132,97
<i>Hotel sector</i>	52.576.235,10	31.002.857,24	59.784.757,62	87,94	169,59
<i>Nautics</i>	55.013.183,91	49.185.727,37	48.610.539,64	113,17	111,85
<i>Camping</i>	50.150.072,60	33.399.299,81	35.305.818,53	142,04	150,15
<i>Ilirija Travel</i>	7.095.753,26	2.644.118,47	9.197.418,35	77,15	268,36
<i>Real-estate</i>	13.790.805,78	13.076.060,86	14.255.205,21	96,74	105,47
<i>Other</i>	177.731,72	5.162.689,26	558.179,97	31,85	3,44
Revenues from sales	177.487.516,37	128.515.939,95	165.072.177,40	107,52	138,11
EBITDA	54.835.508,33	48.789.796,17	50.310.254,21	108,99	112,39
EBITDA margin	30,67%	36,28%	30,00%	102,23	84,52
Adjusted EBITDA	55.339.387,52	49.215.174,64	51.216.000,21	108,05	112,44
Adjusted EBITDA margin	30,95%	36,60%	30,54%	101,34	84,56
EBIT	32.504.005,30	29.721.647,30	35.930.820,22	90,46	109,36
Adjusted EBIT	33.007.884,49	30.147.025,78	36.836.566,22	89,61	109,49
Earnings before taxes	29.077.122,72	26.359.486,03	31.333.913,66	92,80	110,31
Profit	23.490.715,74	22.172.476,03	31.333.913,66	74,97	105,95
Profit margin	13,14%	19,60%	18,68%	70,33	67,02

in HRK	31/12/2022	31/12/2021	31/12/2019	Index 2022/2019	Index 2022/2021
Balance sheet indicators					
Net debt	42.007.669,65	59.783.368,01	101.317.234,91	41,46	70,27
Net debt / EBITDA	0,77	1,23	2,01	38,11	62,52
Net debt /Adjusted EBITDA	0,76	1,21	1,98	38,38	62,57
Interest coverage	8,61	8,44	6,92	124,42	102,01
Capital investments	20.746.322,11	10.844.315,13	24.249.604,35	85,55	191,31
ROE	6,11%	5,99%	9,04%	67,59	102,00
ROA	4,45%	4,48%	6,46%	68,89	99,33
Adjusted ROCE	7,75%	7,01%	8,25%	93,94	110,56

in HRK	31/12/2022	31/12/2021	31/12/2019	Index 2022/2019	Index 2022/2021
Indicators of the financial position					
Value of assets	528.280.655,14	494.903.044,10	485.278.090,92	108,86	106,74
Capital	384.759.158,79	370.244.993,55	346.783.374,38	110,95	103,92
Total liabilities	143.521.496,35	124.658.050,55	138.494.716,54	103,63	115,13

in HRK	31/12/2022	31/12/2021	31/12/2019	Index 2022/2019	Index 2022/2021
Achievements on the capital market					
Market capitalization*	458.562.720,00	405.514.253,76	453.204.776,64	101,18	113,08
EV	500.570.389,65	470.027.884,00	579.755.725,07	86,34	106,50
EV / EBITDA	9,13	9,63	11,52	79,25	94,77
EV / Adjusted EBITDA	9,05	9,55	11,32	79,91	94,71
P / E	19,43	18,50	15,26	127,33	105,03
EPS	9,73	9,22	13,00	74,85	105,53
DPS	3,50	0,00	3,50	100,00	#DIV/0!

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

Physical indicators	2022	2021	2019	Index 2022/2019	Index 2022/2021
Hotel sector					
Number of accommodation units	435	443	443	98,19	98,19
Overnight stays of tourist	100.551	76.113	146.815	68,48	132,11
Occupancy days	115	80	165	69,70	143,75
Annual occupancy	31,46%	21,98%	45,31%	69,43	143,13
Nautical sector					
Number of berths	805	805	805	100,00	100,00
Contracted vessels	726	719	740	98,11	100,97
Transit berth, overnight stay of vessels	9.208	10.219	11.227	82,02	90,11
Transit berth, inbound sail of vessels	3.117	2.667	3.418	91,19	116,87
Port service - number of operations	3.666	3.554	3.688	99,40	103,15
Days of work	365	365	365	100,00	100,00
Camping					
Number of accommodation units	1.208	1.208	1.220	99,02	100,00
Days of work	198	198	275	72,00	100,00
Occupancy days	106,65	98,46	149,72	71,23	108,32
Mobile homes	98,96	77,57	94,45	104,78	127,58
Individuals	43,06	31,94	45,36	94,93	134,82
Fixed lease	198,00	198,00	275,00	72,00	100,00
Lump sum	198,00	198,00	275,00	72,00	100,00
Occupancy	53,86%	49,73%	54,44%	98,93	108,30
Mobile homes	49,98%	39,18%	34,35%	145,50	127,57
Individuals	21,75%	16,13%	16,49%	131,90	134,84
Fixed lease	100,00%	100,00%	100,00%	100,00	100,00
Lump sum	100,00%	100,00%	100,00%	100,00	100,00
Overnight stays of tourists	312.057	236.878	290.487	107,43	131,74

Physical indicators	2022	2021	2019	Index 2022/2019	Index 2022/2021
Ilirija Travel					
Number of events	297	361	609	48,77	82
Number of persons (events)	29.830	12.167	54.749	54,49	245
Real-estate					
Number of lessees	37	37	37	100,00	100,00
Common contracts	35	36	36	97,22	97,22
Common areas	27	26	21	128,57	103,85
Advertising space	8	8	8	100,00	100,00
Garage - number of parking space	410	410	410	100,00	100,00
Rented area (m ²)	9.464,72	9.924,60	9.897,60	95,63	95,37
Number of vehicles in the garage	703.511	669.197	763.982	92,08	105,13



KEY INFORMATION FOR 2022

1) In the business year 2022, the Company generated the best operating results in its 65 years of operation, namely in terms of total and operating revenue, increase in the value of its assets and capital, the most stable balance sheet position, while at the same time retaining a high level of operating profitability, and a record low net debt. The business year was marked by further improvement of amenities, services and business processes, and improvement of the financial standing of employees. The Company achieved all of its key business objectives and expectations even though the start of the year, i.e. almost its entire first half, was still heavily affected by the pandemic exacerbated by the start of the Russia-Ukraine war, which led to global geopolitical instability and an unfavourable macroeconomic environment as a result of an increase in energy costs and an overall increase in costs, i.e. high inflation. In light of such a business environment, the results achieved by the Company are far more notable.

The Company approached the business year with caution given the circumstances that surrounded it, and which had a significant impact on the lack of business activities until the month of June, but the market stabilisation in peak and late season brought about a considerable increase in tourism demand, accompanied by the easing, and eventually lifting, of epidemiological measures. The start of the peak season was marked by a strong

recovery of the Company's tourism sectors, in particular those most heavily affected by the pandemic – the hotel sector and the destination management company, although still not reaching the level of the pre-pandemic operating results. The camping and nautical sectors achieved record operating results, i.e. the best results so far, while the real estate sector again recorded a growth in its business activity in 2022.

The results achieved by the Company were generated through business activities in its tourism sectors, marked by a significant increase in operating revenue, which, coupled with an increase in the profitability indicators and record high operating results of the camping and nautical sectors, resulted in the highest revenue of the Company, as well as an increase in all profitability indicators, ultimately ensuring financial stability and liquidity of the Company.

2) Total revenue of the Company in 2022 amounted to HRK 179,158,989.19, representing an increase of 32.88%, i.e. HRK 44,327,861.23, compared to the previous year, when it amounted to HRK 134,831,127.96. This is the result of an increase in operating revenue across all Company sectors, in particular a significant increase in revenue of its tourism sectors due to a significant recovery of the tourism demand, including in sectors which recorded a substantial absence of tourism demand in the previous business year. In addition to a double-digit

increase compared to the previous business year, total revenue realised in the reporting period was also marked by an increase compared to the pre-pandemic period, i.e. 2019. It increased by HRK 11,361,432.33, or 6.77% as a result of growth in the business activity, generating 99.80% of total revenue.

Operating revenue amounted to HRK 178,803,782.37 in the reporting period, representing an increase of 32.97% compared to 2021 in the amount of HRK 44,333,029.36, which is the result of an increase in revenue across all Company sectors, in particular tourism sectors whose business year was marked by a recovery of tourism demand, notably in the peak and late season, resulting in a significant demand increase in the camping sector, recovery in the hotel sector and the destination management company and retained continuity of revenue growth in the nautical and real estate sectors. The realised operating results, in terms of operating revenue, recorded an increase both compared to the previous business year and to 2019, when operating revenue was realised in the amount of HRK 167,711,919.32, representing an increase of 6.61% in the reporting period.

The camping sector realised HRK 50,150,072.60 in operating revenue, representing an increase of 50% across all sectors compared to HRK 33,399,299.81 in the previous year. This is the result of a significant double-digit increase in revenue in both of its profit centres, whereby

revenue increased by 49% in the "Park Soline" campsite, and by 58% in the hospitality segment. Revenue realised in the camping sector represents by far the best business result even when compared to 2019, when revenue across the entire sector amounted to HRK 35,305,818.53, recording an increase of 42.04%. The achieved result is that much more significant if we take into account the circumstances that surrounded the business year.

Moreover, as in the case of the camping sector, the hotel sector also recorded a substantial increase in operating revenue realised in the amount of HRK 52,576,235.10 in the reporting period, representing an increase of HRK 21,573,377.86, or 70%. Despite a significantly higher volume of business activities, the absence of a pre-season, on which the total business activity of the hotel sector greatly depends, ultimately resulted in a slower recovery reflected in the fact that operating revenue realised in 2022 corresponded to 87.78% of the revenue generated in 2019.

The nautical sector realised HRK 55,013,183.91 in operating revenue, a continuing growth in its business activities evidenced by an increase in operating revenue by 12% compared to 2021 at the level of the entire sector as a result of an increase in operating revenue across all segments, i.e. an 8% increase in the revenue generated by Marina Kornati coupled with a strong recovery of the hospitality sector with a 27% revenue increase and the

nautical fair with a 41% revenue increase. The nautical sector ultimately recorded the best business results since the start of business activities, including 2019, compared to which revenue in the reporting period increased by 13%.

The destination management company Ilirija Travel realised HRK 7,095,753.26 in revenue, representing an increase of 168% compared to 2021, when revenue was realised in the amount of HRK 2,644,118.47, as a result of a significant increase in key physical performance indicators – number of participants. Namely, the easing, and eventually lifting, of epidemiological measures from June led to a recovery of the event and MICE industries which generate the major part of the business activities in this business segment. The destination management company Ilirija Travel as a complementary and integrated business product relies heavily in its business activities on the hotel sector, which was affected in this business year by the absence of a pre-season, in turn affecting the business activity of the destination management company, which realised 77.15% of the revenue generated in 2019.

The City Galleria Business and Shopping Centre realised HRK 13,790,805.78 in revenue, which represents an increase of 5% compared to 2021, when revenue was realised in the amount of HRK 13,076,060.86. The results achieved in the real estate sector in 2022 meant that it

continued steady growth of its operating revenue from the previous business year, which is especially notable considering the fact that, until they were eased, and eventually lifted, epidemiological measures had a significant impact on business activities in this segment of the Company during the first half of the business year.

3) Total expenses amounted to HRK 150,081,866.47, representing an increase of 38.36% compared to the previous business year when they amounted to HRK 108,471,641.93. This is the result of an increase in operating expenses by 44.49%, depreciation by 17.11% and financial expenses by 1.92%.

Operating expenses amounted to HRK 124,323,480.86 in the reporting period, representing an increase of 44.49%, or HRK 38,282,149.07 compared to the previous business year when they amounted to HRK 86,041,331.79. The substantial and unpredictable increase in operating expenses was for the most part generated by an increase in energy costs and inflationary pressures as a direct consequence of global geopolitical instability, an unfavourable macroeconomic environment and, partly, a significant increase in the volume of business activities compared to the previous year, as well as an increase in wage costs. In terms of expenses, these circumstances were mostly reflected in an increase in all operating costs, including an increase in the cost of raw materials, materials and energy by 61%, other operating costs by

47%, wage costs by 40% and costs of outsourced services by 35%. The Company invested maximum effort to manage its operating costs, and compared to the operating expenses in 2019, when they amounted to HRK 117,487,302.65, are higher by HRK 6,836,178.21, taking into account the previously mentioned circumstances and uncertainties on a global level, and beyond the Company's control, this points to a successful management of operating costs.

The most intense increase in operating expenses in absolute terms was generated by the increase in wage costs by HRK 13,655,387.11 compared to the previous business year, which is the result of a targeted decision that the Company made in terms of a continuous effort to improve the financial situation of employees, a significant increase in the volume of business activities, skilled labour shortages and further optimisation of the personnel structure of the Company by hiring young, highly educated persons with different profiles. In addition to an increase in the gross wage cost, an increase was also recorded for other costs relating to employment, i.e. reimbursement of employees' expenses, recording an increase of HRK 2,876,343.30, or 85% generated by an increase in travel costs and service and student contracts, as well as taxes and contributions related to employment, which increased by 70%.

The average net salary for 2022 amounted to HRK

7,284.22 for employees employed during the whole year, representing an increase of 13.15% compared to the average net salary paid in 2021. It should be noted that, in the last quarter of 2022, the average net salary amounted to HRK 8,045.03, which is the result of continuous investment in the financial position of employees and salary increases.

Apart from an increase in operating expenses, total expenses were partly higher also due to an increase in depreciation, i.e. decrease in the value of fixed assets, which amounted to HRK 22,331,503.03 in the reporting period, representing an increase of 17.11% compared to the previous year when it amounted to HRK 19,068,148.87.

4) The Company's total liabilities amounted to HRK 143,521,496.35, increasing by HRK 18,863,445.80, or 15.13% compared to 2021, when they amounted to HRK 124,658,050.55, which is a result of an increase in long-term liabilities by 7.92% pertaining to loans and long-term financial leasing, and current liabilities by 37.68%.

5) Net debt, which includes both current and long-term liabilities of the Company towards banks, minus cash in hand and deposits, amounted to HRK 42,007,669.65 in 2022, representing a decrease by 29.73%, or HRK 17,775,698.36 compared to the previous year when it amounted to HRK 59,783,368.01, recording the lowest net debt to date. Furthermo-

re, when comparing net debt recoded in 2019, when it amounted to HRK 101,317,234.91, it decreased by HRK 59,309,565.26, or 58.54%. With this considerable decrease of its net debt, both compared to the previous year and to the last year of normal business activities, the Company managed to not only maintain its liquidity and financial stability in an unfavourable macroeconomic environment, but also to strengthen them.

6) In the reporting period, the Company recorded an increase in all operating profitability indicators, including net profit, profit before tax, operating profit, EBITDA and EBIT, not only compared to the previous year, but some of them, such as operating profit and EBITDA, also compared to 2019, which significantly contributed to the total financial results of the Company and its business stability. The increase in profitability indicators is especially notable considering the fact that business activities in the reporting period were carried out in a smaller scale than in 2019, while operating costs are considerably higher due to an unfavourable macroeconomic environment, inflation and geopolitical instability.

The profitability indicators achieved are the result of a double-digit profitability growth in the camping sector, which represents the best results of the camping sector to date, a strong profitability growth in the hotel sector, while the nautical sector continued its growth

of profitability in 2022, recording an increase across all indicators compared to the previous year, but also to the pre-pandemic period. The real estate sector achieved operating stability, although at rates lower than the previous year due to a substantial increase in operating costs. The destination management company failed to achieve operating stability due to a short period of business activities, as well as a substantial increase in costs.

Operating profit, i.e. profit generated by business operations, amounted to HRK 54,480,301.51, representing an increase of 12.49%, or HRK 6,050,880.29 compared to the previous year when it amounted to HRK 48,429,421.22. At the same time, operating profit increased by 8.47% also compared to 2019 when it amounted to HRK 50,224,616.67.

Profit before tax was realised in the amount of HRK 29,077,122.72, which represents an increase of HRK 2,717,636.69, or 10.31% compared to the previous year when it amounted to HRK 26,359,486.03, or 92.80% of the profit before tax generated in 2019.

Net profit was realised in the amount of HRK 23,490,715.74, representing an increase of HRK 1,318,239.71, or 5.95% compared to 2021 when it amounted to HRK 22,172,476.03, and corresponding to 74.97% of the net profit generated in 2019.

EBITDA was realised in the amount of HRK 54,835,508.33, recording an increase of 12.39%, or HRK 6,045,712.16 compared to 2021 when it amounted to HRK 48,789,796.17, and an increase of 8.99% compared to 2019 when it amounted to HRK 50,310,254.21.

EBIT for the reporting period amounted to HRK 32,504,005.30, which represents an increase of HRK 2,782,358.00, or 9.36% compared to the previous year, and corresponds to 90.46% of EBIT generated in 2019 when it amounted to HRK 35,930,820.22.

7) The value of assets in 2022 amounted to HRK 528,280,655.14, increased by HRK 33,377,611.04, or 6.74% compared to 2021, when it amounted to HRK 494,903,044.10. This also represents an increase of HRK 43,002,564.22, or 8.87%, compared to 2019 when it amounted to HRK 485,278,090.92.

The value of assets in the reporting period was generated by an increase in current assets, which amounted to HRK 87,960,690.67 in the reporting period, representing an increase of 66.33%, or HRK 35,078,069.05 compared to the previous business year when it amounted to HRK 52,882,621.62. The increase in current assets is the result of an increase in assets in terms of account balance and money deposit amounting to HRK 81,165,878.11 as at 31 December 2022, representing an increase of 78.85%, or HRK 35,505,050.93 compared to the previous year, whi-

ch significantly contributed to the strengthening of the financial position and liquidity of the Company.

8) The equity and reserves amounted to HRK 384,759,158.79, which is a HRK 14,514,165.24, or 3.92% increase compared to 2021, when they amounted to HRK 370,244,993.55. This increase is due to the generated operating profit. Also, an increase of 10.95%, or HRK 37,975,784.41 was recorded compared to 2019 when equity and reserves amounted to HRK 346,783,374.38.

9) The Company's own sources of funds amounted to 72.84% of the total sources of funds (equity and reserves), while other sources of financing amounted to 27.16% as at 31 December 2022. The Company's balance sheet at the end of the reporting period shows a stable and stronger financial position reflected in the further increase in asset value, increase in capital and reserves, ability to self-finance and a continuous decrease of its net debt. It should also be noted that the Company ensured 92% of the cash inflow from business activities in the reporting period, while only 8% of the inflow was insured through banks and other sources. The mentioned indicators are especially significant given the circumstances that surrounded the business year, despite which the Company managed to maintain its exceptionally high degree of financial stability and sustainability.

10) In 2022, on the capital market, the share designated as ILRA generated a turnover in the amount of HRK

2,027,263.00, while the average turnover per transaction amounted to HRK 23,850.15, constituting an increase of 4.85% compared to the same period of the previous year, with the average daily turnover amounting to HRK 53,349.03, representing a decrease of 6.41%.

11) The average share price for 2022 amounted to HRK 174.99 in comparison to the average price for the previous year in the amount of HRK 168.02, constituting an increase of 4.15%. The last share price was achieved in the amount of HRK 190.00 per share, representing an increase of 11.76% compared to the last share price achieved in 2021 in the amount of HRK 170.00 per share. The last share price grew in proportion to market capitalisation calculated by multiplying the number of shares and the last achieved share price, and achieved in the reporting period in the amount of HRK 458,562,720.00, representing an increase of HRK 48,269,760.00 compared to the previous year when it amounted to HRK 410,292,960.00.

12) At the meeting held on 12 April 2022, the General Assembly of the Company received the Company's 2021 Annual statement, and adopted the following decisions:

- Decision on the Approval of the Report on the Remuneration of Supervisory Board and Management Board Members for 2021
- Decision on Granting Discharge to the Company's Management Board and the Members of the Supervisory Board

- Decision on the Appointment of the Company's Auditor for 2022, by virtue of which the authorised auditing company "UHY RUDAN d.o.o.", Ilica 213, Zagreb, PIN (OIB): 717995390000)

- Decision on the Allocation of Profit for the business year 2021, based on which the profit generated in 2021 is to be allocated as follows:

- HRK 13,752,683.53 into the retained profit, and
- HRK 8,419,792.50 for dividend distribution.

- Decision on Dividend Distribution to the shareholders of the Company from the profits generated in 2021 in the total amount of HRK 8,419,792.50. The dividend per share amounted to HRK 3.50.

13) By the General Assembly's Decision on Dividend Distribution in the amount of HRK 8,419,792.50 from the profits generated in 2021, the Company distributed a dividend to the shareholders in the amount of HRK 49,975,842.50 in the period from 2012 to 31 December 2022.

14) In the reporting period, the Company invested HRK 20,746,322.11, most of which pertained to the tourism sectors of the Company, i.e. the hotel, camping and nautical sectors, for the purpose of enhancing and improving the quality and standard of additional facilities. In the hotel sector, the most significant investment pertained to the reconstruction and expansion of the wellness and beauty centre in the Ilirija Hotel**** and its transformation into a medical wellness spa centre.

Moreover, the works on the redecoration and refurbishing of the lobby of the Ilirija Hotel****, the adaptation of amenities for children in the Adriatic Hotel, as well as the replacement of the external doors and improvement of hospitality services were also completed. As regards the camping sector, significant works on camp renovation were performed, including the works on the main roads in the campsite's extra zone, amenities for children and further landscaping in the campsite. As regards the nautical sector, a fireboat was acquired in order to increase the level of safety and protect the lives and wellbeing of guests and employees, as well as to protect property.

15) In June, the Company published the 2021 Sustainability Report, its seventh report on responsible and sustainable business operations, prepared in accordance with the leading international standards for non-financial reporting, GRI Standards, and the Taxonomy Regulation. The report represents the Company's continued strategic commitment to report on all of its business aspects, as well as all other activities in the areas of environmental protection and relationship with its employees and the community, in a transparent manner.

16) The 24th international nautical fair Biograd Boat Show was successfully held from 26 to 30 October 2022 as the largest nautical fair in Central Europe. The Biograd Boat Show united "4 fairs in one" by combining an exhibition fair of boats and equipment, congress fair, charter fair and business to business fair and

positioning itself as a national congress of the Croatian nautical industry and tourism, namely: Biograd Boat Show – exhibition fair, 6th Days of Croatian Nautics – congress fair, Croatia Charter Expo – charter fair and Biograd B2B – business fair. It brought together the highest number of exhibitors, over 300 of them, and

exhibited a record number of more than 300 boats, while the exhibition of 40 world and Croatian premiers of vessels brought a record number of visitors to this year's fair, more than 20,000, confirming its reputation as the most important nautical event in Croatia and this part of Europe.



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 **65** years. The business operations of ILIRIJA d.d. is based on the principles of corporate social responsibility as an integral part its corporate values.

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

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

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

1.2 CHRONOLOGICAL OVERVIEW OF THE COMPANY'S DEVELOPMENT

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

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

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

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

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

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

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

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

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

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

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

Year 2000 - 2022 | During this period, i.e. as at 31 December 2022, the Company invested HRK 662,578,119.23 (EUR 87,939,228.78) in construction, reconstruction, extension, upgrading, renovation and adaptation of accommodation facilities and establishments of the Company in order to enhance the quality, improve the overall service and standards in all sectors of the Company, develop new products, improve and increase the categorization of the accommodation facilities and nautical capacities, expand hospitality facilities with an aim to create a high-quality, recognizable and competitive tourism product and enhance the quality of the offer of the destination itself together with the purchase of the City Galleria Business and Shopping Centre, which resulted in a growth in total revenue and newly created value in the mentioned period in the amount of HRK 1,132,402,410.44 (EUR 150,295,628.17).

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

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

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

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

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

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

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

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

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

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

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

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

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

1.3 COMPANY'S BODIES

1.3.1 COMPANY MANAGEMENT BOARD

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

1.3.2 SUPERVISORY BOARD

Goran Medić, President of the Supervisory Board

David Anthony Tudorović, Deputy President of the Supervisory Board

Davor Tudorović, Member of the Supervisory Board

Siniša Petrović, Member of the Supervisory Board

Darko Prebežac, Member of the Supervisory Board

1.3.3 SHAREHOLDERS' ASSEMBLY



1.4 AFFILIATED COMPANIES

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

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

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



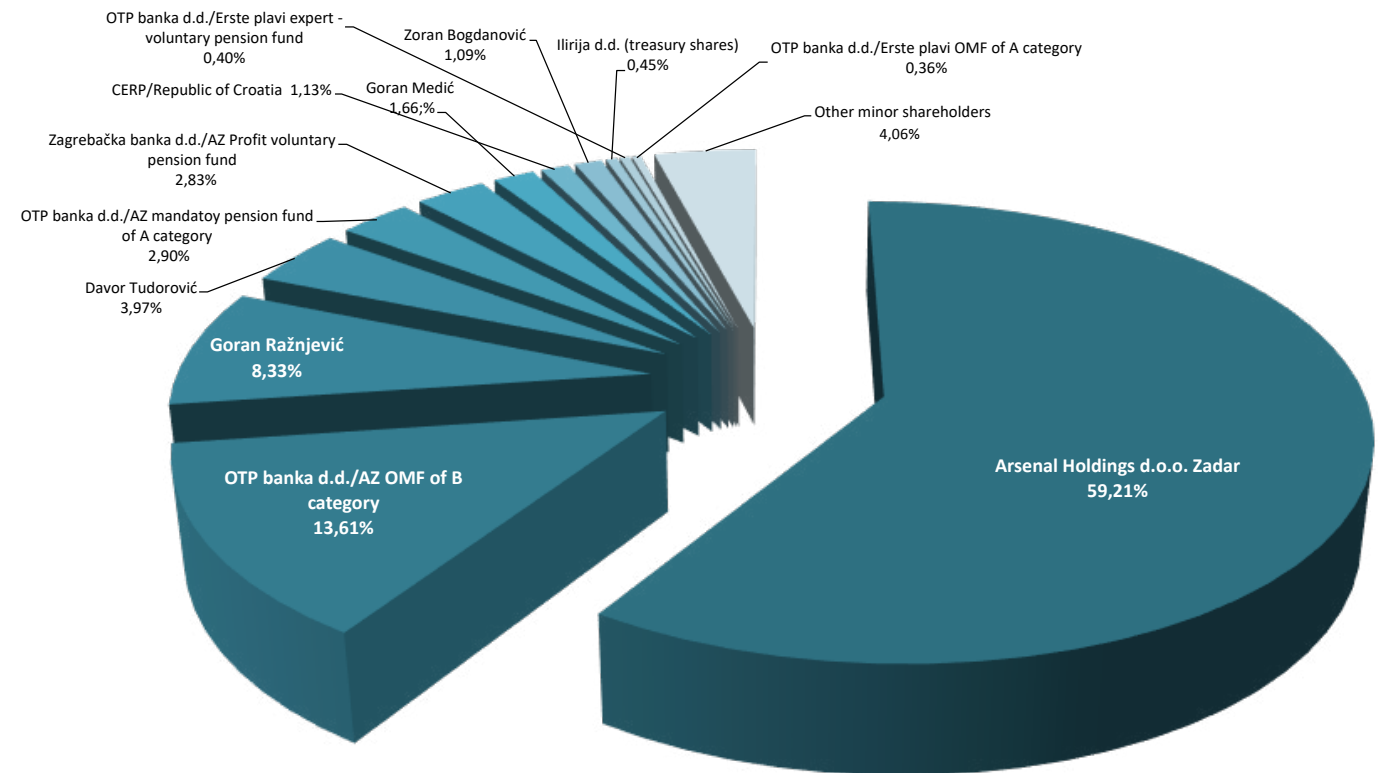
1.5 OWNERSHIP STRUCTURE OF THE COMPANY AND TRADING IN THE COMPANY'S SHARES AT THE ZAGREB STOCK EXCHANGE

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

As at 31 December 2022, there were no significant changes in the ownership structure, while an overview of the major shareholders of the Company as at 31 December 2022 is provided below.

Owners - shareholders	Number of shares	Share in %
Arsenal Holdings d.o.o. Zadar	1.429.032	59,21
OTP banka d.d./AZ OMF of B category	328.506	13,61
Goran Ražnjević	201.120	8,33
Davor Tudorović	95.744	3,97
OTP banka d.d./AZ mandatory pension fund of A category	69.898	2,90
Zagrebačka banka d.d./AZ Profit voluntary pension fund	68.200	2,83
Goran Medić	40.000	1,66
CERP/Republic of Croatia	27.374	1,13
Zoran Bogdanović	26.216	1,09
Ilirija d.d. (treasury shares)	10.881	0,45
OTP banka d.d./Erste plavi expert - voluntary pension fund	9.726	0,40
OTP banka d.d./Erste plavi OMF of A category	8.631	0,36
Other minor shareholders	98.160	4,06
TOTAL	2.413.488	100

OWNERSHIP STRUCTURE OF THE COMPANY AS AT 31/12/2022



TRADING IN COMPANY'S SHARES ON THE CROATIAN CAPITAL MARKET IN 2022

(amounts in HRK)	2022	2021	% of change
Total turnover	2.027.263,00	4.845.205,00	-58,16%
Average share price	174,99	168,02	4,15%
Average turnover per transaction	23.850,15	22.747,44	4,85%
Average daily turnover	53.349,03	57.002,41	-6,41%
Last share price	190,00	170,00	11,76%
Market capitalization*	458.562.720,00	410.292.960,00	11,76%
Market capitalization**	422.336.265,12	405.514.253,76	4,15%
Number of shares:	2.413.488	2.413.488	

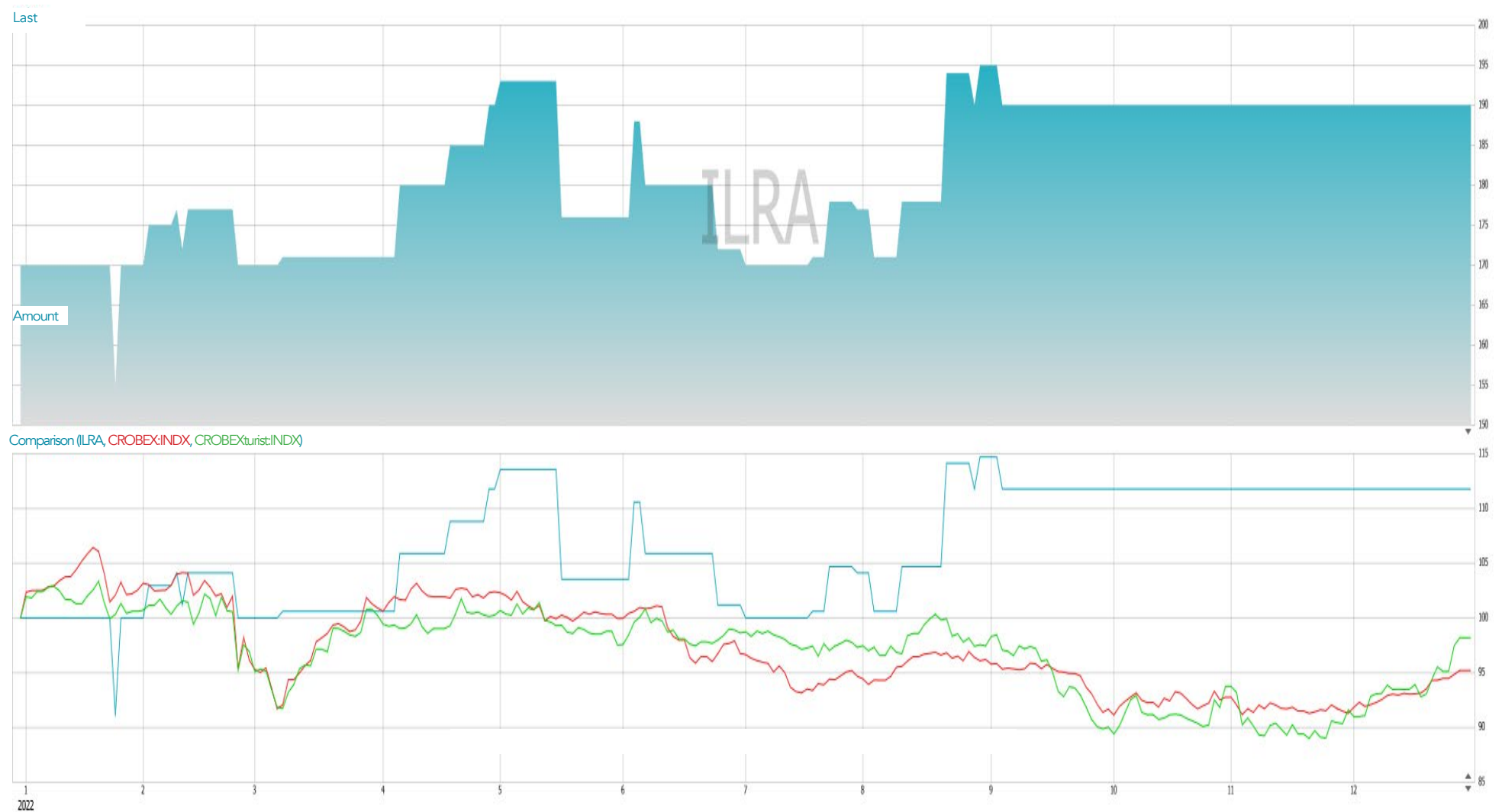
*indicated by the methodology of calculation according to the last share price multiplied with number of shares

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

In 2022, the ILRA share generated a lower volume of trading compared to 2021. A total of 11,585 shares were traded, and the turnover amounted to HRK 2,027,263.00, namely 58.16% less compared to the previous year. The average turnover per transaction amounted to HRK 23,850.15, constituting an increase of 4.85% compared to the same period of the previous year, with the average daily turnover amounting to HRK 53,349.03, representing a decrease of 6.41%.

The last share price was increased from HRK 170.00 per share to HRK 190.00, representing an increase of 11.76%. In proportion to the increase in the share price, while maintaining the same amount of issued shares, the market capitalization of the Company increased, which, expressed by the last share price in the observed period, amounts to HRK 458,562,720.00. The highest share price in 2022 amounted to HRK 195.00 per share. This constitutes an increase by 11.43% compared to the highest share price of HRK 175.00 in 2021.

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:



1.6 COMPANY BUSINESS MODEL

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

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

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

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

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

1.7 BRANDS OF THE COMPANY



**BIOGRAD
BOAT SHOW**

**Donat
BEACH BAR**

**ARSENAL
ZADAR**

City Galleria

1.8 QUALITY – STANDARDS AND CERTIFICATES

High quality and standards of services, their continuous improvement and enhancement, safety of guests and employees, meeting of customer needs and expectations, competitiveness and sustainability of products, continuous improvement of operational processes and continuous employee education are the main directions of the Company when it comes to service quality.

The Company implemented an integrated environmental and quality management system under the ISO 9001:2015 (quality management) and ISO 14001:2015 (environmental management) standards, by which it focuses on the continued improvement of processes connected to the service quality and standards enhancement, the enhancement of operational and management processes, at the same time connected to the environmental management system. By implementing the integrated Environmental and Quality Policy, through the integration of ISO standards, the Company confirms its main focus on long-term business stability based on responsible and sustainable business operations. During 2022, a regular control audit was performed as part of the quality management system ISO 9001:2015 and the environmental management system ISO 14001:2015.

An external audit of the HACCP Codex Alimentarius system was conducted, which confirmed that the Company, at the level of all its sectors in the area of food and beverage services, carries out a high degree of control during the process of production and distribution of food products.

Considering the speed, flexibility, and rapid development of tourism services, the Company has implemented local and international quality systems in its business with the aim of maintaining a high service and standard level of its sectors and profit centres.

International standards and certifications held:
The “Park Soline” campsite is the holder of the international Green Key certificate, attesting to the fulfilment of all criteria for the award of this eco-label in the field of sustainable development and environmental protection.

Following a successful audit in September 2015, the “Park Soline” campsite was awarded the international “Ecocamping” certificate. With our membership in the Ecocamping Network, consisting of more than 240 camps from seven European countries, the Company continues to commit itself to promoting ecology, sustainable development, and socially responsible business even further, with

particular emphasis on efficient energy management (water, electricity), waste sorting and recycling, preservation of nature and biodiversity, etc.

Since 2004 Marina Kornati has been the holder of the Blue Flag, i.e., has been participating in the international ecological programme for the protection of the sea and coastal environment, whose primary objective is sustainable control and management of the sea and the coastline.

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





2 CORPORATE STRATEGY AND GOVERNANCE

2.1 VISION, MISSION AND FUNDAMENTAL VALUES

Vision - To secure a position among the 3 leading tourism companies in Northern Dalmatia and among the 20 leading tourism companies in the Republic of Croatia in key segments of the Croatian tourist offer (hotel sector, nautical sector and camping) permanently, to be and remain the carrier of tourist and economic development of our region and of the destinations of Biograd na Moru, Zadar and Sv. Filip i Jakov, along with the development of year-round business through complementary and selective tourist offer forms.

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

Fundamental values:

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

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

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

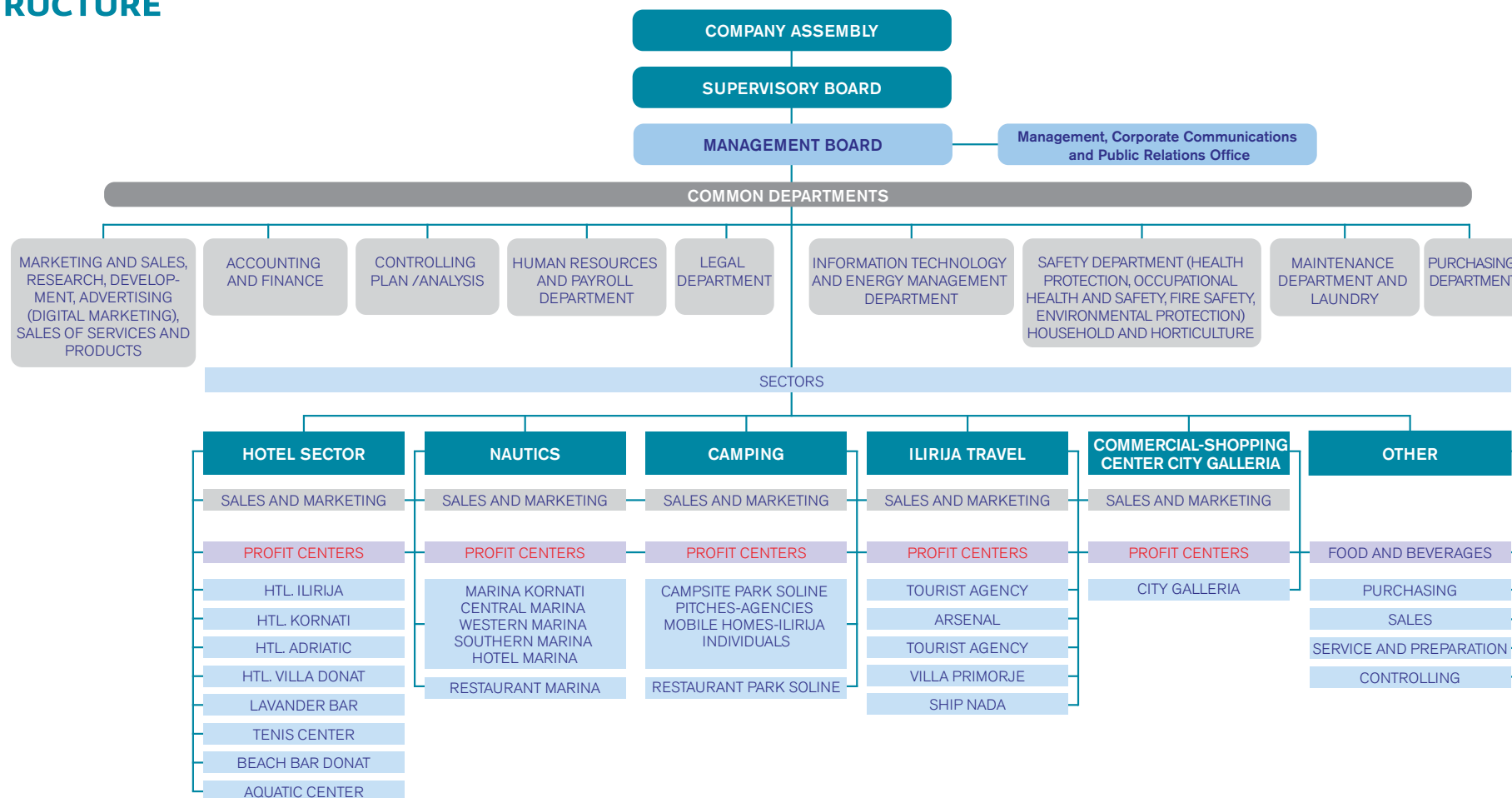
Sustainability and responsibility – in business, investment, relationships with our employees, business partners, clients (guests), the local and regional community, with shareholders and in day-to-day business, through the integration of economic, social and environmental aspects into the Company's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

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

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



2.2 ORGANIZATIONAL STRUCTURE



3 STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE CODE

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

The Company also applies the Code of Business Ethics of the Croatian Chamber of Commerce, doing business in accordance with the principles of responsibility, ethics, transparency and respect of good business practices towards all stakeholders in its business process.

The Company has a worked-out a system of internal controls at all levels, the aim of which is to ensure operational functioning and security of business processes within the Company, satisfaction with the service quality and standards as well as implementation and application of legal regulations, all of which contributes to timely publication

within legally prescribed time limits of financial reports that provide objective data on the Company’s financial position and business results. The main characteristics of risk exposure and management are covered by the chapter “Risks and risk Management”.

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

The Company Supervisory Board has five members, who are appointed for a term of four years. The Supervisory Board is responsible for supervising the management of the Company’s business activities and appointment of the Management Board members; in addition, it decides on all other matters falling within its scope of competence pursuant to the legal regulations and the Company’s Articles of Association. The composition of the Supervisory Board is outlined in the chapter “The Company’s Bodies”. The Supervisory Board appoints the Audit Committee,

which supervises the existence and functioning of internal controls, risk management and financial reporting, as well as independence of external auditors.

The General Assembly is a body of the Company within the framework of which shareholders exercise their shareholder rights and it is composed of all holders (owners) of the Company's securities. Since there is a time limit related to the exercise of voting rights at the General Assembly, the shareholders are required to apply for participation no later than 6 (six) days prior to the General Assembly meeting pursuant to the law and the Company's Articles of Association. Pursuant to the Company's Articles of Association, the shareholders' voting rights are not limited to a specific percentage or number of votes. Every share grants one voting right at the General Assembly. In the Company, there are no securities with special control rights, nor are there any limitations on voting rights.

As at 31 December 2022, the Company had a total of 268 shareholders, who held a total of 2,413,488 shares. On 12 April 2022, a Regular General Assembly was held, and its decisions were published and are available on the website of the company (www.ilirijabiograd.com), the Zagreb Stock Exchange (www.zse.hr), HANFA and the officially appointed mechanism for the central storage of regulated information – SRPI (www.hanfa.hr), as well

as the Croatian News Agency (www.hina.hr), and they were submitted to the Register of the Commercial Court, namely in accordance with legal regulations. All decision of the General Assembly are listed in the chapter "Significant Events".

Jasmina Kulaš Stojanov, Head of CEO's Office, Corporate Communications and Public Relations, is also the Commissioner for Employee Dignity Protection and is responsible for receiving and handling of employee complaints.

The Company is allowed to acquire own shares based on the authorisation of the General Assembly of 24 May 2019. In 2022, the Company acquired 3,048 own shares, designated as ILRA-R-A, which constitute 0.13% of the share capital. Following this acquisition, the Company owns 10,881 own shares, constituting 0.45% of the share capital.

The Company's significant shareholders are indicated in the chapter "Ownership structure of the Company and overview of trading in Company's shares at Zagreb Stock Exchange". An overview of the Company's ten major shareholders is available on a daily basis on the website of the Central Depository and Clearing Company Inc. (CDCC) www.skdd.hr.

The Company is a signatory of the Croatian Diversity Charter, which forms part of a broader regional project implemented by the Croatian Business Council for Sustainable Development (HR BCSD) on the territory of the Republic of Croatia with the support of the European Commission. The President of the Company's Management Board is one of the five promoters of the Croatian Diversity Charter in Croatia. The aim of the Croatian Diversity Charter is to promote and encourage diversity, non-discrimination, inclusiveness and equal opportunities in the workplace.

In 2020, the Company joined the Alliance for Gender Equality, established jointly by the Council for Sustainable Development (HRBCSD) and the Embassy of the Kingdom of Spain.

Of the total number of employees as at 31 December 2022, women make up 59% of all employees. In the Company's senior management consisting of the Management Board, sector managers and heads of corporate services, there are 14 persons with special authorizations, 64% of whom are women.

4 COMPANY'S MANAGEMENT REPORT FOR 2022

4.1 BUSINESS EXPECTATIONS IN 2023

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

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

The Company takes as its starting point the fact that Croatian tourism recorded a strong recovery in 2022 (mainly generated by activities in peak and late season),

ultimately almost returning to the physical operating results (arrivals and overnight stays) from 2019 and achieving a significant financial turnover growth. Moreover, the Company is of the opinion that, in addition to the strong desire to travel, the key European outbound markets for Croatian tourism still possess sufficient purchasing power to generate demand (especially in peak season) at least at the 2022 level.

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

- preservation of the Company's long-term economic viability and security
- preservation of the Company's stable financial position
- preservation of the Company's fixed assets and capital
- preservation of the Company's business operations and activities

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

- a) increase in demand evidenced by the growth in terms of all key physical business performance indicators at the level of all sectors of the Company,
- b) significant increase in operating revenue at the level of all sectors and profit centres, i.e. at the level of the entire Company,

c) generating EBITDA, or its share in the total revenue, in line with the tourism industry standards; and

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

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

4.2 INFORMATION ON ACQUISITION OF OWN SHARES

In 2022, the Company acquired 3,048 own shares, designated as ILRA-R-A, which constitute 0.13% of the share capital. As at 31 December 2022, the Company holds 10,881 own shares, constituting 0.45% of the share capital.

4.3 SUBSIDIARIES

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

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

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

4.4 FINANCIAL INSTRUMENTS

Financial instruments reported in the balance sheet include money and bank account balances, receivables, account payables, leases and loans. The specific applied recognition methods are disclosed in individual explanations of accounting policies for each item in the notes to the Company's financial statements.



4.5 RISKS AND RISK MANAGEMENT

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

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

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

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

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

1 Economic and financial risks

On 12 July 2022, the Council of the European Union adopted the *Decision on the adoption of the euro in Croatia on 1 January 2023*, establishing that the Republic of Croatia fulfils all the requirements for the introduction of the euro as the official currency in the Republic of Croatia, as well as *Council Regulation (EU) of 12 July 2022* regarding the euro conversion rate for Croatia, establishing that the conversion rate shall amount to HRK 7.53450 for one euro. In accordance with the aforementioned Decision and Regulation, the Government of the Republic of Croatia adopted the *Decision on the announcement of the introduction of the euro as the official currency in the Republic of Croatia*, setting out that the euro shall become the official monetary unit and legal tender in the Republic of Croatia on 1 January 2023. The introduction of the euro as the official currency in the Republic of Croatia significantly affects the Company's exposure to **currency and price risks**. More precisely, with the adoption of the aforementioned decisions/regulations at the level of the European Union and the Republic of

Croatia, the Company is no longer exposed to currency and price risks.

In terms of **credit risk**, i.e. the obligation to repay loans used by the Company, taken out with a currency clause, which were dependent on the movement of the Croatian kuna exchange rate against the euro, the introduction of the euro as the official currency eliminates the said risk. Also, the negative aspects of exchange rate differences for loans taken out in euros will no longer pose a risk.

Indebtedness of the Company with the commercial bank is for the most part subject to fixed interest rates. Taking this into consideration, the Company is not exposed to **interest rate risk** on that basis. For the purpose of reducing **credit risk**, the Company strives to reduce its overall credit liabilities to an adequate, i.e. a more optional level in order for them to be lower than its own sources of funds. In its operations, as one of the foundations of its business and financial security, the Company strives to have as little net debt as possible, thus significantly reducing the existing credit risk. Financial assets that may potentially expose the Company to credit risk are cash and trade receivables. Trade receivables pertaining to certain customers may entail credit risk, depending on the level of turnover realised with certain customers and the general state of liquidity in the country. Trade receivables are reported with reference to real values. The Company actively monitors and

manages trade receivables, at the same time taking especially into account the difficult macroeconomic situation, and applying measures of collection in instalments; and, if necessary, eventually undertaking measures of enforced collection, including by activating security instruments for the purpose of collection of its claims. An adjustment of the value of trade receivables is indicated when there is objective evidence that the Company will not be able to collect all of its claims in accordance with the agreed terms. Apart from the aforementioned, the Company has no exposure to any other significant credit risk.

Liquidity management implies maintaining a sufficient amount of money in order to settle the Company's liabilities. One of the primary Company goals in the challenging business environment caused by the global COVID-19 pandemic and an unfavourable macroeconomic environment is to maintain its current liquidity. The Company is, therefore, undertaking activities to diversify its existing and secure new financing sources (if necessary), it is trying to minimize and optimize all of its operating costs, and is willing to and capable of actively cooperating with all significant creditors by settling the liabilities they had at the time when challenging business conditions materialised.

The significant and unpredictable growth of strong **inflationary pressures** caused by increases in the prices of primary energy products (oil, gas, elec-

tricity), which subsequently spread to consumer goods and services (especially food and beverages), led to geopolitical instability and to strong inflation impacts not only on business entities of European Union countries, but also on their society in general. If they remain strong, inflationary pressures could affect purchasing power and new demand generation, and slow down economic activities in the euro area. In the Republic of Croatia, the average annual inflation rate for the twelve months of 2022 was 10.8% higher compared to 2021. The Company is mostly exposed to inflationary pressures through the increase in food and beverage prices and the purchase of other goods. As for the increase in energy costs (primarily the cost of electricity as the primary energy product), the Company managed to protect itself from significant increases in electricity prices in time, namely with a multi-year contract, which mitigated the impact of the increase in electricity prices on total operating costs. The very intense increase in food and beverage costs constitutes a strong generator of inflation growth and at the same time accounts for a significant share of the operating expenses and significantly affects the prices of services in the hospitality and tourism industry. Therefore, by actively monitoring food and beverage prices and cooperating with key suppliers, the Company strives to minimize such prices as much as possible, i.e. ensure stability and security of the supply along with the highest possible procurement cost control. On the other hand, through dynamic dai-

ly management of accommodation unit prices, it aims to achieve the maximum level of competitiveness possible, as well as intense and systematic demand monitoring, and a quick and strong response to market trends, while at the same time striving for a timely response to potentially negative challenges and impacts such as inflation.

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

2 Regulatory risks:

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

The Company is exposed to changes in tax and other regulations within the legal system of the Republic of Croatia. In particular, this applies to the regulations pertaining to the maritime domain and tourism land, in which domain the Company has made significant investments crucial for its

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

Tourism land – unresolved issue

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

leasing construction land in the campsite for a period of 50 years to the competent authority of the Republic of Croatia, that is, to the Ministry of Physical Planning, Construction and State Assets. Under the provisions of the Act on Non-Evaluated Construction land, a company shall become the owner of buildings, land under buildings and land in the campsite that were evaluated and entered into the value of social capital in the conversion and privatisation process, while the Republic of Croatia shall become the owner of buildings and land in the campsite that were not evaluated and entered into the value of social capital in the conversion and privatisation process (so called Parts of the campsite owned by the Republic of Croatia). In the meantime, on 1 April 2022 the Company, in accordance with Article 18 of the Act on Non-Evaluated Construction Land, obtained from the Centre for Restructuring and Sales the Certificate of Conformity of the Geodetic Survey Report, which confirms the conformity of the Park Soline Campsite Geodetic Survey Report with the decision of the Croatian Privatisation Fund of 12 July 1996, by which the real property concerned was evaluated in the process of conversion of the socially-owned enterprise "Ilirija" Biograd na Moru.

Also, the Company published on its website and on the website of the Zagreb Stock Exchange the **"Study on the integrity and sustainability of the economic as well as functional and technological entity of "Park Soline" campsite in the town of Bi-**

ograd na Moru within the business system of Ilirija d.d.", which addresses all relevant issues concerning the "Park Soline" campsite in the context of the application submitted by Ilirija d.d., in accordance with the Act on Non-Evaluated Construction Land, for exercising the right to a long-term lease of the "Park Soline" campsite for a period of 50 years. The purpose of the aforementioned Study is to enable all stakeholders, entities and public bodies that are directly or indirectly involved, within their respective spheres of competence, in resolving the issue of campsite land that was not evaluated in the process of conversion and privatisation of socially-owned enterprises, an integral and comprehensive overview of all aspects of the existing "Park Soline" campsite in Biograd, from complex relations regarding property rights, issues of spatial planning and the need to respect the campsite as an integrated business and functional unit of tourist land and buildings. The Company maintains that, in accordance with the Act on Non-Evaluated Construction Land, it meets the requirements stipulated by the Act for exercising the right to lease construction land in the Campsite for a period of 50 years.

Maritime domain – unresolved issue

The Company is a concessionaire of the Kornati nautical tourism port in Biograd na Moru (hereinafter: Marina Kornati) for a period of 32 years, counting from 13 January 1999, and in accordance

with Article 22 of the Act on Maritime Domain and Seaports (hereinafter: ZPDML) on 17 October 2017 the Company submitted to the Government of the Republic of Croatia, through the competent Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia, an application for modification and amendment of the Decision on Concession and the Concession Agreement, that is, for extending the term of the concession by a period of 50 years, i.e. until the year 2049 (extension of the concession term if new investments are economically feasible for it), primarily considering the same or similar cases from the recent Croatian practice where, upon an application for the extension of the concession term submitted by other companies engaging in nautical tourism and competing with Ilirija d.d., the concession term for marinas was extended to them by a period of 50 years. The mentioned application is yet to be decided on. In the meantime, the Company received a statement from the Ministry of Finance of the Republic of Croatia, as a body which, along with the competent Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia, is involved in the procedures for extending the terms of concessions, in which they essentially point out that in order to conduct the procedure for extending the concession agreement, the competent Ministry of the Sea, Transport and Infrastructure, while looking at the problems of the nautical tourism system, needs to establish whether the decision on the concession or the agreement related to it may

be changed without conducting a new procedure for granting the concession, in order not to violate the principle of market competition with other concessionaires in the Republic of Croatia of the Republic of Croatia.

In February 2015, an application was submitted to the County of Zadar for an extension of the concession term for the Ilirija-Kornati hotel port to 30 years, whereas an application for an extension of the concession term was also previously submitted for the open swimming pool in Biograd na Moru. The application has not yet been decided on, and the Company duly settles the concession fee in the agreed amount. On 24 June 2022, the Company published on its website and on the website of the Zagreb Stock Exchange the research paper of Assoc. Prof. Iva Tuhtan Grgić, PhD, from the Faculty of Law in Rijeka ***“Acquired rights and legitimate expectations of former holders of the right of use the maritime domain with unlimited duration and duration limited as long as the business activity is performed”***, which precisely on the example of Ilirija d.d. addressed the issues of legal capital investments on the maritime domain, conversion of socially-owned enterprises that had part of their assets on the maritime domain, issues of acquired rights and legitimate expectations of former holders of the right of use of the maritime domain, and conversion of the right of use into a time-limited concession. In particular, as it is stated in the aforementioned research paper, the companies

that had the permanent right of use of the maritime domain, acquired on the basis of final administrative decisions of municipal assemblies, had indisputably acquired rights and legitimate expectations that they would be able to use these rights in the future under the same conditions under which they were acquired. However, by decisions adopted on the basis of the legislation in force at the time, the aforementioned right of permanent use of the maritime domain was subsequently converted into the right of economic exploitation of the maritime domain based on a time-limited concession. This violated the interests of companies, shareholders and acquirers of shares in these companies, by grossly encroaching on the acquired rights and legitimate expectations that they will be able to use the acquired rights within the same scope as when they acquired them, and those same rights are protected by the provisions of the Constitution of the Republic of Croatia (Articles 48(1) and 49(2) and (4)) and Article 1 of Protocol No. 1 to the Convention for the Protection of Human Rights and Fundamental Freedoms.

3 Tourism activity risks

In addition to the listed and described potential and possible risks in the Company's business operations, we believe that it is of the utmost importance to give a systematic overview of other key obstacles or restrictions with regard to the development of Croatian tourism in general, and thus of

tourism companies, Ilirija d.d. being one of them. With regard to the forgoing, we present an overview of the key obstacles, that is, of the risks and restrictions with regard to development of and investments in Croatian tourism:

(I) the unresolved issue of ownership since the moment of conversion, that is, property-legal, physical planning-urban and economic use and utilization of the construction tourism land in campsites and around hotels,

(II) inadequately resolved or unresolved issue of conversion on the maritime domain, i.e. issues regarding acquired rights, legitimate investments and legitimate expectations in the maritime domain, having in mind, in particular, the contracted permanent right of use of the maritime domain, while companies which took part in the conversion process, as is the case with our Company, carry out economic activity on the maritime domain, contrary to the provisions of Article 49 and Article 50 of the Constitution,

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

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

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

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

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

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

(IX) skilled labour shortages were significantly pronounced in 2022 in the Republic of Croatia, namely at the level of most economic activities, and with a special emphasis on hospitality and tourism taking into account the seasonal nature of Croatian tourism, as well as the fact that it is an extremely labour-intensive industry; therefore, skilled labour shortages (with a special emphasis on occupations in high demand) could affect the success of the peak season, and thus ultimately of the entire business year. Bearing in mind all of the above, the Company has recognized risks pertaining to the

said skilled labour shortages, and it undertakes a series of activities to retain working-age, highly qualified and professional employees at all levels for business operations, namely with the aim of retaining full employment, raising the level and quality of services, and achieving smooth operation of business processes through activities aimed at improving the financial standing of employees, investing in their education, and further developing human resources by hiring young, highly educated persons from different professions.

4 Global risks and the macroeconomic environment

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

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

Health risk

Since 2020, the world faced an unpredictable, serious and extremely dynamic risk related to the epidemiological situation, i.e. the global COVID-19 pandemic, which has had an extremely negative impact on business entities in almost all industries, albeit the most severely affected ones are certainly the travel industry, tourism and hospitality, all of which form an integral part of the Company's core business. The COVID-19 risk is also the biggest and most serious risk that the Company has faced so far, to which the Company responded with a number of measures and activities by reorganising its business processes and operations in order to safeguard the health and well-being of guests and employees, maintain financial stability and current liquidity for the duration of the COVID-19 pandemic, preserve assets and capital as well as business operations and activities, and retain full employment. The Company has successfully achieved all of its goals. The Company continues to implement different preventive activities within its business processes and operations in order to reduce and always be able to control health risks, just like it did during the COVID-19 pandemic. However, the

Company is also aware of the related limitations and the unpredictability of easily transmissible infectious diseases and the threatening consequences of their spread.

Geopolitical risk

Due to the war in Ukraine, geopolitical risk with strong implications for European and global security and the macroeconomic environment has been present since February 2022. Therefore, the Company also reports on such risks and their consequences on its operations. The Company does not have any kind of an ownership relationship with entities from Russia and Ukraine. Moreover, it does not have any assets in Russia and/or Ukraine, and it has not made any investments in entities from Russia and Ukraine or entities materially related to entities from Russia and Ukraine. Thus, the Company is neither exposed nor are there any potential consequences in this respect. Moreover, the Company has no exposure to entities from Russia or Ukraine since it does not do business with legal entities from Russia or Ukraine. The Company does business as a company specialised for hospitality and tourism has a business relationship with natural persons from Russia and Ukraine using the Company's services such as accommodation in its facilities (hotel, camping and nautical sectors). The share of guests from Russia and Ukraine in the Company's total turnover is insignificant, and losing it does not represent a risk to the Company.

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

Climate impact risk

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

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

The Company has previously recognized its impact on the environment and decided on a systematic approach with a series of activities it carries out. They mainly pertain to the preservation of natural resources (water, air, soil, and coast), biodiversity, energy management, and waste management, which ultimately confirms the Company's focus on sustainable development and growth. The identified risks included the dangers brought on by climate change both at the global level and at the level of the Company's operations. We also noticed that extreme weather conditions can affect tourist demand and cause direct material damage to the Company's assets.

Climate change, which has a significant impact on the tourism industry globally, also poses a poten-

tial risk to the Company in terms of significantly increasing the incidence of extreme weather conditions (storms, hurricanes, etc.), as well as strengthening their intensity and unpredictability, and can cause extraordinary and unpredictable damage and threats for its business. Temperature variability, i.e. dangerous heat waves, reduce the attractiveness of our offer in holiday capacities. This directly affects arrivals and quality of stay. Rising sea levels put the infrastructure in the immediate vicinity of the coast at risk. The same also applies to the marina, arranged beaches, and beach facilities. Unpredictable windstorms or hurricane-force winds can cause direct damage to almost all our capacities.

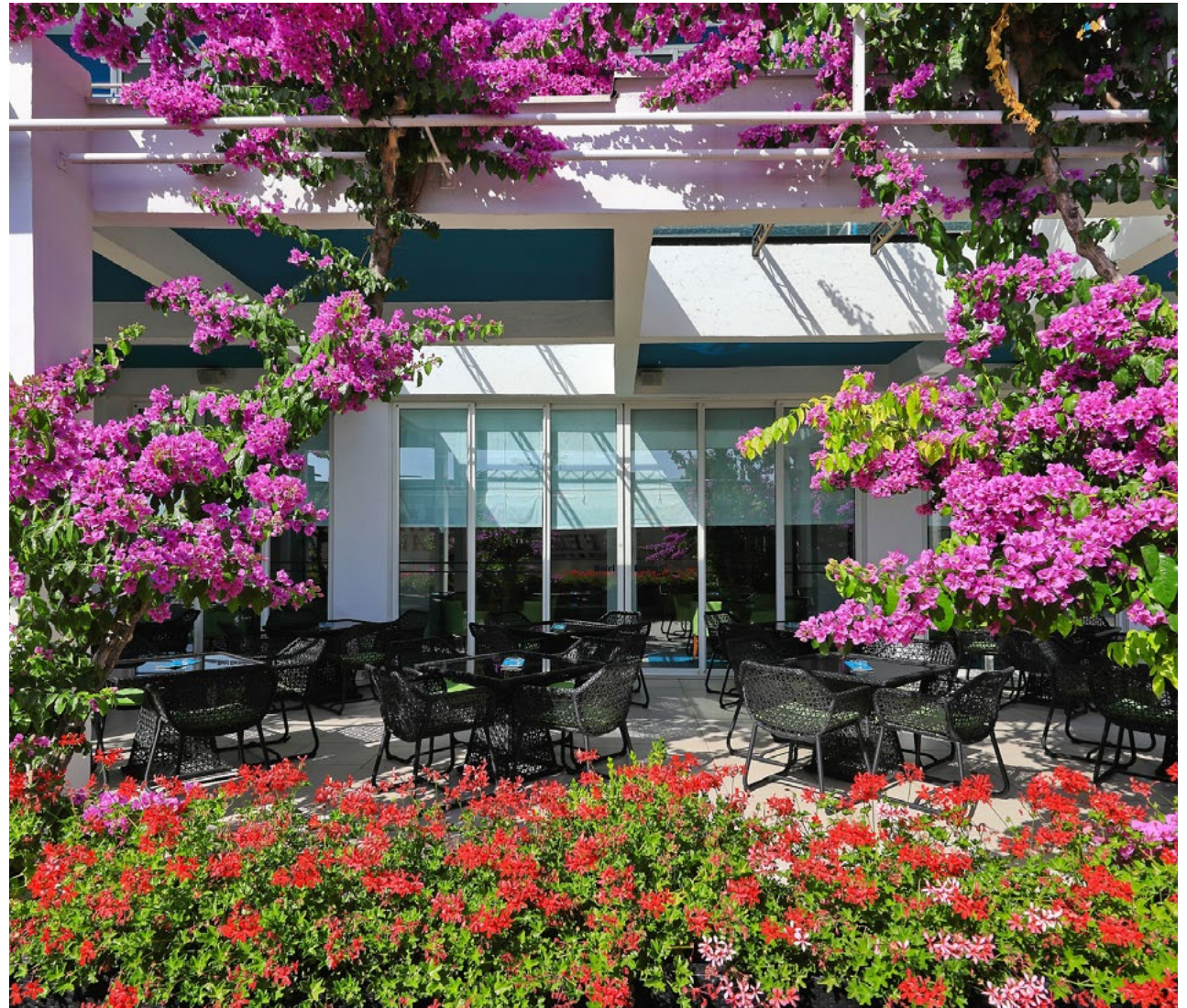
The Company pays maximum attention to overcoming such sudden and extreme climate and weather conditions by ensuring preventive, technical and spatial, as well as functional and organisational elimination of sudden and accidental risks of any nature to the highest degree possible. Other business risks, such as large-scale fires, accidental pollution of the coastal and marine aquarium, which are all beyond the Company's control but may potentially jeopardize the Company's business safety, are the circumstances which the Company attends to insofar as it can actively contribute to lowering their impact on the Company's long-term business viability as much as possible, being aware of the fact that the Company's impact here is reduced to measures which cannot be of key impor-

tance for the elimination of all the risks posed to the Company.

Macroeconomic environment

The unfavourable macroeconomic environment, i.e. significant economic uncertainties resulting partially from the global pandemic that affected supply chains, and partially from the Russian-Ukrainian war, led to disruptions in the supply of basic energy products in the euro area and resulted in a significant increase in the prices of all energy products (oil, gas, electricity), and ultimately strong inflationary pressures. An uncertain macroeconomic environment can affect the Company's business activities by reducing the demand for its services as it significantly contributes to the deterioration of the business climate in the key outbound markets for Croatian tourism. This could also result in a slowdown in economic activities and a decrease in purchasing power and standards, as well as, ultimately, in a decrease in travel demand, which would definitely affect the achievements of Croatian tourism companies, including our Company. The company is aware of the challenges and risks arising from the unfavourable macroeconomic environment, and it undertakes a number of activities aimed at preserving its core business objectives (economic viability and security, financial stability, preservation of the Company's fixed assets and capital, and preservation of the Company's business operations and activities),

as it did in previous years, namely based on: (I) business resilience – based on the Company's ability to quickly and efficiently adapt to the current market circumstances of doing business by adjusting its marketing and sales activities in all Company sectors, (II) operational resilience – based on the ability to adjust operational business processes to the current circumstances whilst maintaining maximum service and amenity quality and minimising possible negative effects, and (III) financial resilience – based on the Company's ability to maintain financial stability of the business system by maintaining liquidity, assets and business activity through the realisation of revenue ensuring the Company's business stability until key global and macroeconomic uncertainty factors end.



4.6 SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

Even though pursuant to the Accounting Act, it is not obligated to draft a non-financial report, for the purpose of providing a complete overview of its activities and business transparency, the Company normally draws up a separate non-financial report, i.e. a sustainability report, in which it provides an overview of key environmental, social and management aspects, data and indicators (both qualitative and quantitative) as well as a description of activities and policies implemented by the Company as part of the key corporate social responsibility areas: economic, social, environmental and governance.

This chapter offers a concise presentation of the business model for sustainable development and the basic policy implemented by the Company to ensure sustainable and responsible operations.

The Company will draw up and publish a full and separate report on its activities in the field of sustainable development and corporate social responsibility for 2022 on its website (www.ilirijabiograd.com).

Description of the entrepreneurial business model from the perspective of corporate sustainability and responsibility

Having tourism activities as the Company's primary activities has significant economic impacts on the

society, both at the local and the national level. However, tourism is a highly complex industry that includes numerous shareholders and requires considerable amounts of resources. As such, and depending on the mode of tourism service management, tourism can have the opposite impacts. If tourism services and facilities are managed responsibly, tourism has a positive role in the social, cultural, economic and environmental development of the destination and represents a significant opportunity for the local community.

For this reason, comprehensive planning and management of sustainable tourism activities and facilities is imperative to the Company, in order to ensure sustainable long-term business operations while respecting the needs of the local community and all its stakeholders. Stakeholders are the key factor for the Company's successful and long-term development, so as a socially responsible entity, it defines its business strategy through dialogue with stakeholders so as to understand their general expectations as well as expectations from the Company. Stakeholder dialogue defined the material, non-financial and ESG (environmental, social, governance) topics that the stakeholders perceive as topics through which the Company can influence the society, environment and economy the most. Material ESG topic covered by the Dialogue with Stakeholders represent the

content of the sustainable development report and the foundations of the ESG business model and the Company's strategy.

The Company operates in accordance with principles and practices of good corporate governance, providing a high level of transparency and accountability in relation to all of its stakeholders. Therefore, the Company's corporate strategy is based on the fundamental principles of corporate social responsibility and sustainable business practices, which constitute an integral part of the Company's corporate values, and are embedded in the long-term business practice and processes towards its stakeholders. Setting up the Company's business model this way creates new opportunities for business development and sustainability through continuous development of new products and improvement of services.

By applying the principle of corporate sustainability and responsibility through the achieved operating results, the Company creates added value for all our stakeholder groups, i.e. integrates economic, social and ecological aspects into decision-making processes.

The socially responsible sustainable business strategy consists of four main areas:

- 1 Corporate responsibility and sustainability
- 2 Social community
- 3 Environmental protection
- 4 Responsible and ethical management.

1 Corporate responsibility and sustainability

In terms of corporate responsibility and sustainability, focus is placed on the future growth of the Company, its business stability and excellence that exert a marked social and economic impact on the local, regional and national economy through the Company's activities.

The responsible and sustainable business strategy is based on the following determinants:

- dedication to long-term corporate sustainability and responsibility at all levels of business processes and business activities
- creating added value for the Company's shareholder groups
- continued implementation and affirmation of the key principles of corporate sustainability and responsibility within the Company and in the broader community
- retaining and maintaining the status of the leading tourism company in the destinations where it operates

- economic and social driver of regional and Croatian economy
- year-round business development in the Company's tourism sectors and creating added value for destinations in which it operates
- integrating economic and social aspects and care for the environment into the decision-making process
- sustainable and continuous investments in the development of sustainable, high-quality, recognisable and competitive products and services

2 Social community

Corporate social responsibility with regard to the relationship towards the social community is carried out through the development of the local and regional economy, employing the local population, corporate philanthropy system, activities in the area of the development of the destination offer and amenities, participation in the activity of expert and professional associations, and supporting other organisations, associations, the local and the regional self-government.

The social responsibility strategy is based on the following determinants:

- transparent and open communication with stakeholders

- active role in the business community (membership in business and expert associations)
- employing the local population
- hiring local suppliers
- encouraging the development of the tourism offer of the destinations in which we operate
- care for employees by ensuring the right to personal and professional development and concern for material rights
- implementation of the business diversity and non-discrimination principle, and
- corporate philanthropy supporting the activities and projects of wider interest to the community.

3 Environmental protection

The Company has established policies, procedures, standards, and operational practices related to the environment, quality and management, and they include part of the Company's activities in the field of corporate social responsibility, quality, and environmental protection.

As the leading tourist company in Biograd na Moru and its surroundings, the Company is aware of the impact of its business activities and operations on the environment, which is why it is committed, in the long term, to protecting and preserving the environment as the basic resource for tourist activities, as well as to preventing pollution, i.e. minimising it, in all of its business processes and activities.

This is why environmental issues are of a major significance for the company given their possible impacts on the economic, environmental and social aspects of its business. The Company sees environmental protection as a rational management of all natural resources and a systemic pursuit to decrease adverse impacts of our operations on the environment, natural resources and cultural heritage.

Moreover, the Company has drawn up an Environment and Quality Policy containing the basic management objectives and principles for the purpose of achieving the objectives. In addition, the Company has internal ordinances and manuals pertaining to environmental and quality management as part of its integrated management system ISO 9001:2015 and ISO 14001:2015.

The Integrated Environment and Quality Policy is based on the following:

- Continuously meeting the needs and expectations of the customers/guests
- continuous care for guest and employee safety
- Continuous commitment to environmental protection, including pollution prevention and sustainable use of natural resources
- Continuous compliance with relevant legislation and other binding requirements
- continuous improvement of processes and services, as well as the overall quality and environmental

management system,

- Continuously improving the knowledge and motivation of employees
- Continuous value creation – preservation of Ilirija d.d.

Detailed information on the Company's environmentally responsible activities are contained in the chapters "Quality – standards and certificates" and "Occupational health and safety".

4 Responsible and ethical management

Ilirija operates in accordance with principles and practices of good corporate governance, providing a high level of transparency and accountability in relation to its stakeholders. The global sustainable development goals are universal, indivisible and indispensable. They must hold a dominant position in the future and be applied in all countries and communities and by all people. Being a leader in the application of responsible and sustainable practices is both an honour and a responsibility – as a responsible company, we are a compass for the development of the overall economy and community. These are our main determinants that guide us in responsible, sustainable and ethical management and operation.

The Company has a dualistic management structure with clearly separated powers and responsibilities, it applies the corporate governance code and code of business ethics, clearly set and communicated

business objectives and adheres to the diversity and equal opportunity principles, hires domestic and local suppliers, conducts activities in the domain of occupational and guest health and safety, implements employee education and training, etc. The responsible and ethical management strategy is based on the following determinants:

- responsible and ethical management at all levels
- compliance with legal requirements
- respect for human rights, diversity and equality
- transparency in business and stakeholder relationships
- striving for excellence in our services and operational processes through implementing domestic and international management, service quality and safety standards
- internal acts with a clearly defined job description, responsibilities and rules of conduct of the management structure (Management Board and Supervisory Board)
- application of the Corporate Governance Code and the Code of Business Ethics of the Croatian Chamber of Commerce
- care for guest and employee health and safety, and
- responsible conduct in terms of environmental protection.



5 BUSINESS CAPACITIES OF THE COMPANY AND ADDITIONAL FACILITIES

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





5.1 HOTEL SECTOR

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

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

Within the Ilirija Resort there is a conference centre consisting of 8 halls, with a total capacity for 30 to 250 people, and there is also a luxurious garden with terraces ideal for banquets, receptions and

entertainment, as well as outdoor swimming pools, a beach, and as of May 2018, an indoor pool.

ILIRIJA RESORT – HOTEL & VILLAS

The Ilirija Hotel is the largest four-star hotel of the Ilirija Resort, with a capacity of 157 rooms and 326 beds, equipped with a 200-seat restaurant, a terrace with 70 seats and an aperitif bar with 50 seats. It is located by the seashore, right next to the old town centre, and it is surrounded by beautiful nature, the sea and a pine forest, as well as numerous facilities offering various amenities.

The design and atmosphere of the four-star **Kornati Hotel**, with a capacity of 106 rooms and 230 beds, also featuring a restaurant having a capacity for 220 people, a terrace for 50 and a bar for 40 people, is linked to and evokes the images of the most beautiful Croatian national park The Kornati Hotel is unique thanks to its connection with the nautical tourism port, the Ilirija-Kornati Hotel Port, which is located in the very centre of Biograd, and right next to the hotel there is also a beach.

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

The **Villa Donat Hotel** is located in the town of Sv. Filip i Jakov, and it consists of a villa with 16 superbly and modernly furnished rooms. It is a four-star hotel, and it has a three-star annexe. Its total capacity includes 72 rooms and 144 beds, a restaurant with 120 seats, a terrace for 50 and an aperitif bar for 20 persons, as well as an outdoor pool. The hotel is located near the main beach and the town centre, and it is reminiscent of the rich history of the area.





5.2 NAUTICAL SECTOR

The Company began developing its nautical sector in 1976 when it concluded a contract on the purchase of 40 ELAN vessels from Slovenia, that is, in 1977 with the construction of the first nautical marina in Croatia (Kornati Hotel Port) with 100 berths and the organisation of the first private charter fleet on the Adriatic with more than 40 vessels for the needs of boaters. Therefore, ILIRIJA d.d. is rightly considered to be a pioneer of nautical tourism on the Adriatic. The Company's current nautical sector consists of Marina Kornati and the Kornati Hotel Port, with a total of 805 berths at sea and on land, which can accommodate up to 2000 boaters in one day, and its number of berths, modern technical equipment, quality of service and cleanliness (blue Flag) make Marina Kornati one of the three leading Croatian marinas, visited by over 60,000 boaters a year.

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

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

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

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

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



5.3 CAMPSITE "PARK SOLINE"

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

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

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

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

The "Park Soline" campsite is the largest and the only high-quality four-star campsite in Biograd na Moru, which accounts for 77% of the total campsite accommodation capacities and sets the highest standards of equipment and landscaping in the destination. Since this campsite is the most valuable part of the camping offer in Biograd na Moru, it directly influences the image of this destination and its positioning on the domestic and foreign tourism market.

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



5.4 ILIRIJA TRAVEL

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

Event ship „Nada“ a 36-metre multifunctional yacht with a capacity for 180 persons, with a restaurant, kitchen and bar provides guests with excellent services pertaining to food and beverages during navigation. Congresses, seminars, special events, unique business meetings, gala receptions and banquets, unique weddings, exclusive day and night cruises and incentive events are only some of the exciting amenities that the “Nada” event boat offers, while adapting to the individual requirements of clients.

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

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

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

Villa Primorje, built in the second half of the 19th century, is a typical traditional Dalmatian stone manor house with an outbuilding. Newly renovated, luxuriously decorated and equipped according to the latest standards for facilities of this type and category, it has its own restaurant offering the opportunity to organize a number of events, a Mediterranean garden with a promenade, while since the 2017 tourist season the offer also includes an outdoor swimming pool. Offers of trips, special offers according to the requirements of clients, sports programs, MICE etc.



5.5 HOSPITALITY

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

The restaurant Park Soline is located in the Park Soline camp****, right by the sea, about a ten minute walk away from the centre of the town of Biograd na Moru, and its food offer is based on Mediterranean cuisine. This restaurant, with a capacity for 280 persons, offers the possibility of organising various events – family festivities, banquets and soirées, as well as meetings. Within the restaurant, there is also a Dalmatian tavern with a fireplace, a coffee shop and a wine bar arranged as a wine cellar, which provides you with the opportunity to buy and taste the highest quality red and white wine made from indigenous Croatian grape varieties.

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

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



5.6 ADDITIONAL AMENITIES

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

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

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

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

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

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

Sports facilities:

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





5.7 CITY GALLERIA BUSINESS AND SHOPPING CENTER

City Galleria Business and Shopping Centre is located in a heavily residential area in the immediate centre of Zadar. It is one of the two largest shopping centres in town and the wider Zadar region, completed and opened to the public in October 2008, with a total gross surface area of more than 28,500 m² spread over a total of six floors (two garage and four retail floors). The gross surface area of the centre consists of the associated underground garage with a total surface area of 10,863 m², 9,464.72 m² of net rentable area, as well as ancillary rooms and corridors. As at 31 December 2022, the occupancy of the centre amounted to 99.76% of total capacities.

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

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

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

6 KEY PHYSICAL PERFORMANCE INDICATORS OF THE COMPANY

The beginning of this business year was marked by the global COVID-19 pandemic and the beginning of the Russian-Ukrainian war, which significantly affected the business activities of the Company's tourism sectors, namely not only in the first quarter of the business year, but also in almost the entire first half of the year due to the absence of the pre-season. However, the Company still managed to achieve exceptional operating results, and in some sectors even the best results so far. Despite the unfavourable environment of the first part of the business year, thanks to the strong recovery of demand in peak and late season, all tourism sectors of the Company achieved significant results marked by the growth of key physical performance indicators, which resulted in excellent or record operating results (both physical and financial) at the level of certain sectors (the nautical and camping sectors), not only relative to the previous year but also relative to the pre-pandemic period (i.e. 2019). The hotel sector and the destination management company Ilirija Travel also recorded a significant recovery. The Company is satisfied with the achieved physical operating results (especially taking into account the fact that they were mostly achieved in the short peak and late season period), with certain tourism sectors achieving the best operating results so far, especially in the segment of operating revenue realisation, which strongly affected the Company's overall achievements.

As for the Company's camping sector, the best operating results so far have been achieved, namely both when it comes to physical and financial operating results, which is even more significant if one takes into account the absence of the pre-season, i.e. the fact that business activities were in full swing during peak and late season. The "Park Soline" campsite achieved a significant double-digit increase in key physical performance indicators relative to 2021, with 45,034 arrivals constituting growth at a rate of 30.21%, and 312,057 overnight stays constituting a 31.74% growth. In addition, compared to the pre-pandemic period (i.e. 2019), there was an increase in arrivals by 8.50% and an increase in overnight stays by 7.43%. The achieved basic physical indicators of the campsite are a result of a significantly faster recovery of the camping market, as well as of the increase in demand for camping capacities and the attractiveness of the camping offer, especially due to the COVID-19 pandemic. All four market segments (lump sum, allotments, individuals, and mobile homes) recorded an increase in the achieved physical indicators, with the maintenance of strong and continuous growth pertaining to the individuals segment and mobile homes being particularly significant. In addition, as for the financial performance indicators, i.e. operating revenue, the campsite realised HRK 44,980,326.90, thus achieving a 49% growth relative to the previous year and a 40% growth relative to the pre-pandemic period (or 2019), i.e. the best operating results so far.

The physical and financial results achieved in the nautical sector (i.e. in Marina Kornati) confirmed the stability of the marina's operations and its resilience during this business year. In fact, the recovery of key physical performance indicators relative to the ones from the previous year continued, which resulted in a further increase in operating revenue, and ultimately the best operating results of the marina so far, especially in terms of operating revenue. In 2022, Marina Kornati realised HRK 45,695,702.00 in revenue, which constitutes an 8% increase relative to the previous year, when realised revenue amounted to HRK 42,234,732.00, and a 12% increase relative to the revenue from 2019, which amounted to HRK 40,880,637.00. With 726 contracted vessels, contractual berths (the most significant physical indicator of Marina Kornati) achieved a slight increase (1%) relative to the previous year, when there were 719 contracted vessels. The generated revenue amounted to HRK 33,576,472.00, which constitutes a 7% increase relative to the previous year, and a 12% increase relative to 2019. Moreover, as for transit berths – vessel arrival, physical indicators increased by 17% relative to the previous year, while port service activities increased by 3% (with 3,666 operations performed). The physical indicators of Marina Kornati (with the exception of the overnight stays of vessels in transit) recorded an increase, i.e. continuous recovery relative to the previous year. This points to a strong recovery

of the nautical market, which almost returned to its best results from 2019 also when it comes to physical performance indicators.

The hotel sector (with 27,111 arrivals and 100,551 overnight stays) achieved a significant growth relative to the previous business year, namely at a rate of 52%, or 32% for overnight stays. A significant increase in arrivals and overnight stays resulted in an increase in occupancy days, which amounted to 115 days for the reporting period relative to 80 days in 2021. At the same time, capacity occupancy amounted to 31.46%, while in the previous year it amounted to 21.98%. Realised physical indicators point to a significant but still insufficient recovery in terms of returning to the achievements from the pre-pandemic period, i.e. 2019. Such a result was somewhat expected considering the absence of the pre-season or any significant business activities in the first half of the business year. Despite the significant increase in demand in peak and late season, the hotel sector failed to compensate for the said absence. The hotel industry sector, including other related profit centres, realised HRK 52,576,235.10 in revenue, which constitutes a 69.59% increase relative to the previous year, and 87.78% of the revenue generated in 2019. The revenue per room amounted to HRK 1,052.49 (EUR 139.75) as a result of the increase in turnover and prices. In the previous year, it amounted to HRK 872.36 (EUR 115.94).

In 2022, the destination management company Ilirija Travel (an integrated and complementary product of the Company creating added value for all its tourism sectors) experienced a significant recovery of business activities relative to the previous business year, namely thanks to the easing and the subsequent lifting of epidemiological measures. Given the fact that the reporting period was marked by the absence of the pre-season, as well as the fact that most of Ilirija Travel's activities take place in the pre-season and late season, the said absence of the pre-season significantly influenced the recovery of this destination management company, as it was thus not able to experience an even stronger recovery. The organisation of 297 events with over 29,830 participants, which mostly took place in peak and late season, generated a revenue of HRK 8,964,200.00. The said revenue was also partly generated by other profit centres of the Company, namely with a 119% increase relative to 2021 resulting from the recovery of the event and MICE industry and the provision of services with greater added value. Despite the significant increase in the number of events and people, the revenue from 2019 (the best business year for Ilirija Travel so far) was not reached since a large number of pre-season events did not take place, especially when it came to its first quarter.

City Galleria Business and Shopping Centre realised HRK 13,790,805.78 in revenue, which constitutes a 5.46% increase relative to the revenue realised in 2021 (amounting to HRK 13,076,060.86). The revenue realised in the reporting period was lower by 3.26% relative to 2019 (the last pre-pandemic year with regular business processes when operating revenue amounted to HRK 14,255,205.21). In addition to the increase in operating revenue relative to the previous year, the real estate sector maintained a high level of centre occupancy and number of tenants, thus ensuring continuous growth and stability of operations despite the challenging business environment of the first part of the business year.



6.1 HOTEL SECTOR

The business year 2022 was marked by the easing and lifting of epidemiological measures related to the COVID-19 pandemic at the end of its second quarter, as well as by the beginning of the war in Ukraine (which caused additional uncertainty, especially in the tourism sector), and by inflation and other macroeconomic disruptions subsequently caused by the said tensions. The aforementioned political and economic events significantly affected the hotel sector in the first part of 2022. Therefore, the full potential of the pre-season was not realised as planned, but peak and late season went according to plan.

In 2022, the hotel sector recorded 27,111 guest arrivals, or 52% more than in 2021, when it recorded 17,875 arrivals. In comparison with 2019, this number corresponds to 59% of arrivals recorded that year. The 100,551 overnight stays recorded represent an increase of 32% in comparison to the 76,113 overnight stays recorded in the previous year, whereas in comparison to 2019, this number corresponds to 68% of overnight stays recorded that year, which was the best business year of the hotel sector so far. Moreover, there was a 73.81% increase in revenue relative to 2021, with 87.43% of the revenue from 2019 thus being reached, evidencing our orientation towards increasing revenue on the basis of physical growth of business activity. There was a drastic decrease in business activities of the hotel sector in the business year 2020, and recovery began in 2021. In 2022, the Company's hotel sector continued to recover, but was still lagging behind the pre-pandemic period.

The achieved physical operating results were still affected by the global pandemic. The pandemic particularly affected the hotel sector, marking the end of a significant and continuous increase in physical and financial indicators and causing a slower return to previous figures than in other tourism segments. In the hotel sector, the business year 2022 was marked by the end of counter-pandemic measures and travel restrictions, namely in the second quarter, as well as by the return to normal operations in peak and late season, except when it came to intercontinental travellers. In addition to the Ilirija and Kornati hotels, which were almost constantly open throughout the year, the Adriatic Hotel in Biograd and the Villa Donat Hotel in Sveti Filip i Jakov opened in May and stayed open until the end of October. The Company's Ilirija, Kornati, and Adriatic hotels were open for Christmas and New Year holidays.

In the aforementioned business environment, just as in the previous years, domestic guests represented the most significant share in the hotel sector. Their share amounted to 23.8%, while in 2021, it amounted to 35.3%, meaning that overnight stays for that group saw a 11% decrease. The Slovenian market saw a growth of 22%, thus remaining the second most significant market, just as last year, with a share of 12.78%, whereas German guests had a substantial comeback, showing an increase of 45%, as the third most significant market in terms of the share of overnight stays of 12.19%. Thanks to a significant return of guests, the Austrian market follows with a growth rate of 84%, now at 11.05% of total turnover. The fifth market is the Slovak

market, with a growth rate of 26% and a share of 6.91%. The Company's hotel sector experienced an exceptionally encouraging growth and saw a trend of strengthening in various foreign markets, not just the "long haul" markets (Korea, China, etc.), which is a general and expected feature of the Croatian tourism on the whole. With this, the Company's hotel sector is on its way to returning to its previous results achieved over the many years of effort to spread the risk by establishing the Company's presence in an increasing number of markets. There was a 253% growth on the Italian market, as well as a 205% and a 203% growth on the Swedish and the Belgian market, respectively, and a 189% growth on the Great Britain market, namely in addition to a number of other markets with a growth of over 100%. Special emphasis was put on activities aimed at markets which are not exclusively linked to peak season. This was supported by a significant revival of air connections (with Zadar and Split). Although car availability was an important determinant that marked this season as well, significant changes in the means of transport used (associated with rising fuel prices) can be seen, namely in favour of air traffic.

There was an increase in turnover on all bases in the sales channels, and it is also important to point out that all three sales segments accounted for a similar share of overnight stays, with the individuals segment being the first with 34.1%, followed by the group segment with 32.8% and the

allotment segment with 29.8%. The most significant changes pertained to a significant increase in sales (namely by 113%) when it came to organized groups, with a share of 32.8% in total overnight stays relative to a share of 20.4% in 2021, and a reduction in the allotment share from 39.9% to 29.8%. Despite the increase in the number of overnight stays in terms of individual channels by 14%, a decrease in the share of the individual sales sector was recorded (although not in the absolute number of overnight stays), namely from 39.7% to 34.1%. However, this still constitutes a significant share considering that in 2019 it amounted to only 18.5%. In 2022, there was also a revival of fixed leases, and their share amounted to 3.2%. In the previous two years, it amounted to 0%, while in 2019, it amounted to 5.1%. When it comes to groups in absolute numbers, we saw a doubling compared to the previous year, and the total share of this segment almost reached the one from 2019, when it amounted to 40%. The return of the late season and strong demand in peak season were the main reasons for this increase, namely with an emphasis on the return of events and congress and seminar activities to 2019 levels, as well as on the return of leisure groups, namely with a 151% increase relative to the previous year (even though there was a 47% decrease relative to 2019). Compared to the pre-pandemic period, the most significant changes in sales channels were related to the increase in the individual sales share. Dynamic daily price management and further digitization of sales and marketing activities enabling the

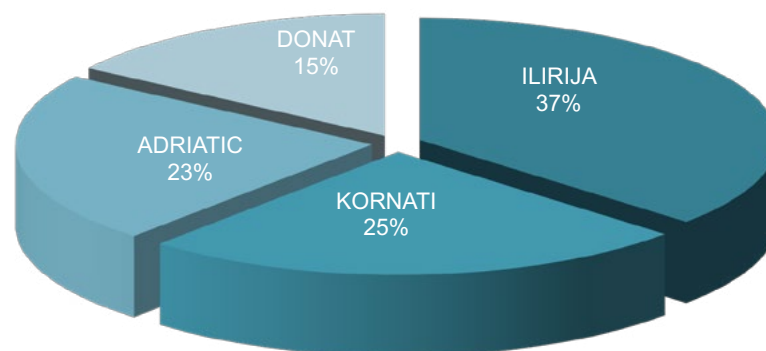
development of this type of sales were the main reasons why the said increase continued. The average hotel occupancy in 2022 amounted to 115 days, while in the previous year it amounted to 80 days. However, it still lagged behind the 165 days of average occupancy achieved in 2019.

The hotel sector revenue amounting to HRK 48,806,481.96 meant a 73.81% increase relative to the amount of HRK 28,080,526.35 from 2021, and it constituted 87.43% of the revenue from 2019, which amounted to HRK 55,822,975.50. Compared to 2021, the above is the fruit of a significant increase in turnover and sales prices. The average overnight stay price in the reporting period amounted to HRK 485.39 (EUR 65.45), and it was 31.44% higher than the price of HRK 368.93 (EUR 49.03) from 2021, and 25.4% higher than the one from 2019. The revenue per room thus increased to EUR 129.73, while in 2021 it amounted to EUR 105.01, and in 2019 to EUR 107.31. If we add to that the revenue generated by the profit centres associated with the hotel sector offering hospitality and other services, the Tennis centre, and the hospitality facilities, the total revenue generated in the hotel sector amounts to HRK 52,576,235.10, representing a 69.59% increase compared to revenue generated in 2021 and corresponding to 87.78% of revenue generated in 2019. The total revenue per room thus amounted to EUR 139.75, while in 2021 it amounted to EUR 115.94.

Hotel sector capacities

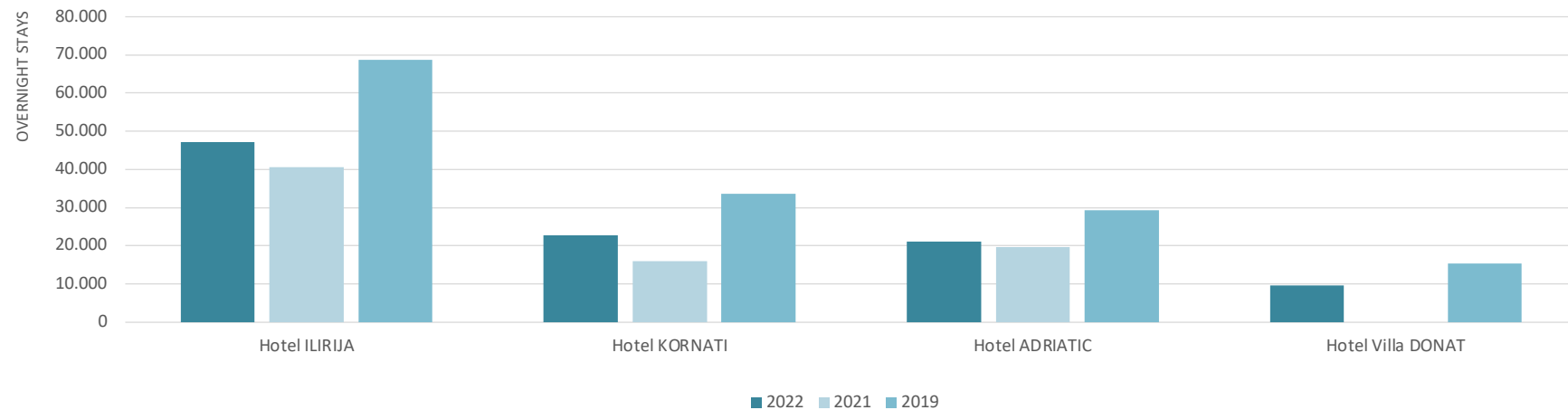
ILIRIJA D.D.	NUMBER OF ROOMS					NUMBER OF BEDS				
	2022	2021	2019	Index 22/19	Index 22/21	2022	2021	2019	Index 22/19	Index 22/21
ILIRIJA	157	165	165	0,95	0,95	326	338	338	0,96	0,96
KORNATI	106	106	106	1,00	1,00	230	230	230	1,00	1,00
ADRIATIC	100	100	100	1,00	1,00	210	210	210	1,00	1,00
DONAT	72	72	72	1,00	1,00	144	144	144	1,00	1,00
TOTAL	435	443	443	0,98	0,98	910	922	922	0,99	0,99

% Share of indiv. hotel (number of beds)

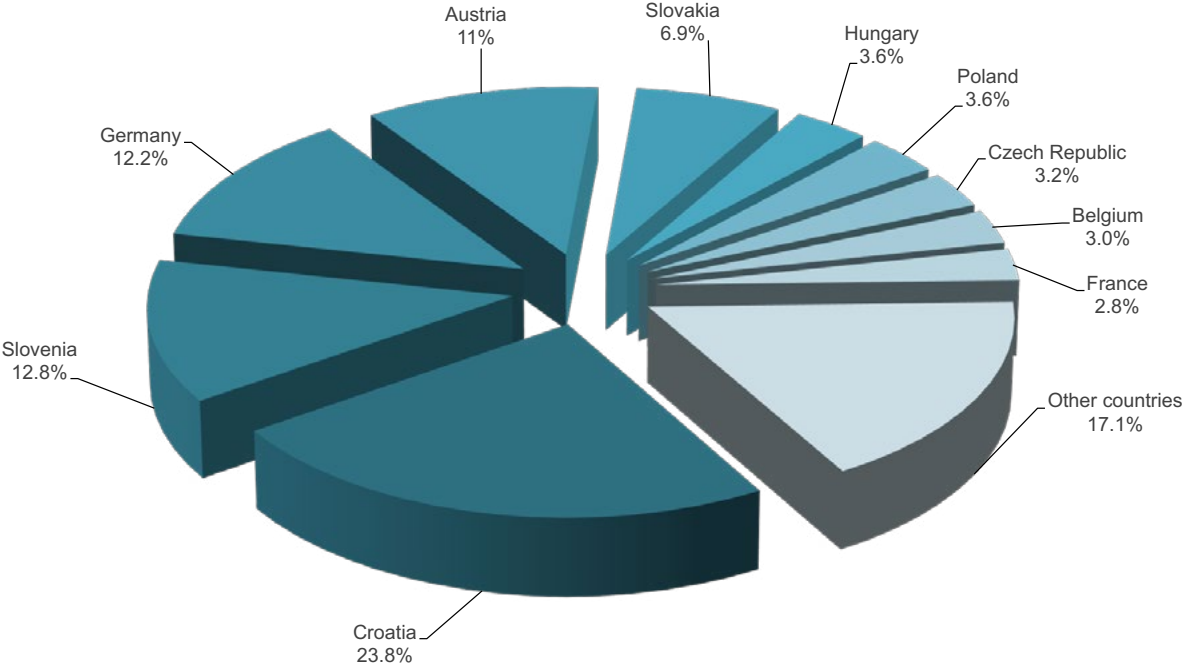


Overview and comparison of realised arrivals and overnight stays in 2022 with 2021 and 2019

HOTEL SECTOR										
PROFIT CENTER	ARRIVALS			INDEX		OVERNIGHT STAYS			INDEX	
	2022	2021	2019	2022/2019	2022/2021	2022	2021	2019	2022/2019	2022/2021
Hotel ILIRIJA	13.770	10.304	25.586	54	134	47.207	40.533	68.706	69	116
Hotel KORNATI	6.930	3.752	10.791	64	185	22.731	15.881	33.551	68	143
Hotel ADRIATIC	4.466	3.819	6.976	64	117	20.999	19.699	29.307	72	107
Hotel Villa DONAT	1.945	0	2.955	66	#DIV/0!	9.614	0	15.251	63	#DIV/0!
TOTAL	27.111	17.875	46.308	59	152	100.551	76.113	146.815	68	132



Graph of the realized overnight stays by source markets for the year 2022



Capacity occupancy in 2022 and a comparison with 2021 and 2019

Percentage share

MONTH	GRAND TOTAL								
	Room total	2022	%	Room total	2021	%	Room total	2019	%
JANUARY (I)	13.485	333	2,47%	13.733	0	0,00%	13.733	1.371	9,98%
FEBRUARY (II)	12.180	250	2,05%	12.847	0	0,00%	12.404	523	4,22%
MARCH (III)	13.485	548	4,06%	13.733	23	0,17%	13.733	1.716	12,50%
APRIL (IV)	13.050	2.860	21,92%	13.290	294	2,21%	13.290	4.463	33,58%
MAY (V)	13.485	3.991	29,60%	13.733	559	4,07%	13.733	7.749	56,43%
JUNE (VI)	13.050	5.515	42,26%	13.290	2.689	20,23%	13.290	10.426	78,45%
JULY (VII)	13.485	9.624	71,37%	13.733	7.599	55,33%	13.733	12.164	88,57%
AUGUST (VIII)	13.485	10.864	80,56%	13.733	11.010	80,17%	13.733	12.929	94,15%
SEPTEMBER (IX)	13.050	9.156	70,16%	13.290	7.269	54,70%	13.290	10.921	82,17%
OCTOBER (X)	13.485	4.132	30,64%	13.733	4.326	31,50%	13.733	7.404	53,91%
NOVEMBER (XI)	13.050	1.467	11,24%	13.290	818	6,16%	13.290	1.788	13,45%
DECEMBER (XII)	13.485	1.214	9,00%	13.733	952	6,93%	13.733	1.818	13,24%
TOTAL	158.775	49.954	31,46%	162.138	35.539	21,98%	161.695	73.245	45,30%

Occupancy days

MONTH	GRAND TOTAL								
	Room total	2022	Days in 2022	Room total	2021	Days in 2021	Room total	2019	Days in 2019
JANUARY (I)	13.485	333	1	13.733	0	0	13.733	1.371	3
FEBRUARY (II)	12.180	250	1	12.847	0	0	12.404	523	1
MARCH (III)	13.485	548	1	13.733	23	0	13.733	1.716	4
APRIL (IV)	13.050	2.860	7	13.290	294	1	13.290	4.463	10
MAY (V)	13.485	3.991	9	13.733	559	1	13.733	7.749	17
JUNE (VI)	13.050	5.515	13	13.290	2.689	6	13.290	10.426	24
JULY (VII)	13.485	9.624	22	13.733	7.599	17	13.733	12.164	27
AUGUST (VIII)	13.485	10.864	25	13.733	11.010	25	13.733	12.929	29
SEPTEMBER (IX)	13.050	9.156	21	13.290	7.269	17	13.290	10.921	25
OCTOBER (X)	13.485	4.132	9	13.733	4.326	10	13.733	7.404	17
NOVEMBER (XI)	13.050	1.467	3	13.290	818	2	13.290	1.788	4
DECEMBER (XII)	13.485	1.214	3	13.733	952	2	13.733	1.818	4
TOTAL	158.775	49.954	115	162.138	35.539	80	161.695	73.245	165

Monthly comparison of revenue/overnight stays of the Ilirija Resort Hotel in 2022 and a comparison with 2021 and 2019

MONTH	GENERATED REVENUES					OVERNIGHT STAYS					AVERAGE PRICE (HRK)			AVERAGE PRICE (HRK)				
	2022	2021	2019	"INDEX 2022/2019"	"INDEX 2022/2021"	2022	2021	2019	INDEX 2022/2019	INDEX 2022/2021	2022	2021	2019	2022	2021	2019	INDEX 2022/2019	INDEX 2022/2021
JANUARY	611.697,23	4.318,06	1.406.055,11	43,50	14166,02	559	0	2.321	24,08	#DIV/0!	1094,27	#DIV/0!	605,80	145,49	#DIV/0!	81,61	178,27	#DIV/0!
FEBRUARY	163.193,16	29.483,29	351.380,76	46,44	553,51	430	0	869	49,48	#DIV/0!	379,52	#DIV/0!	404,35	50,42	#DIV/0!	54,45	92,60	#DIV/0!
MARCH	334.090,89	19.403,36	963.108,71	34,69	1721,82	937	50	3.085	30,37	1874,00	356,55	388,07	312,19	47,12	51,23	42,05	112,07	91,98
APRIL	1.480.189,74	195.256,90	2.216.611,41	66,78	758,07	5.597	656	8.371	66,86	853,20	264,46	297,65	264,80	35,01	39,34	35,72	98,00	88,99
MAY	2.955.550,47	329.714,27	4.619.475,38	63,98	896,40	6.466	1.038	13.174	49,08	622,93	457,09	317,64	350,65	60,65	42,23	47,26	128,33	143,63
JUNE	4.787.562,76	1.554.939,29	7.728.383,78	61,95	307,89	10.867	5.320	20.195	53,81	204,27	440,56	292,28	382,69	58,56	39,00	51,76	113,15	150,18
JULY	11.237.221,94	7.201.132,28	11.236.894,24	100,00	156,05	23.184	19.101	29.852	77,66	121,38	484,70	377,00	376,42	64,50	50,29	51,05	126,33	128,24
AUGUST	15.009.244,30	10.352.861,55	13.389.920,46	112,09	144,98	26.239	27.161	31.428	83,49	96,61	572,02	381,17	426,05	76,17	50,89	57,60	132,23	149,68
SEPTEMBER	7.089.896,99	5.012.628,80	7.560.643,75	93,77	141,44	15.217	12.718	18.796	80,96	119,65	465,92	394,14	402,25	61,98	52,65	54,34	114,06	117,72
OCTOBER	3.222.799,16	2.623.244,43	3.914.412,58	82,33	122,86	6.772	6.922	12.200	55,51	97,83	475,90	378,97	0,00	0,00	50,49	43,05	0,00	0,00
NOVEMBER	1.270.957,02	492.042,65	866.306,40	146,71	258,30	2.336	1.510	3.358	69,57	154,70	544,07	325,86	0,00	0,00	43,37	34,69	0,00	0,00
DECEMBER	644.078,30	265.501,47	1.569.782,92	41,03	242,59	1.947	1.637	3.190	61,03	118,94	330,81	162,19	0,00	0,00	21,57	66,15	0,00	0,00
TOTAL	48.806.481,96	28.080.526,35	55.822.975,50	87,43	173,81	100.551	76.113	146.815	68,49	132,11	485,39	368,93	380,23	65,45	49,03	51,26	125,73	131,44
31/12	48.806.481,96	28.080.526,35	55.822.975,50	87,43	173,81	100.551	76.113	146.815	68,49	132,11	485,39	368,93	380,23	65,45	49,03	51,26	125,73	131,44

Revenue per sold room 31/12/2022	977,03 kn	129,73 €
Revenue per sold room 31/12/2021	790,13 kn	105,01 €
Revenue per sold room 31/12/2019	762,14 kn	107,31 €

Revenue per sold room - 2022:	1.052,49 kn	139,75 €
Revenue per sold room - 2021:	872,36 kn	115,94 €
Revenue per sold room - 2019:	817,70 kn	112,50 €

Selected profit centers within the hotel sector

Lavender	2022	2021	2019		
31/12		899.642,87	1.049.685,47	INDEX 2022/2019	INDEKS 2022/2021
31/12	1.239.430,46	899.642,87	1.049.685,47	118,08	137,77

Aquatic center	2022	2021	2019		
31/12		1.552.768,43	2.397.917,11	INDEX 2022/2019	INDEKS 2022/2021
31/12	1.894.802,44	1.552.768,43	2.397.917,11	79,02	122,03

Tenis center	2022	2021	2019		
31/12		419.767,45	514.179,54	INDEX 2022/2019	INDEKS 2022/2021
31/12	571.923,56	419.767,45	514.179,54	111,23	136,25

Beach bar "Donat"	2022	2021	2019		
31/12		50.152,14	107.430,44	INDEX 2022/2019	INDEKS 2022/2021
31/12	63.596,68	50.152,14	107.430,44	59,20	126,81

Hotel sector total

TOTAL	2022	2021	2019		
31/12	52.576.235,10	31.002.857,24	59.892.188,06	INDEX 2022/2019	INDEKS 2022/2021
31/12	52.576.235,10	31.002.857,24	59.892.188,06	87,78	169,59

REVENUES BY ACTIVITIES

Revenues from hotel services amounted to HRK 48,806,481.96, which represents an increase of 73.81% as compared to the previous year and corresponds to 87.43% of the revenue generated in 2019.

Other revenue of the hotel sector amounted to HRK 3,769,753.14, which represents an increase of 28.7% as compared to the previous year and corresponds to 92% of the revenue generated in 2019.

The total revenue of the hotel sector amounted to HRK 52,576,235.10, or a 70% increase compared to the previous year's revenue, and it corresponds to 87.78% of the revenue generated in the pre-pandemic 2019.



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

After a decade of continuous growth, in 2020, the hotel sector of the Company recorded a decline in all market indicators, and consequently in the financial performance, due to the global health crisis with severe economic consequences which particularly affected the travel and tourism industry. However, in 2021, a return to the continuity of growth is evident, but the recovery to the level of the pre-pandemic 2019 is slowed down. Lifting travel bans, except for

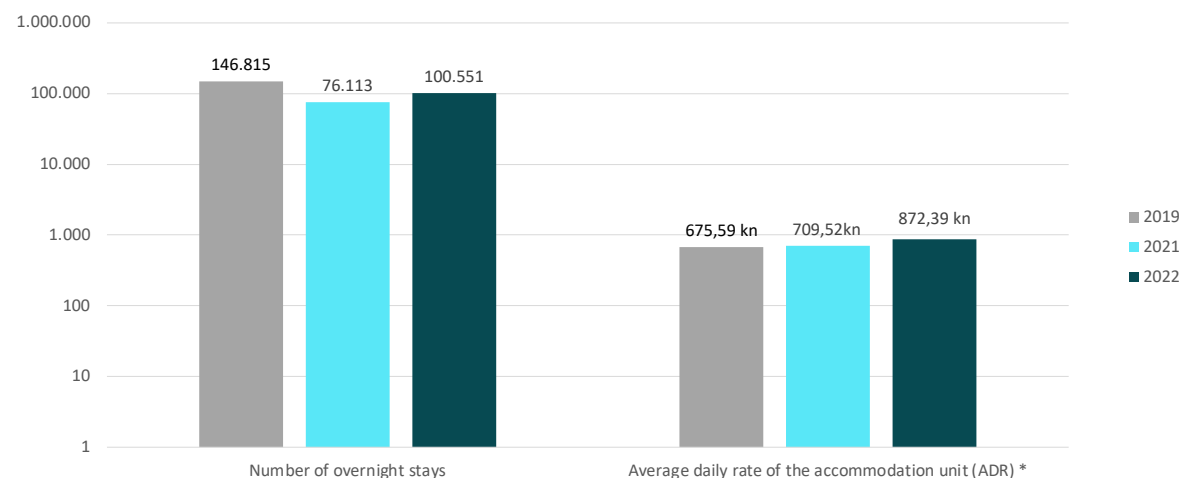
South and Southeast Asian markets, has enabled the growth of the volume of physical demand and an increase in capacity occupancy.

The sale of accommodation units increased by 40.56% relative to the previous business year, and accommodation unit occupancy increased by 43.15%. Relative to 2019, the said sale decreased by 31.80%, while accommodation unit occupancy decreased by

30.54%. The average daily rate per accommodation unit (ADR) increased by 22.95% relative to 2021, and by 29.13% relative to 2019, namely due to the increase in sales prices and changes in the sales channel, with a more pronounced share of sales to groups and individual customers.

Revenue per accommodation unit (RevPAR) on the basis of the total number of days in the period in question increased by as much as 76% relative to 2021, but was 10.32% lower than in 2019, while board services revenues per accommodation unit (RevPAR) on the basis of days of availability increased by 26.34% relative to 2021 and were only 0.71% lower than in 2019.

Overnight stays and the average daily rate per accommodation unit (ADR) in Ilirija d.d. hotels in 2022, 2021 and 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.

	2022	2021	2019	2022/ 2019	2022/ 2021
HOTELS IN BIOGRAD					
Accommodation capacities:					
Number of hotels	3	3	3	0,00%	0,00%
Number of accommodation units	363	371	371	-2,16%	-2,16%
Number of beds	766	778	778	-1,54%	-1,54%
Physical turnover					
Number of overnight stays	90.937	76.113	131.564	-30,88%	19,48%
Number of accommodation units sold	45.055	35.539	65.875	-31,61%	26,78%
The occupancy of accommodation units based on a total number of days in a period (%)	34,01%	26,24%	48,65%	-30,10%	29,57%
Occupancy rate of the accommodation units on an open days basis (%)	54,71%	53,94%	71,97%	-23,98%	1,43%
Financial results:					
Average daily rate of the accommodation unit (ADR) *	886,13 kn	709,52 kn	686,63 kn	29,05%	24,89%
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	301,33 kn	186,21 kn	332,61 kn	-9,41%	61,82%
Revenue per accommodation unit (RevPAR) on an open days basis **	484,81 kn	382,71 kn	492,00 kn	-1,46%	26,68%
HOTEL IN SV. FILIP I JAKOV					
Accommodation capacities:					
Number of hotels	1	1	1	0,00%	0,00%
Number of accommodation units	72	72	72	0,00%	0,00%
Number of beds	144	144	144	0,00%	0,00%
Physical turnover					
Number of overnight stays	9.614	0	15.251	-36,96%	#DIV/0!
Number of accommodation units sold	4.899	0	7.370	-33,53%	#DIV/0!
The occupancy of accommodation units based on a total number of days in a period (%)	18,64%	0,00%	28,04%	-33,52%	#DIV/0!
Occupancy rate of the accommodation units on an open days basis (%)	63,00%	#DIV/0!	73,12%	-13,84%	#DIV/0!
Financial results:					
Average daily rate of the accommodation unit (ADR) *	746,02 kn	#DIV/0!	603,73 kn	23,57%	#DIV/0!
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	139,07 kn	#DIV/0!	169,31 kn	-17,86%	#DIV/0!
Revenue per accommodation unit (RevPAR) on an open days basis **	470,00 kn	#DIV/0!	441,42 kn	6,48%	#DIV/0!
HOTELS - TOTAL ILIRIJA d.d.					
Accommodation capacities:					
Number of hotels	4	4	4	0,00%	0,00%
Number of accommodation units	435	443	443	-1,81%	-1,81%
Number of beds	910	922	922	-1,30%	-1,30%
Physical turnover					
Number of overnight stays	100.551	76.113	146.815	-31,51%	32,11%
Number of accommodation units sold	49.954	35.539	73.245	-31,80%	40,56%
The occupancy of accommodation units based on a total number of days in a period (%)	31,46%	21,98%	45,30%	-30,54%	43,15%
Occupancy rate of the accommodation units on an open days basis (%)	55,43%	53,94%	72,08%	-23,11%	2,76%
Financial results:					
Average daily rate of the accommodation unit (ADR) *	872,39 kn	709,52 kn	675,59 kn	29,13%	22,95%
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	274,47 kn	155,95 kn	306,07 kn	-10,32%	76,01%
Revenue per accommodation unit (RevPAR) on an open days basis **	483,54 kn	382,71 kn	486,98 kn	-0,71%	26,34%

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).

6.2 NAUTICS – MARINA KORNATI

In 2022, Marina Kornati (the main segment of the Company's nautical sector) achieved by far the best results so far. Thus, thanks also to the excellent results achieved by other nautical sector segments (i.e. nautical fairs and the hospitality sector, or the "Marina Kornati" restaurant), record operating results of the overall nautical sector were achieved. Thanks to the results achieved in 2022, continuous business activity growth continued in all three nautical sector segments. In this reporting period, a significant recovery was also achieved in the nautical fair and catering sector. With its increase in key physical and consequently also financial operating results, Marina Kornati (the most significant business segment of the nautical sector) also proved itself as a business segment with exceptional resilience and stability during the global pandemic at the Company level. It also achieved significant growth in business activities in a very short period of time, which resulted in an increase in revenue relative to the pre-pandemic period.

Physical operating results primarily pertain to contractual berths and the arrival of vessels in transit. This generated most operating revenues, but the said revenues still have not reached the figures from the pre-pandemic period, even though there was continuous growth in 2022. With 726 contracted vessels using annual and seasonal berths in the reporting period, there was a 1% increase relative to the previous

business year, when there were 719 contracted vessels, and a 2% decrease relative to 2019, when there were 740 such vessels. As for transit berths, there were 3,117 vessel arrivals, which constitutes a 17% increase relative to 2021 (when there were 2,667 such arrivals). As for overnight stays of vessels in transit, there were 9,208 such overnight stays, as due to the fight against the pandemic the trend of shorter stays of vessels in transit in ports continued. Thus, there was a 10% decrease in overnight stays of vessels in transit relative to 2021 (when there were 10,219 such stays). As for port service activities, there were 3,666 performed operations, which constitutes a 3% increase in performed operations relative to 2021. Thus, the figure from 2019 (when the number of port service operations performed amounted to 3,688) was almost reached.

In 2022, the revenue generated by Marina Kornati amounted to HRK 45,695,702.00 and was 8.19% higher than in 2021 (when it amounted to HRK 42,234,732.00). There was also a 11.78% increase relative to 2019, when the revenue amounted to HRK 40,880,637.00. Thus, in 2022, Marina Kornati achieved a record result in terms of revenue.

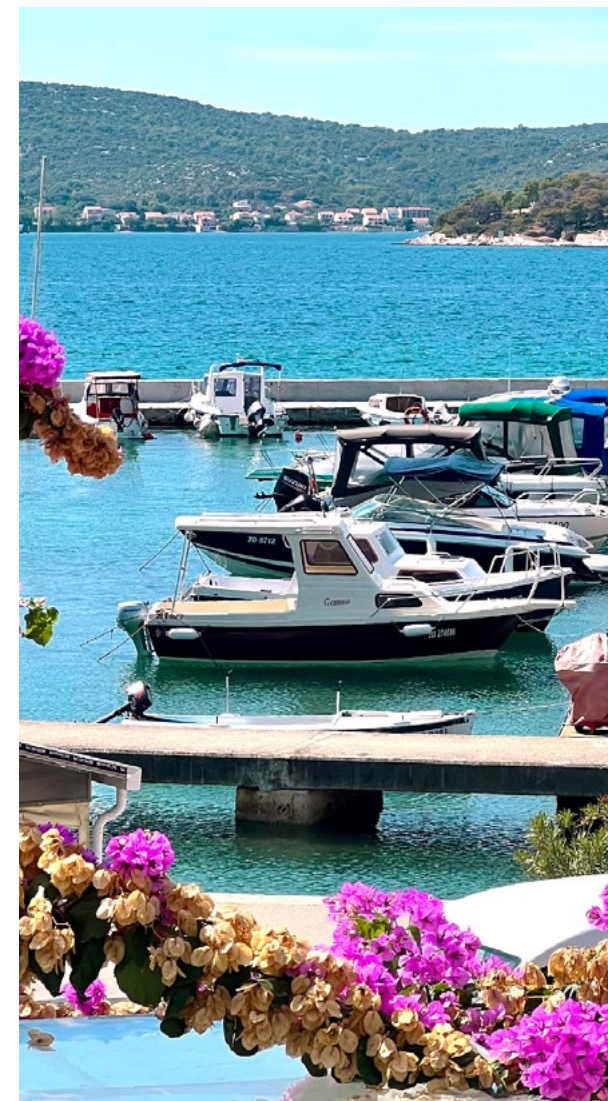
The most significant revenue item is contractual berths. In 2022, the said item amounted to HRK 33,576,472.00, accounting for 72% of the total revenue of Marina Kornati. The contractual berth reve-

nue item from 2019 amounted to HRK 30,107,719.00. Thus, the contractual berth revenue realised in 2022 was 12% higher than in 2019, and 7% higher than in the previous year (when the contractual berth revenue amounted to HRK 31,350,024.00). The revenue item following contractual berths was port service (amounting to HRK 3,217,129.00), which accounted for 6% of the total revenues of the marina in 2022. The said revenue was 5% higher than in 2021, and 16% higher than in 2019. The daily berth revenue item amounted to HRK 2,876,225.00, which constitutes a 15% increase relative to 2021 (when the said revenue amounted to HRK 2,508,845.00), and a 2% increase relative to 2019. Just like other revenues of Marina Kornati, the parking revenue amounting to HRK 2,883,307 had a positive growth relative not only to the previous business year but also to the pre-pandemic period. In the reporting period, the nautical fair realised revenue in the amount of HRK 4,856,871.00, constituting an increase of 41% compared to the previous year, while compared to 2019, an increase of 25% in revenue was realised.

All items of the Marina Kornati revenue have significantly increased relative to previous years. The achieved increase is the result of several factors. The relaxation of epidemiological measures and the lifting of travel restrictions had a positive effect on the overall business operations when it comes to transit berths (i.e. arrivals and overnight stays of vessels). The arrival

of guests to the marina by passenger cars also significantly contributed to the increase in parking revenue, which was 25% higher than in 2021 and 27% higher than in 2019. In addition to the increase in prices, the increase in the revenue under the contractual berth item is the result of better and more efficient assignment of berths to vessels. This primarily depends on the type of vessel and vessel dimensions (length and width), which constitute the basis for calculating the service fee (use of contractual berth, daily berth, and other services of Marina Kornati).

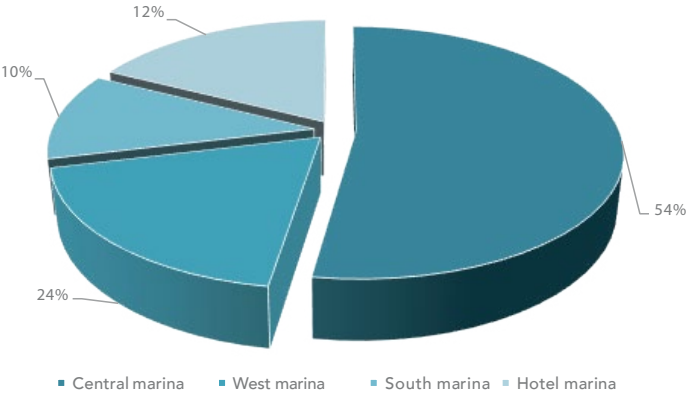
Marina Kornati has the possibility of achieving even better physical and financial performance results by performing activities aimed at increasing physical indicators, particularly in the items of transit berth, port service, nautical fair and further proactive approach to sales and marketing activities with maximum possible utilization of its waters.



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 in 2022 and a comparison with 2021 and 2019

		2022 BY MONTH											
Name of position	Measurment unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth-individual	Contracted vessel	104	259	296	348	387	402	409	412	417	424	425	425
Contract-based berth-charter	Contracted vessel	0	1	8	276	291	295	296	299	299	301	301	301
TOTAL Contract-based berth	Contracted vessel	104	260	304	624	678	697	705	711	716	725	726	726
Transit berth-sailing in port	Sailing in port	8	19	41	134	403	898	1.604	2.398	2.982	3.102	3.112	3.117
Transit berth-overnight stay of vessels	Boat/day	141	328	603	1.122	1.776	2.885	4.971	7.328	8.467	8.868	9.096	9.208
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	124	357	659	1.023	1.493	1.950	2.422	2.876	3.167	3.352	3.565	3.666

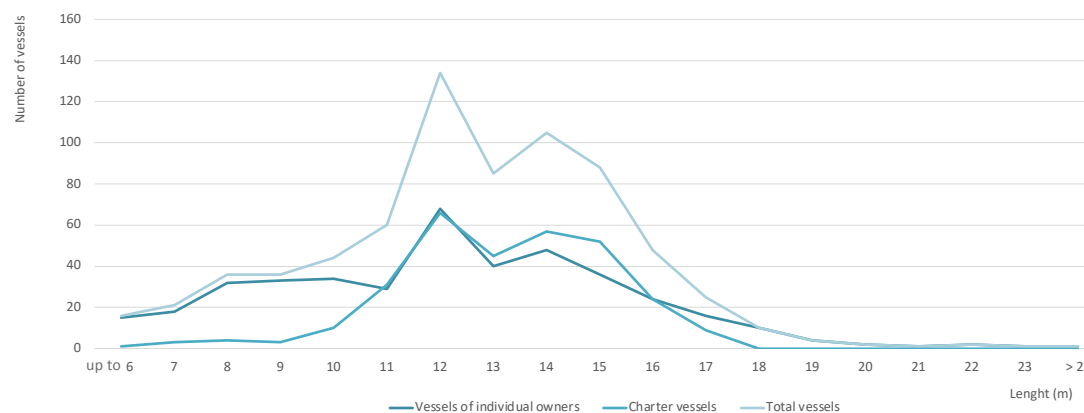
		2021 BY MONTH											
Name of position	Measurment unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth-individual	Contracted vessel	77	248	294	345	366	387	396	403	404	408	412	414
Contract-based berth-charter	Contracted vessel	0	4	22	285	299	300	302	302	303	304	304	305
TOTAL Contract-based berth	Contracted vessel	77	252	316	630	665	687	698	705	707	712	716	719
Transit berth-sailing in port	Sailing in port	1	8	30	79	214	546	1.172	2.017	2.435	2.647	2.662	2.667
Transit berth-overnight stay of vessels	Boat/day	282	568	954	1.461	2.147	3.281	5.391	7.938	9.012	9.658	10.031	10.219
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	139	322	629	961	1.421	1.851	2.271	2.727	2.982	3.145	3.424	3.554

		2019 BY MONTH											
Name of position	Measurment 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	403	413	413
Contract-based berth-charter	Contracted vessel	0	2	81	291	315	326	327	327	327	327	327	327
TOTAL Contract-based berth	Contracted vessel	99	250	384	644	689	710	723	727	729	730	740	740
Transit berth-sailing in port	Sailing in port	1	9	30	143	526	1.058	1.823	2.709	3.230	343	3.415	3.418
Transit berth-overnight stay of vessels	Boat/day	132	320	563	1.364	2.301	3.472	5.775	8.773	10.223	10.937	11.123	11.227
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	3.303	3.551	3.688

Vessels at contracted berth in 2022 and a comparison with 2021 and 2019

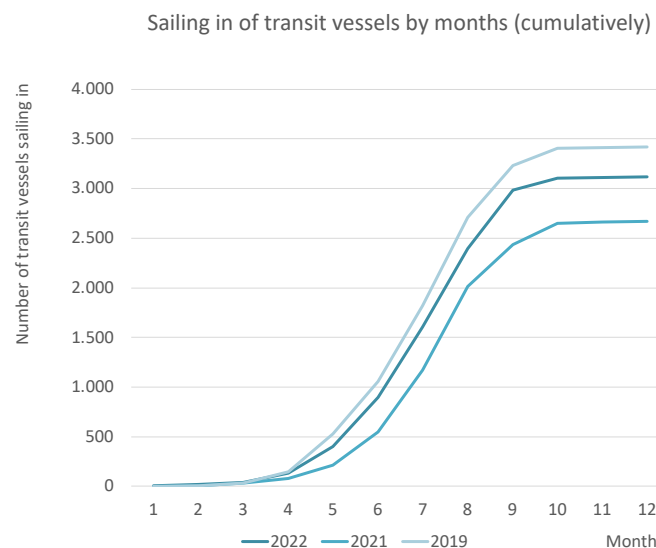
Purpose	Type of berth	Position of berth	01/01-31/12	% Total	01/01-31/12	% Total	01/01-31/12	% Total	Index	Index
			2022	Vessels	2021	Vessels	2019	Vessels	2022/2019	2022/2021
VESSEL OF INDIVIDUAL OWNERS	Annual berth in the sea	Central aquatorium	285	39	297	41	287	39	99	96
		South aquatorium	38	5	42	6	45	6	84	90
		Western aquatorium	1	0	1	0	1	0	100	100
		Hotel port	29	4	29	4	34	5	85	100
	Annual berth on the land	Marina land	8	1	7	1	4	1	200	114
	Seasonal berth in the sea	Marina aquatorium	40	6	23	3	30	4	133	174
		Hotel port	24	3	15	2	12	2	200	160
	Total individual vessels:		425	59	414	57	413	56	103	103
CHARTER VESSELS	Annual berth in the sea	Central aquatorium	117	16	113	16	103	14	114	104
		South aquatorium	0	0	1	0	0	0	#DIV/0!	0
		Western aquatorium	184	25	191	27	224	30	82	96
		Hotel port	0	0	0	0	0	0	#DIV/0!	#DIV/0!
	Total charter vessels:		301	41	305	43	327	44	92	99
	Total vessels:	726	100	719	100	740	100	98	101	

Vessels on contractual berth in 2022



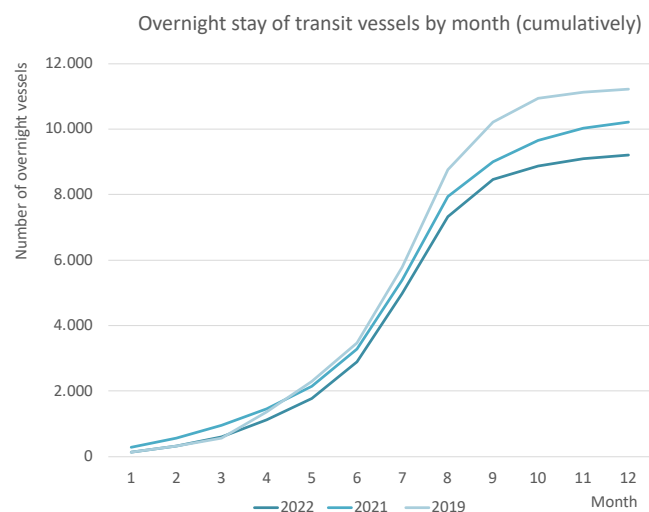
Transit berth – vessel arrival in 2022 and a comparison with 2021 and 2019

Individually monthly						Cumulatively monthly				
2022	2022	2021	2019	INDEX	INDEX	2022	2021	2019	INDEX	INDEX
Month	2022/2019		2022/2021		2022/2019		2022/2021		2022/2019	
1	8	1	1	800	800	8	1	1	800	800
2	11	7	8	138	157	19	8	9	211	238
3	22	22	21	105	100	41	30	30	137	137
4	93	49	113	82	190	134	79	143	94	170
5	269	135	383	70	199	403	214	526	77	188
6	495	332	532	93	149	898	546	1.058	85	164
7	706	626	765	92	113	1.604	1.172	1.823	88	137
8	794	845	886	90	94	2.398	2.017	2.709	89	119
9	584	418	521	112	140	2.982	2.435	3.230	92	122
10	120	212	173	69	57	3.102	2.647	3.403	91	117
11	10	15	12	83	67	3.112	2.662	3.415	91	117
12	5	5	3	167	100	3.117	2.667	3.418	91	117
Total	2022	3.117								
Total	2021	2.667								
Total	2019	3.418								
Index	2022/2019	91								
Index	2022/2021	117								



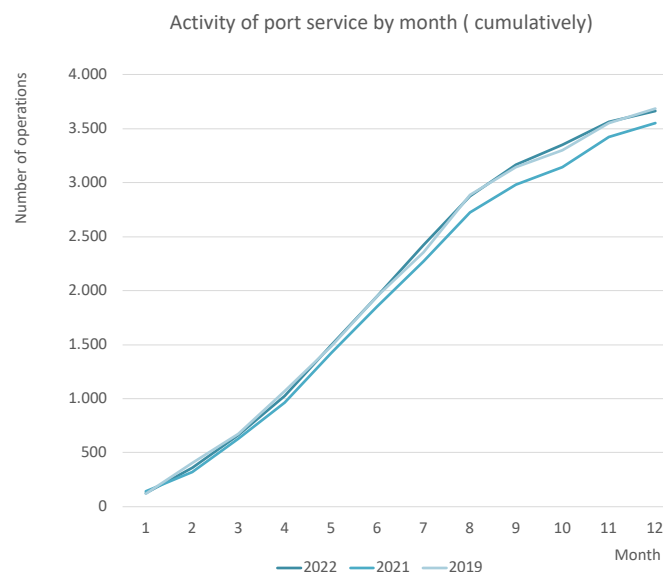
Transit berth – vessel overnight stays in 2022 and a comparison with 2021 and 2019

Individually monthly						Cumulatively monthly				
2022	2022	2021	2019	INDEX	INDEX	2022	2021	2019	INDEX	INDEX
Month	2022/2019		2022/2021		2022/2019		2022/2021		2022/2019	
1	141	282	132	107	50	141	282	132	107	50
2	187	286	188	99	65	328	568	320	103	58
3	275	386	243	113	71	603	954	563	107	63
4	519	507	801	65	102	1.122	1.461	1.364	82	77
5	654	686	937	70	95	1.776	2.147	2.301	77	83
6	1.109	1.134	1.171	95	98	2.885	3.281	3.472	83	88
7	2.086	2.110	2.303	91	99	4.971	5.391	5.775	86	92
8	2.357	2.547	2.998	79	93	7.328	7.938	8.773	84	92
9	1.139	1.074	1.450	79	106	8.467	9.012	10.223	83	94
10	401	646	714	56	62	8.868	9.658	10.937	81	92
11	228	373	186	123	61	9.096	10.031	11.123	82	91
12	112	188	104	108	60	9.208	10.219	11.227	82	90
Total	2022	9.208								
Total	2021	10.219								
Total	2019	11.227								
Index	2022/2019	82								
Index	2022/2021	90								



Port service activities in 2022 and a comparison with 2021 and 2019

Individually monthly						Cumulatively monthly				
2022	2022	2021	2019	INDEX	INDEX	2022	2021	2019	INDEX	INDEX
Month	2022/2019		2022/2021		2022/2019		2022/2021			
1	124	139	118	105	89	124	139	118	105	89
2	233	183	284	82	127	357	322	402	89	111
3	302	307	271	111	98	659	629	673	98	105
4	364	332	397	92	110	1.023	961	1.070	96	106
5	470	460	415	113	102	1.493	1.421	1.485	101	105
6	457	430	460	99	106	1.950	1.851	1.945	100	105
7	472	420	413	114	112	2.422	2.271	2.358	103	107
8	454	456	530	86	100	2.876	2.727	2.888	100	105
9	291	255	256	114	114	3.167	2.982	3.144	101	106
10	185	163	159	116	113	3.352	3.145	3.303	101	107
11	213	279	248	86	76	3.565	3.424	3.551	100	104
12	101	130	137	74	78	3.666	3.554	3.688	99	103
Total	2022	3.666								
Total	2021	3.554								
Total	2019	3.688								
Index	2022/2019	99								
Index	2022/2021	103								



Marina Kornati revenue, individually by month in 2022 and a comparison with 2019 and 2021

REVENUES OF MARINA KORNATI 2022 INDIVIDUALLY BY MONTHS																	
Revenue positions		Months 2022												2022	2019	Index	2021
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.	TOTAL	2022/2019	2021
I	Daily berths	32.041	37.891	85.245	126.120	222.508	468.599	577.659	691.851	503.956	91.833	14.822	23.700	2.876.225	2.820.560	102	2.508.845
II	Contracted berth with accessories	4.548.472	6.818.035	1.680.702	9.055.827	1.147.909	587.638	8.831.425	430.424	134.006	172.338	104.949	64.747	33.576.472	30.107.719	112	31.350.024
III	Port service	86.567	275.976	327.866	395.247	502.828	405.282	323.004	250.037	161.623	102.406	229.820	156.474	3.217.129	2.767.731	116	3.062.774
IV	Vehicle parking	2.064	2.312	10.912	135.101	328.945	439.611	603.514	502.579	489.390	308.175	8.532	2.172	2.833.307	2.232.293	127	2.270.939
V	Other services	4.431	12.619	69.475	44.479	39.148	55.813	79.291	87.135	128.096	29.201	9.825	24.235	583.748	502.377	116	558.242
VI	Business cooperation	0	0	0	1.300.476	0	0	1.308.345	0	0	0	0	0	2.608.821	2.450.017	106	2.483.908
VII	Boat fair and events	0	0	0	11.295	5.580	6.750	175.475	632.714	783.725	3.173.822	37.500	30.010	4.856.871	3.877.991	125	3.449.280
TOTAL:		4.673.575	7.146.833	2.174.200	11.068.545	2.246.918	1.963.693	11.898.713	2.594.740	2.200.796	3.877.774	405.447	301.338	50.552.573	44.758.688	113	45.684.011

REVENUES OF MARINA KORNATI 2021 INDIVIDUALLY BY MONTHS																
Revenue positions		Months 2021												2021	2020	Index
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.	TOTAL	2021/2020
I	Daily berths	24.596	19.361	70.954	120.430	133.816	297.829	566.146	685.968	323.999	178.240	57.489	30.016	2.508.845	1.975.212	127
II	Contracted berth with accessories	3.033.918	7.590.522	1.574.717	8.813.647	775.786	585.373	8.026.637	226.923	152.180	190.619	132.460	247.243	31.350.024	29.990.268	105
III	Port service	126.180	183.749	339.050	375.232	474.186	360.285	305.113	265.168	112.902	79.796	263.069	178.044	3.062.774	2.740.561	112
IV	Vehicle parking	0	1.240	6.581	40.874	173.487	329.217	493.647	498.710	449.088	256.831	19.080	2.184	2.270.939	1.374.862	165
V	Other services	378	8.870	103.792	13.210	32.113	88.463	54.946	79.329	43.620	100.938	24.598	7.985	558.242	501.580	111
VI	Business cooperation	0	0	0	0	1.363.246	0	1.119.590	1.072					2.483.908	2.464.335	101
VII	Boat fair and events	0	0	3.600	0	11.988	18.490	167.897	157.615	1.018.152	2.046.767	24.770		3.449.279	2.428.795	142
TOTAL:		3.185.072	7.803.742	2.098.694	9.363.393	2.964.622	1.679.657	10.733.976	1.914.785	2.099.942	2.853.191	521.466	465.472	45.684.011	41.475.612	110

REVENUES OF MARINA KORNATI 2019 INDIVIDUALLY BY MONTHS																
Revenue positions		Months 2019												2019	2018	Index
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.	TOTAL	2019/2018
I	Daily berths	1.649	32.993	58.793	173.766	253.713	407.784	632.061	640.748	371.107	189.705	29.672	28.570	2.820.560	2.486.833	113
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	99.770	87.138	2.059	30.107.719	28.826.907	104
III	Port service	117.641	280.502	328.496	376.837	451.647	360.644	215.958	271.114	106.556	82.669	97.940	77.726	2.767.731	2.976.178	93
IV	Vehicle parking	1.452	2.352	18.968	117.644	231.024	422.790	385.121	487.806	402.096	137.324	23.076	2.640	2.232.293	2.027.215	110
V	Other services	1.141	17.350	-22.713	26.029	34.922	153.011	35.155	74.525	74.369	31.126	65.879	11.585	502.377	615.979	82
VI	Business cooperation	0	7.410		1.198.675	23.800	3.713	1.188.874	27.545					2.450.017	2.309.657	106
VII	Boat fair and events	4.044		8.415		24.605	70.916	250.216	218.242	1.399.639	1.976.586	-74.670		3.877.991	3.222.510	120
TOTAL:		3.727.146	6.309.860	4.324.483	8.197.682	2.371.741	2.061.706	10.535.761	1.924.228	2.437.288	2.517.181	229.035	122.580	44.758.688	42.465.279	105

Marina Kornati revenue, cumulatively by months in 2022 and a comparison with 2019 and 2021

REVENUES OF MARINA KORNATI 2022 CUMULATIVELY BY MONTHS														
Revenue positions		Months 2022												% of total revenues
		1	2	3	4	5	6	7	8	9	10	11	12	
I	Daily berths	32.041	69.932	155.177	281.297	503.805	972.404	1.550.063	2.241.914	2.745.870	2.837.703	2.852.525	2.876.225	6
II	Contracted berth with accessories	4.548.472	11.366.507	13.047.209	22.103.036	23.250.945	23.838.583	32.670.008	33.100.432	33.234.438	33.406.776	33.511.725	33.576.472	72
III	Port service	86.567	362.543	690.409	1.085.656	1.588.484	1.993.766	2.316.770	2.566.807	2.728.430	2.830.836	3.060.656	3.217.129	6
IV	Vehicle parking	2.064	4.376	15.288	150.389	479.334	918.945	1.522.459	2.025.038	2.514.428	2.822.603	2.831.135	2.833.307	5
V	Other services	4.431	17.050	86.525	131.004	170.152	225.965	305.256	392.391	520.487	549.688	559.513	583.748	1
VI	Business cooperation	0	0	0	1.300.476	1.300.476	1.300.476	2.608.821	2.608.821	2.608.821	2.608.821	2.608.821	2.608.821	6
VII	Boat fair and events	0	0	0	11.295	16.875	23.625	199.100	831.814	1.615.539	4.789.361	4.826.861	4.856.871	4
	TOTAL:	4.673.575	11.820.408	13.994.608	25.063.153	27.310.071	29.273.764	41.172.477	43.767.217	45.968.013	49.845.787	50.251.235	50.552.573	100

REVENUES OF MARINA KORNATI 2021 CUMULATIVELY BY MONTHS														
Revenue positions		Months 2021											% of total revenues	
		1	2	3	4	5	6	7	8	9	10	11		12
I	Daily berths	24.596	43.957	114.911	235.341	369.157	666.986	1.233.132	1.919.101	2.243.100	2.421.340	2.478.829	2.508.845	5
II	Contracted berth with accessories	3.033.918	10.624.440	12.199.157	21.012.804	21.788.590	22.373.963	30.400.600	30.627.522	30.779.702	30.970.321	31.102.781	31.350.024	69
III	Port service	126.180	309.929	648.979	1.024.211	1.498.397	1.858.682	2.163.795	2.428.962	2.541.865	2.621.661	2.884.730	3.062.774	7
IV	Vehicle parking	0	1.240	7.821	48.695	222.182	551.399	1.045.046	1.543.756	1.992.844	2.249.675	2.268.755	2.270.939	5
V	Other services	378	9.248	113.040	126.250	158.363	246.826	301.772	381.101	424.721	525.659	550.257	558.242	1
VI	Business cooperation	0	0	0	0	1.363.246	1.363.246	2.482.836	2.483.908	2.483.908	2.483.908	2.483.908	2.483.908	5
VII	Boat fair and events	0	0	3.600	3.600	15.588	34.078	201.975	359.590	1.377.742	3.424.509	3.449.279	3.449.279	8
	TOTAL:	3.185.072	10.988.814	13.087.508	22.450.901	25.415.523	27.095.180	37.829.156	39.743.941	41.843.882	44.697.073	45.218.539	45.684.011	100

REVENUES OF MARINA KORNATI 2019 CUMULATIVELY 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	520.914	928.698	1.560.759	2.201.507	2.572.612	2.762.319	2.791.991	2.820.560	6
II	Contracted berth with accessories	3.601.219	9.570.472	13.502.996	19.807.727	21.159.757	21.802.605	29.630.981	29.835.229	29.918.751	30.018.520	30.105.658	30.107.719	67
III	Port service	117.641	398.143	726.639	1.103.476	1.555.123	1.915.767	2.131.725	2.402.839	2.509.396	2.592.064	2.690.004	2.767.731	6
IV	Vehicle parking	1.452	3.804	22.772	140.416	371.440	794.230	1.179.351	1.667.157	2.069.253	2.206.577	2.229.653	2.232.293	5
V	Other services	1.141	18.491	-4.222	21.807	56.729	209.740	244.895	319.420	393.788	424.915	490.794	502.377	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	2.450.017	2.450.017	2.450.017	5
VII	Boat fair and events	4.044	4.044	12.459	12.459	37.064	107.980	358.196	576.438	1.976.075	3.952.662	3.877.991	3.877.991	9
	TOTAL:	3.727.146	10.037.006	14.361.489	22.559.171	24.930.912	26.992.618	37.528.379	39.452.607	41.889.892	44.407.074	44.636.108	44.758.688	100

Summary of key market indicators of Marina Kornati performance

In 2022, Marina Kornati (the most important segment of the nautical sector) achieved the best financial operating results so far, and all market segments recorded growth relative to previous business years. Taking into account that the capacities of the marina are fixed, the exceptional growth of its revenue pertains to the contractual berths revenue, which accounts for 73.5% of the marina's total revenue. In 2022, the contractual berths revenue amounted to HRK 33,576,472.00, which constitutes a 7.10% increase relative to 2021, and a 11.52% increase relative to 2019 (when the said revenue amounted to HRK 30,107,719.00). The average revenue per contractual berth in 2022 amounted to HRK 46,249.00. In 2021, the said revenue was 6.07% lower and amounted to HRK 43,602.00, and in 2019, it was 13.67% lower and amounted to HRK 40,686.00.

In 2022, transit berth revenue amounted to HRK 2,876,225.00, which constitutes a 14.64% increase relative to 2021, as well as a 1.97% increase relative to 2019. The average revenue per overnight stay of a vessel at a transit berth in 2022 amounted to HRK 312.00. In 2021, the said revenue amounted to HRK 246.00, and in 2019, it amounted to HRK 251.

In 2022, service revenues saw a 5.04% increase relative to 2021 and a 16.24% increase relative to 2019 due to an increase in the volume of business activities resulting from an increase in the number of transit vessel

arrivals. In 2022, there was a positive growth in parking revenue, with an average revenue per parking spot amounting to HRK 5,667.00. This also constitutes the largest market indicator increase of Marina Kornati in relative terms, a 24.76% increase relative to 2021, and a 26.92% increase relative to 2019.

In the reporting period, business cooperation (which accounts for the smallest share of the marina's operating revenue) amounted to HRK 2,608,821.00, and it increased by 5.03% relative to the previous business year, and by 6.48% relative to the pre-pandemic period.



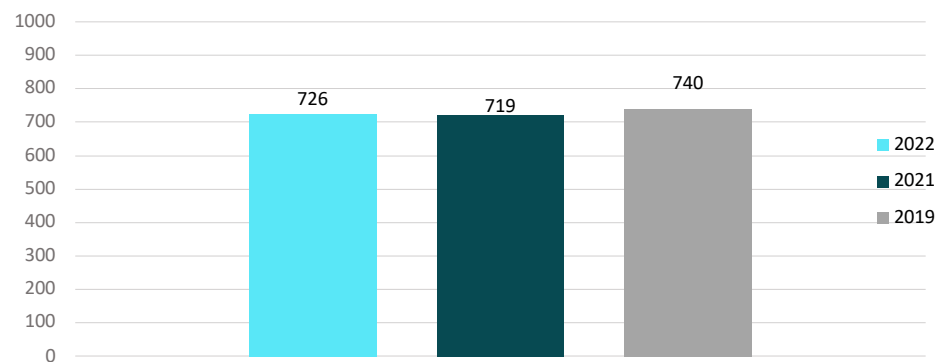
Key market indicators of Marina Kornati

	2022	2021	2019	2022/2019	2022/2021
Capacity(number of berths): *					
Central marina	435	435	435	0,00%	0,00%
Western marina	190	190	190	0,00%	0,00%
Southern marina	80	80	80	0,00%	0,00%
Hotel marina	100	100	100	0,00%	0,00%
Total number of berths	805	805	805	0,00%	0,00%
Physical turnover:					
Vessel on berth contract	726	719	740	-1,89%	0,97%
Number of overnight stays (vessels having tranzit berth)	9.208	10.219	11.227	-17,98%	-9,89%
Number of service operations executed	3.666	3.554	3.688	-0,60%	3,15%
Number of parking places	500	500	500	0,00%	0,00%
Number of bussiness cooperation agreements	50	51	50	0,00%	-1,96%
Financial results					
Total operating revenue of the marina	45.695.702 kn	42.234.732 kn	40.880.637 kn	11,78%	8,19%
Berth contract:					
Revenue from berth contracts	33.576.472 kn	31.350.024 kn	30.107.719 kn	11,52%	7,10%
Aver. revenue per berth contract	46.249 kn	43.602 kn	40.686 kn	13,67%	6,07%
Share in the total operating revenue of the marina	73,5%	74,2%	73,6%	-0,24%	-1,02%
Transit berth:					
Revenue from the transit berth	2.876.225 kn	2.508.845 kn	2.820.560 kn	1,97%	14,64%
Aver. revenue per overnight stay (transit berth)	312 kn	246 kn	251 kn	24,33%	27,23%
Share in the total operating revenue of the marina	6,3%	5,9%	6,9%	-8,77%	5,96%
Servicing:					
Revenue from servicing	3.217.129 kn	3.062.774 kn	2.767.731 kn	16,24%	5,04%
Aver. revenue per serv. operation	878 kn	862 kn	750 kn	16,93%	1,83%
Share in the total operating revenue of the marina	7,0%	7,3%	6,8%	3,99%	-2,92%
Parking:					
Revenue from parking	2.833.307 kn	2.270.939 kn	2.232.293 kn	26,92%	24,76%
Aver. revenue per parking space	5.667 kn	4.542 kn	4.465 kn	26,92%	24,76%
Share in the total operating revenue of the marina	6,2%	5,4%	5,5%	13,5%	15,31%
Business cooperation:					
Revenue from business cooperation	2.608.821 kn	2.483.908 kn	2.450.017 kn	6,48%	5,03%
Aver. revenue from business cooperation	52.176 kn	48.704 kn	49.000 kn	6,48%	7,13%
Share in the total operating revenue of the marina	5,7%	5,9%	6,0%	-4,74%	-2,93%

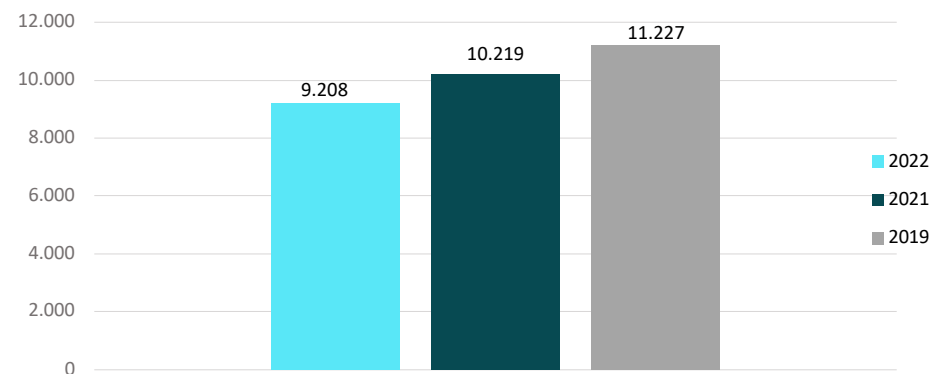
Notes:

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

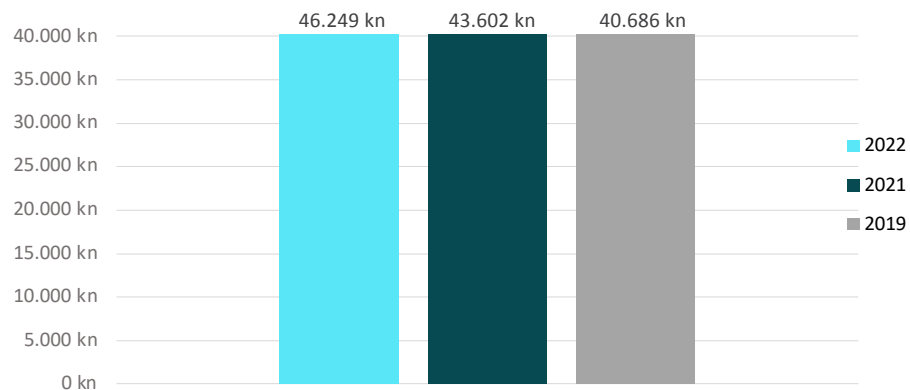
No. of vessels per berth contract in the Marina Kornati
in 2022, 2021 and 2019



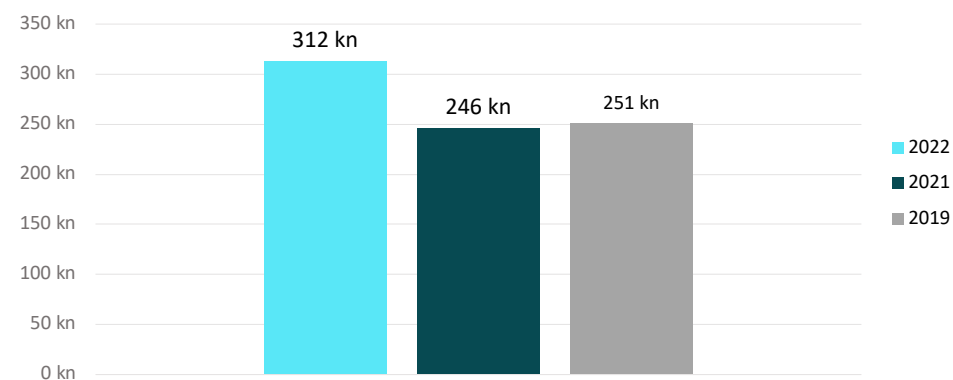
No. of overnight stay of transit vessels in Marina Kornati
in 2022, 2021 and 2019



Average revenues earned per berth contract in Marina Kornati
in 2022, 2021 and 2019



Average revenue earned per overnight stay of transit vessel in Marina Kornati
in 2022, 2021 and 2019





6.3 CAMPING – “PARK SOLINE” CAMPSITE

In 2022, there were 45,034 arrivals in the camping sector (i.e. in the “Park Soline” campsite), which constitutes a 30.21% increase relative to the previous year, as well as an 8.50% increase relative to 2019. At the same time, a total of 312,057 overnight stays were recorded, which represents an increase of 31.74% compared to 2021, and a share of 7.43% of the stays recorded in 2019. The aforementioned increase in physical performance indicators in 2022 is definitely due to a significant market recovery following the COVID-19 pandemic compared to 2021, both in Croatia and in Europe, and due to excellent booking levels in the peak and late season. The arrivals and overnight stays realised in 2022 constitute record results for the campsite. The increase in the number of overnight stays was mostly thanks to guests from two market segments of the campsite’s operations. The largest increase in the number of overnight stays pertained to guests staying on pitches with their own trailer or camper (growth at a rate of 45%), and guests staying in mobile homes (growth at a rate of 34.95%). The realised figures show that the guests recognized our many years of investments in the quality and services of the campsite and camping products.

All four segments of the campsite’s operations (lump sum, allotments, individuals and mobile homes) recorded an increase in arrivals and overnight stays. The most significant growth was achieved in the most lucrative market segments, i.e. the individuals and mo-

bile homes segments, namely not only relative to the previous year but also relative to the pre-pandemic period (i.e. 2019). The allotment market segment recorded an increase of 19.66% in overnight stays and 16.71% in arrivals, which resulted in an increase in the average number of days of stay of agency guests from 7.89 to 8.09 days. The lump sum market segment realized an increase of 31.91% in arrivals and of 27.54% in overnight stays as compared to 2021. The aforementioned increase is mostly a consequence of reopening of the market, an increase in the number of leased lump-sum spots, an increase in the lump-sum price and a favourable schedule of bank holidays in June (the Slovenian and the Croatian market account for the largest share in lump-sum guests). The market segment referring to individuals realised an increase of 30.82% in arrivals and 44.90% in overnight stays. The mobile homes market segment realised an increase of 35.97% in arrivals and 34.95% in overnight stays in 2022 compared to the observed period in 2021. Most of the increase was generated in June due to the Slovenian and the Croatian market, and during the peak season. The overnight stays in the reporting period compared to 2019 show a decrease in the number of overnight stays for the allotment segment by 35.83%, while the individual market segment recorded an increase of 12.40%, a flat rate of 37.44% and mobile homes 24.89 % compared to 2019.

In the structure of recorded overnight stays, the five

leading outbound markets are: (I) the Slovenian market with a 24% share of overnight stays, (II) the Czech market with a 19% share, (III) the German market with a 16% share, (IV) the Croatian market with a 10% share, and (V) the Dutch market with a 7% share. At the same time, when it comes to market segments, lump sum payments and guests in mobile homes prevail in the structure of overnight stays, with a share of 31% and 29% in overnight stays respectively. Considering the key market segments, i.e. the key outbound markets for the mobile homes segment, the largest increase in mobile homes was recorded by guests from the Czech market (namely by 128.54%), the Austrian market (by 106.26%), and the German market (by 42.26%) relative to the same period of the previous year. In the business segment of camping units, the largest share of overnight stays is recorded by guests from the Italian market (387.92%), Dutch market (78.88%), German market (61.76%) and Austrian market (27.31%).

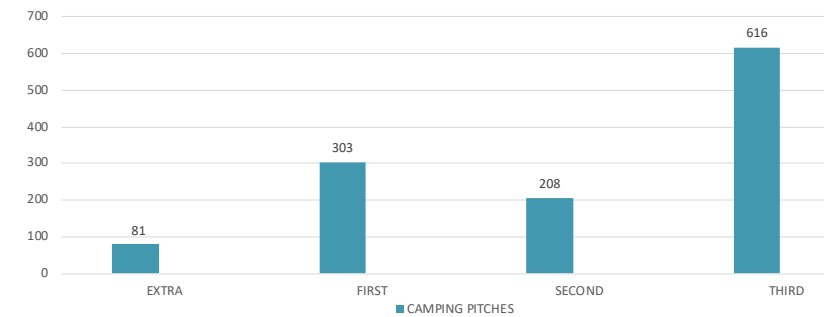
The camping sector recorded both an increase in the physical turnover and in the revenue, with the realised revenue amounting to HRK 44,980,326.90. This represents a 49% increase in comparison to the same period last year, with a 66% increase in the revenue from mobile homes and 20% increase in the revenue from lump-sum guests, which is a result of a larger number of leased lump sum pitches than in the previous year, with the larger part of the lump sums pertaining

to mobile homes, which generate more revenue. The revenue from individuals increased by 75% in comparison to last year. The revenue generated by 31 December 2022 was 40% higher than in 2019. The physical and financial results realised in 2022 point both to a complete recovery of business from the coronavirus crisis and to excellent results which significantly exceed the record year 2019, thus making the camping sector an increasingly sought-after product in tourism. The increase in overnight stays, arrivals and revenue in 2022 is the result of calming of market activity once the epidemiological situation concerning COVID-19 became favourable, as well as of investments performed in 2022 in new mobile homes as well as in the quality of camp facilities and services. Intensified marketing activities and strategically planned investments in key sales channels certainly contributed to the increase in overnight stays and financial performance nearing the 2019 results.



Capacities of the Campsite „Park Soline“

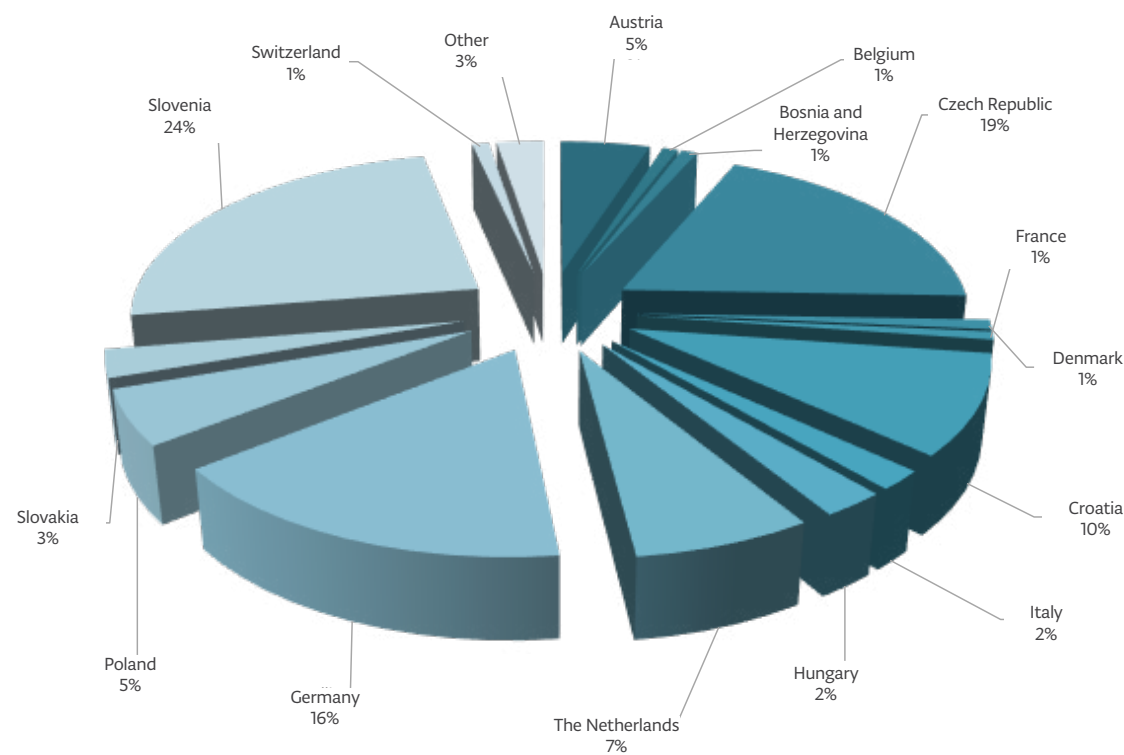
		2019	2020	2021	2022
I	EXTRA ZONE				
	CAMPING PITCHES	81	81	81	81
	CAMPING PLOTS	0	0	0	0
	TOTAL	81	81	81	81
II	FIRST ZONE				
	CAMPING PITCHES	303	303	303	303
	CAMPING PLOTS	0	0	0	0
	TOTAL	303	303	303	303
III	SECOND ZONE				
	CAMPING PITCHES	208	208	208	208
	CAMPING PLOTS	0	0	0	0
	TOTAL	198	208	208	208
IV	THIRD ZONE				
	CAMPING PITCHES	628	616	616	616
	CAMPING PLOTS	0	0	0	0
	TOTAL	628	616	616	616
Σ	GRANDTOTAL				
	CAMPING PITCHES	1220	1208	1208	1208
	CAMPING PLOTS	0	0	0	0
	GRANDTOTAL	1220	1208	1208	1208



Arrivals and overnight stays by outbound market and average days of stay in 2022 and a comparison with 2021 and 2019

Country	2022		2021		2019		INDEX 2022/2019		INDEX 2022/2021		AVERAGE STAY (DAYS)		
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	2022	2021	2019
Austria	2.435	15.255	1.478	9.311	1.997	12.363	121,93	123,39	164,75	163,84	6,26	6,30	6,19
Belgium	379	2.621	226	1.261	334	2.427	113,47	107,99	167,70	207,85	6,92	5,58	7,27
Bosnia and Herzegovina	554	2.728	430	2.259	617	2.924	89,79	93,30	128,84	120,76	4,92	5,25	4,74
Czech Republic	7.763	59.207	5.224	39.200	7.274	56.268	106,72	105,22	148,60	151,04	7,63	7,50	7,74
Denmark	348	2.904	233	2.120	445	3.602	78,20	80,62	149,36	136,98	8,34	9,10	8,09
France	412	2.420	251	1.295	832	5.759	49,52	42,02	164,14	186,87	5,87	5,16	6,92
Croatia	5.180	29.909	6.117	35.685	4.331	28.422	119,60	105,23	84,68	83,81	5,77	5,83	6,56
Italy	857	5.824	220	1.269	1.168	7.305	73,37	79,73	389,55	458,94	6,80	5,77	6,25
Hungary	1.297	7.720	933	5.758	1.559	10.146	83,19	76,09	139,01	134,07	5,95	6,17	6,51
Netherlands	2.554	21.497	1.329	10.833	1.863	16.232	137,09	132,44	192,17	198,44	8,42	8,15	8,71
Germany	6.472	50.866	4.701	33.710	5.373	40.361	120,45	126,03	137,67	150,89	7,86	7,17	7,51
Poland	2.353	16.463	2.306	16.466	2.251	16.284	104,53	101,10	102,04	99,98	7,00	7,14	7,23
Slovakia	1.271	8.379	571	3.864	896	5.750	141,85	145,72	222,59	216,85	6,59	6,77	6,42
Slovenia	11.257	75.430	9.438	67.560	10.805	72.971	104,18	103,37	119,27	111,65	6,70	7,16	6,75
Switzerland	509	2.835	397	2.145	364	1.872	139,84	151,44	128,21	132,17	5,57	5,40	5,14
Other	1.393	7.999	732	4.142	1.398	7.801	99,64	102,54	190,30	193,12	5,74	5,66	5,58
TOTAL	45.034	312.057	34.586	236.878	41.507	290.487	108,50	107,43	130,21	131,74	6,93	6,85	7,00

Overnight stays by source markets for the year 2022



Arrivals, overnight stays and plot numbers by market segment in 2022 and a comparison with 2021 and 2019

MARKET SEGMENT	2022			2021			2019		
	Arrivals	Overnight stays	Pitch	Arrivals	Overnight stays	Pitch	Arrivals	Overnight stays	Pitch
Allotment	6.734	54.446	147	5.770	45.502	170	10.736	84.853	270
Lump sum	14.410	96.196	264	10.924	75.427	253	10.042	69.989	242
Individuals	11.120	71.909	562	8.500	49.625	560	10.590	63.976	508
Mobile homes	12.770	89.506	235	9.392	66.324	225	10.139	71.669	200
TOTAL	45.034	312.057	1.208	34.586	236.878	1.208	41.507	290.487	1.220

MARKET SEGMENT	INDEX 2022/2019			INDEX 2022/2021			AVERAGE DAYS OF STAY		
	Arrivals	Overnight stays	Pitch	Arrivals	Overnight stays	Pitch	2022	2021	2019
Allotment	62,72	64,17	54,44	116,71	119,66	86,47	8,09	7,89	7,90
Lump sum	143,50	137,44	109,09	131,91	127,54	104,35	6,68	6,90	6,97
Individuals	105,00	112,40	110,63	130,82	144,90	100,36	6,47	5,84	6,04
Mobile homes	125,95	124,89	117,50	135,97	134,95	104,44	7,01	7,06	7,07
TOTAL	108,50	107,43	99,02	130,21	131,74	100,00	6,93	6,85	7,00

Overview of overnight stays by outbound market and by market segment in 2022 and a comparison with 2021 and 2019

	MOBILE HOMES					AGENCIES					LUMP SUM					INDIVIDUALS					TOTAL				
	2022	2021	2019	Index 2022/2019	Index 2022/2021	2022	2021	2019	Index 2022/2019	Index 2022/2021	2022	2021	2019	Index 2022/2019	Index 2022/2021	2022	2021	2019	Index 2022/2019	Index 2022/2021	2022	2021	2019	Index 2022/2019	Index 2022/2021
Austria	5.631	2.730	3.740	150,56	206,26	327	280	1.668	19,60	116,79	4067	2.193	2.441	166,61	185,45	5.230	4.108	4.514	115,86	127,31	15.255	9.311	12.363	123,39	163,84
Belgium	785	400	695	112,95	196,25	110	152	666	16,52	72,37	253	210	124	204,03	120,48	1.473	503	942	156,37	292,84	2.621	1.265	2.427	107,99	207,19
Bosnia and Herzegovina	871	641	716	121,65	135,88	20	117	353	5,67	17,09	1449	1.261	1.530	94,71	114,91	388	260	325	119,38	149,23	2.728	2.279	2.924	93,30	119,70
The Czech Republic	8.127	3.556	2.838	286,36	228,54	38064	27.048	46.775	81,38	140,73	8821	4.583	3.782	233,24	192,47	4.195	3.994	2.873	146,01	105,03	59.207	39.181	56.268	105,22	151,11
Denmark	1.275	1.033	1.310	97,33	123,43	448	220	781	57,36	203,64	175	36	166	105,42	486,11	1.006	831	1.345	74,80	121,06	2.904	2.120	3.602	80,62	136,98
France	268	254	686	39,07	105,51	1129	537	3.880	29,10	210,24	107	123	108	99,07	86,99	916	328	1.085	84,42	279,27	2.420	1.242	5.759	42,02	194,85
Croatia	6.657	10.087	5.741	115,96	66,00	588	1.030	2.465	23,85	57,09	19431	21.728	16.446	118,15	89,43	3.133	2.842	3.770	83,10	110,24	29.809	35.687	28.422	104,88	83,53
Italy	2.093	519	2.206	94,88	403,28	335	132	1.017	32,94	253,79	488	36	631	77,34	1355,56	2.908	596	3.451	84,27	487,92	5.824	1.283	7.305	79,73	453,94
Hungary	4.000	2.427	3.513	113,86	164,81	314	1.145	3.889	8,07	27,42	2014	974	1.115	180,63	206,78	1.392	1.212	1.629	85,45	114,85	7.720	5.758	10.146	76,09	134,07
Netherlands	7.393	3.620	5.532	133,64	204,23	3865	1.699	2.779	139,08	227,49	1259	494	433	290,76	254,86	8.980	5.020	7.488	119,93	178,88	21.497	10.833	16.232	132,44	198,44
Germany	16.720	11.753	13.551	123,39	142,26	2300	3.264	5.649	40,72	70,47	9112	4.639	4.125	220,90	196,42	22.734	14.054	17.036	133,45	161,76	50.866	33.710	40.361	126,03	150,89
Poland	5.002	3.002	6.481	77,18	166,62	1050	3.744	4.019	26,13	28,04	5134	4.680	2.854	179,89	109,70	5.277	5.040	2.930	180,10	104,70	16.463	16.466	16.284	101,10	99,98
Slovakia	2.788	978	1.898	146,89	285,07	400	143	932	42,92	279,72	4301	1.853	1.807	238,02	232,11	890	890	1.113	79,96	100,00	8.379	3.864	5.750	145,72	216,85
Slovenia	23.099	22.723	19.986	115,58	101,65	4886	5.617	9.087	53,77	86,99	36825	30.729	31.908	115,41	119,84	10.620	8.491	11.990	88,57	125,07	75.430	67.560	72.971	103,37	111,65
Switzerland	1.324	1.060	411	322,14	124,91	37	89	158	23,42	41,57	594	503	332	178,92	118,09	880	493	971	90,63	178,50	2.835	2.145	1.872	151,44	132,17
Others	3.473	1.541	2.365	146,85	225,37	573	285	735	77,96	201,05	2166	1.385	2.187	99,04	156,39	1.887	963	2.514	75,06	195,95	8.099	4.174	7.801	103,82	194,03
TOTAL	89.506	66.324	71.669	124,89	134,95	54.446	45.502	84.853	64,17	119,66	96.196	75.427	69.989	137,44	127,54	71.909	49.625	63.976	112,40	144,90	312.057	236.878	290.487	107,43	131,74

Cumulative overview of daily and monthly occupancy of campsite accommodation units in 2022 and comparison with 2021 and 2019

MONTH	APRIL				MAY				JUNE			
SEGMENT	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY
MOBILE HOMES ILIRIJA	7.050	689	9,77%	2,93	7.285	520	7,14%	2,21	7.050	5.011	71,08%	21,32
AGENCIES	4.410	4.410	100,00%	30,00	4.557	4.557	100,00%	31,00	4.410	4.410	100,00%	30,00
LUMP SUM	7.920	7.920	100,00%	30,00	8.184	8.184	100,00%	31,00	7.920	7.920	100,00%	30,00
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	11.490	731	6,36%	1,91	11.873	721	6,07%	1,88	11.490	2.521	21,94%	6,58
INDIVIDUALS CAMPING STANDARD IV ZONE	5.370	0	0,00%	0,00	5.549	0	0,00%	0,00	5.370	41	0,76%	0,23
INDIVIDUALS TOTAL	16.860	731	4,34%	1,30	17.422	721	4,14%	1,28	16.860	2.562	15,20%	4,56
TOTAL	36.240	13.750	37,94%	11,38	37.448	13.982	37,34%	11,57	36.240	19.903	54,92%	16,48

MONTH	JULY				AUGUST				SEPTEMBER			
SEGMENT	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY
MOBILE HOMES ILIRIJA	7.285	6.715	92,18%	28,57	7.285	6.939	95,25%	29,53	7.050	3.361	47,67%	14,30
AGENCIES	4.557	4.557	100,00%	31,00	4.557	4.557	100,00%	31,00	4.410	4.410	100,00%	30,00
LUMP SUM	8.184	8.184	100,00%	31,00	8.184	8.184	100,00%	31,00	7.920	7.920	100,00%	30,00
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	11.873	6.049	50,95%	15,79	11.873	8.937	75,27%	23,33	11.490	3.050	26,54%	7,96
INDIVIDUALS CAMPING STANDARD IV ZONE	5.549	958	17,26%	5,35	5.549	914	16,47%	5,11	5.370	34	0,63%	0,19
INDIVIDUALS TOTAL	17.422	7.007	40,22%	12,47	17.422	9.851	56,54%	17,53	16.860	3.084	18,29%	5,49
TOTAL	37.448	26.463	70,67%	21,91	37.448	29.531	78,86%	24,45	36.240	18.775	51,81%	15,54

MONTH	OCTOBER				TOTAL 2022					TOTAL 2021				
SEGMENT	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY
MOBILE HOMES ILIRIJA	3.525	21	0,60%	0,18	235	46.530	23.256	49,98%	98,96	225	44.550	17.454	39,18%	77,57
AGENCIES	2.205	2.205	100,00%	31,00	147	29.106	29.106	100,00%	198,00	170	33.660	33.660	100,00%	198,00
LUMP SUM	3.960	3.960	100,00%	31,00	264	52.272	52.272	100,00%	198,00	253	49.912	49.912	100,00%	198,00
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	5.745	243	4,23%	1,31	383	75.834	22.252	29,34%	58,10	337	66.726	16.679	25,00%	49,49
INDIVIDUALS CAMPING STANDARD IV ZONE	2.685	0	0,00%	0,00	179	35.442	1.947	5,49%	10,88	223	44.336	1.236	2,79%	5,52
INDIVIDUALS TOTAL	8.430	243	2,88%	0,89	562	111.276	24.199	21,75%	43,06	560	111.062	17.915	16,13%	31,94
TOTAL	18.120	6.429	35,48%	11,00	1208	239.184	128.833	53,86%	106,65	1208	239.184	118.941	49,73%	98,46

MONTH	TOTAL 2019					INDEX 2022/2019					INDEX 2022/2021				
SEGMENT	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY
MOBILE HOMES ILIRIJA	200	55.000	18.890	34,35%	94,45	117,50	85	123	145,50%	104,78	104,44	104	133	127,57%	127,57
AGENCIES	270	74.250	74.250	100,00%	275,00	54,44	39	39	100,00%	72,00	86,47	86	86	100,00%	100,00
LUMP SUM	242	66.458	66.458	100,00%	275,00	109,09	79	79	100,00%	72,00	104,35	105	105	100,00%	100,00
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	354	97.350	21.323	21,90%	60,23	108,19	78	104	133,99%	96,46	113,65	114	133	117,39%	117,39
INDIVIDUALS CAMPING STANDARD IV ZONE	154	42.442	1.735	4,09%	11,24	116,23	84	112	134,31%	96,77	80,27	80	158	197,05%	197,05
INDIVIDUALS TOTAL	508	139.792	23.058	16,49%	45,36	110,63	80	105	131,88%	94,93	100,36	100	135	134,82%	134,82
TOTAL	1220	335.500	182.656	54,44%	149,72	99,02	71	71	98,94%	71,23	100,00	100	108	108,32%	108,32

Campsite revenue in 2022 and a comparison with 2021 and 2019

SEGMENT		2022			2021			2019			INDEX		INDEX	
		GENERATED TILL 31/12/2022			GENERATED TILL 31/12/2021			GENERATED TILL 31/12/2019			2022/2019		2022/2021	
		NO.OF PITCHES	OVERNIGHT STAYS	REVENUES	NO.OF PITCHES	OVERNIGHT STAYS	REVENUES	NO.OF PITCHES	OVERNIGHT STAYS	REVENUES	OVERNIGHT STAYS	REVENUES	OVERNIGHT STAYS	REVENUES
1	MOBILE HOMES	235	89.506	21.590.612,26 kn	225	66.324	13.006.945,77 kn	200	71.669	13.080.977,08 kn	125	165	135	166
2	AGENCIES	147	54.446	3.795.385,11 kn	170	45.502	3.341.176,93 kn	270	84.853	4.961.578,20 kn	64	76	120	114
3	INDIVIDUALS	562	71.909	8.721.086,20 kn	560	49.625	4.975.347,82 kn	508	63.976	6.409.705,47 kn	112	136	145	175
4	LUMP SUM	264	96.196	8.993.945,55 kn	253	75.427	7.475.145,87 kn	242	69.989	5.534.344,91 kn	137	163	128	120
5	OTHER SERVICES	0		1.879.297,78 kn	-	-	1.332.955,89 kn	-	-	2.049.767,64 kn	#REF!	92	#REF!	141
TOTAL:		1208	312.057	44.980.326,90 kn	1208	236.878	30.131.572,28 kn	1220	290.487	32.036.373,30 kn	107	140	132	149

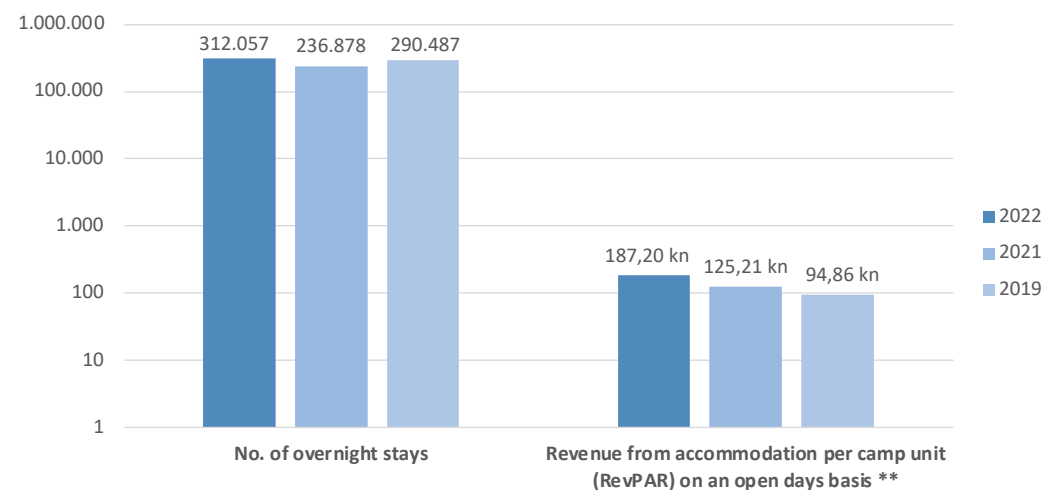
Summary of key market indicators of the “Park Soline” campsite

Ending with 2022, the Company camping sector, consisting of the “Park Soline” campsite and the “Park Soline” restaurant, recorded a significant increase compared to the previous year, both according to physical and financial indicators.

The business year 2022 was marked both by the recovery of business from the coronavirus crisis and by excellent results in terms of physical and financial indicators, which significantly exceed the record year 2019. An increase of 7% of overnight stays was recorded compared to 2019, as well as an increase of 40% in terms of financial targets. Compared to the previous business year, the “Park Soline” campsite recorded a higher number of guest arrivals and overnight stays, which resulted in the 8.32% increase in capacity occupancy, a 38.02% increase in the average price, and a 49.50% increase in accommodation revenue per campsite unit, on the basis of campsite unit occupancy with regard to days of availability.

With regard to 2019, the following shares were recorded: a 99% share of campsite unit occupancy based on availability, an increase of 99.45% in the average achieved campsite price, and an increase of 97.33% in the accommodation price per campsite unit based on days of availability. Such an improvement in key market indicators was the result of excellent booking levels in peak and late season, as well as dynamic price changes.

Number of overnight stays and revenue from accommodation per camp unit in the campsite “Park Soline” in 2022, 2021 and 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

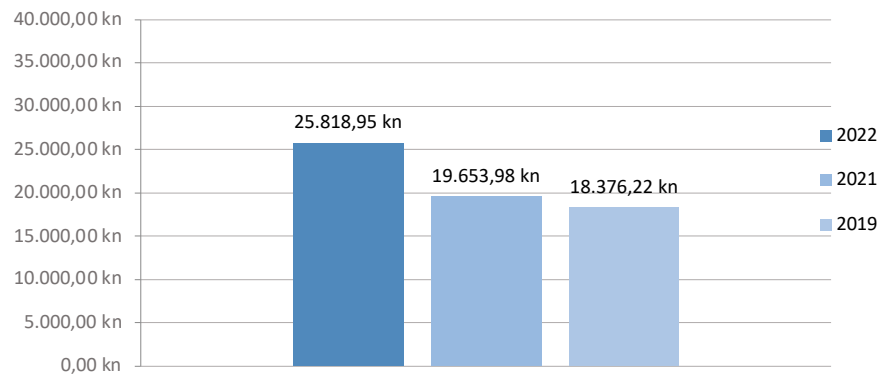
	2022	2021	2019	2022/2019	2022/2021
Accommodation capacities:					
Number of camping units	1.208	1.208	1.220	-0,98%	0,00%
Number of guests	3.624	3.624	3.660	-0,98%	0,00%
Physical turnover:					
No. of overnight stays	312.057	236.878	290.487	7,43%	31,74%
No. of sold camp units	128.833	118.941	182.656	-29,47%	8,32%
Annual occupancy rate of the camp units (%)	29,22%	26,98%	41,02%	-28,77%	8,32%
Occupancy rate of the units on an open days basis (%)	53,86%	49,73%	54,44%	-1,06%	8,32%
Financial results:					
TOTAL OPERATING REVENUE	44.980.326,90 kn	30.131.572,28 kn	32.036.373,30 kn	40,40%	49,28%
Fixed lease:					
Revenue - fixed lease	3.795.385,11 kn	3.341.176,93 kn	4.961.578,20 kn	-23,50%	13,59%
Average revenue per accommodation unit	25.818,95 kn	19.653,98 kn	18.376,22 kn	40,50%	31,37%
Share in the total operating campsite revenue	8,4%	11,1%	15,5%	-45,52%	-23,91%
Number of units	147	170	270	-45,56%	-13,53%
Lump sum:					
Revenue - Lump sum	8.993.945,55 kn	7.475.145,87 kn	5.534.344,91 kn	62,51%	20,32%
Average revenue per accommodation unit	34.067,98 kn	29.546,03 kn	22.869,19 kn	48,97%	15,30%
Share in the total operating campsite revenue	20,0%	24,8%	17,3%	15,75%	-19,40%
Number of units	264	253	242	9,09%	4,35%
Individuals:					
Revenue - Individuals	8.721.086,20 kn	4.975.347,82 kn	6.409.705,47 kn	36,06%	75,29%
Average revenue per accommodation unit	15.517,95 kn	8.884,55 kn	12.617,53 kn	22,99%	74,66%
Share in the total operating campsite revenue	19,4%	16,5%	20,0%	-3,09%	17,42%
Number of units	562	560	508	10,63%	0,36%
Mobile homes:					
Revenue - Mobile homes	21.590.612,26 kn	13.006.945,77 kn	13.080.977,08 kn	65,05%	65,99%
Average revenue per mobile homes	91.874,95 kn	57.808,65 kn	65.404,89 kn	40,47%	58,93%
Share in the total operating campsite revenue	48,0%	43,2%	40,8%	17,56%	11,20%
Number of mobile homes	235	225	200	17,50%	4,44%
Extra services:					
Revenue -extra services	1.879.297,78 kn	1.332.955,89 kn	2.049.767,64 kn	-8,32%	40,99%
Average revenue per accommodation unit	1.555,71 kn	1.103,44 kn	1.680,14 kn	-7,41%	40,99%
Share in the total operating campsite revenue	4,2%	4,4%	6,4%	-34,70%	-5,55%
Total number of units	1208	1208	1220	-0,98%	0,00%
Average daily rate of the camp unit (ADR)*					
Average daily rate of the camp unit (ADR)*	347,54 kn	251,79 kn	174,24 kn	99,45%	38,02%
Revenue from accommodation per camp unit (RevPAR) on a basis of 365 days **					
Revenue from accommodation per camp unit (RevPAR) on a basis of 365 days **	101,55 kn	67,92 kn	71,47 kn	42,08%	49,50%
Revenue from accommodation per camp unit (RevPAR) on an open days basis **	187,20 kn	125,21 kn	94,86 kn	97,33%	49,50%

Notes:

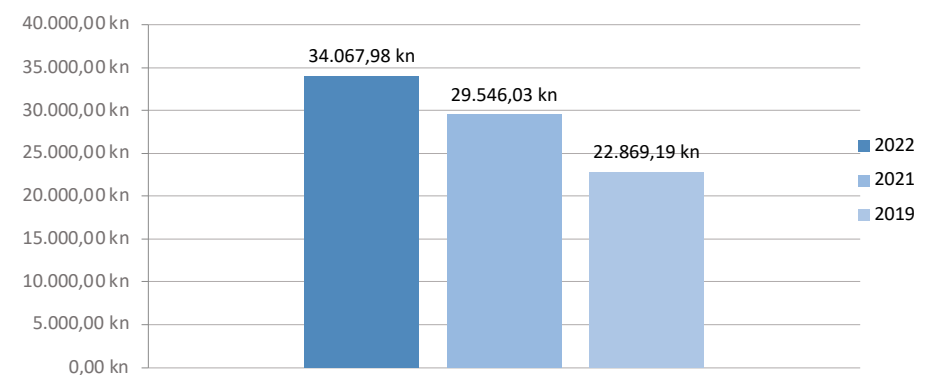
* ADR - Average daily rate of a camp unit is calculated on the basis of the revenue from accommodation in the campsite and the number of camp units sold.

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

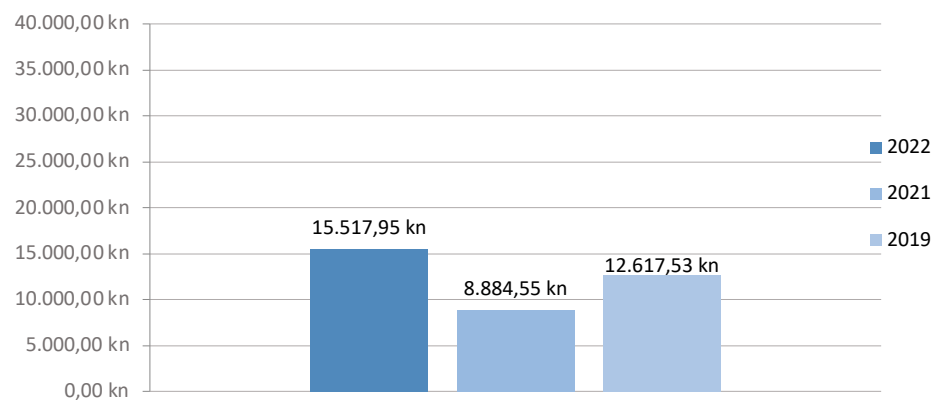
Average revenue per fixed lease unit in the campsite "Park Soline" in 2022, 2021 and 2019



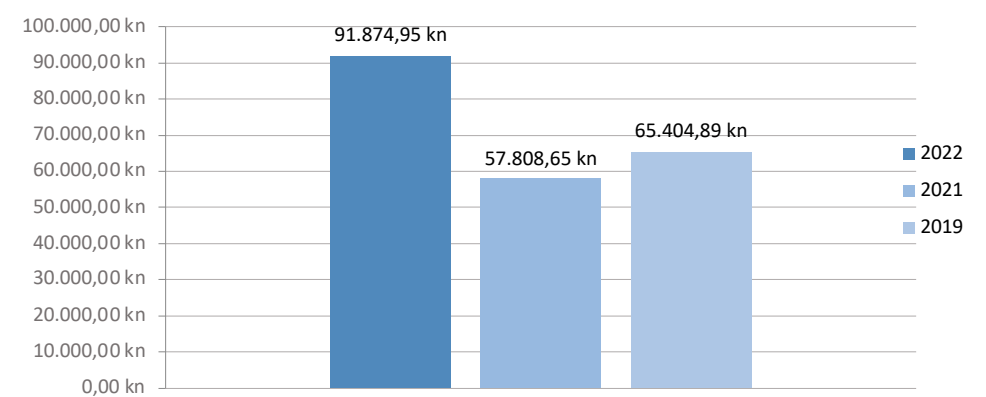
Average revenue per lump sum unit in the campsite "Park Soline" in 2022, 2021 and 2019



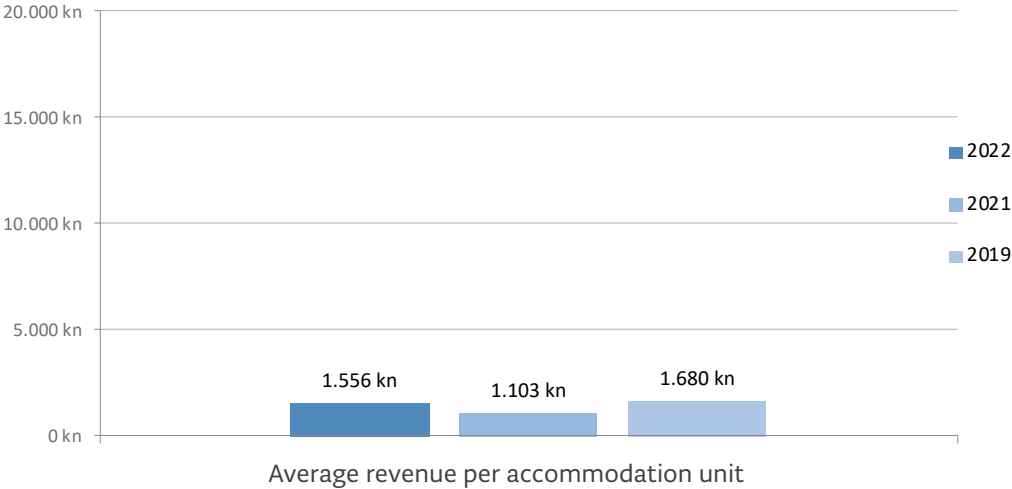
Average revenue per individuals unit in the campsite "Park Soline" in 2022, 2021 and 2019



Average revenue per mobile homes in the campsite in "Park Soline" in 2022, 2021 and 2019



Average revenue per extra services in the campsite Park Soline in 2022, 2021 and 2019



6.4 CITY GALLERIA BUSINESS AND SHOPPING CENTER

City Galleria Business and Shopping Center is located in a heavily residential area in the immediate centre of Zadar, just a ten-minute walk from the old town. Due to the good location of the building and the fact it is surrounded by some of the main city roads, the City Galleria Business and Shopping Center is exceptionally easy to spot and access by a large number of local residents and foreign visitors. Thanks to its unique architectural concept and diverse range of amenities and services, the City Galleria Centre has become a place where the daily life of city residents takes place.

The total gross area of the building is more than 28,500 m², spread over a total of six floors including two floors for an underground garage and four floors with business and retail space. The total gross area of the centre is comprised of an underground garage with a surface area of 10,863.50 m², business premises with a total net rentable surface area of 9,464.72 m², and connecting, technical and common areas. By purchasing the business premises in the neighbouring Phase 1 of the Zadar Shopping Centre facility, which was completed in December 2020, the Company secured an additional 142.13 m² of business premises intended for lease. In 2021, the Company bought three additional business premises in Phase 1, as well as another in April 2022, and currently disposes of a total of 289.96 m² in Phase 1 of the facility.

As at 31 December 2022, the occupancy of the centre amounted to 99.76% of all capacities, that is, 37 business lease agreements were active, with a surface area range from 9,80 m² to 1,836 m². The business premises occupancy rate in Phase 1 for the same period was 84.99%. Taking into account the total net area of the business premises in Phases 1 and 2 of the facility, amounting to 9,754.68 m², the current total occupancy rate is 99.32%.

Business revenue of the Centre generated in 2022 through lease of business premises, common costs, use of common parts of the centre, lease of advertising space, garage revenues and lease of business premises in Phase 1 of the Centre, amounted to HRK 13,570,648.54. Other operating revenue relating to insurance claims amounted to HRK 220,157.24 in the relevant period, which brings the total generated revenue in 2022 to HRK 13,790,805.78. Total revenue generated in 2021 amounted to HRK 13,076,060.86, which represents growth of 5.46% realised in 2022. Compared to 2019, as the last pre-pandemic year with regular business processes, in which a total operating revenue in the amount of HRK 14,255,205.21 was realised, the results achieved last year were 3.26% lower.

The category of revenue from business premises lease in 2022 recorded an increase of 1.51% relative to 2021, or a decrease of 12.08% relative to 2019. Revenue from

common costs recorded a decrease of 1.33% compared to 2021, and a decrease of 2.97% compared to the 2019 results. In the category of revenue from common area use, compared to the results achieved in 2021, a significant increase of 27.58% was recorded, while compared to 2019, an increase at a rate of 38.97% was recorded. Revenue from the lease of advertising space recorded a slight increase of 2.01% compared to the revenue realised in 2021, and an increase of 5.69% compared to 2019. In the garage revenue category, a significant increase of as much as 33.40% was recorded compared to 2021, and a significant increase of 25.25% compared to 2019. Operating revenue from the lease of business premises in the neighbouring Phase 1 of the Centre in 2022 amounted to HRK 166,893.52, representing an increase of 47.55% compared to 2021, when they amounted to HRK 113,113.46, while in 2019, this category did not record any results.

In 2022, the number of vehicles visiting the public underground garage of the centre amounted to 703,511, while in 2021 it amounted to 669,197. The said result constitutes a 5.13% increase in the reporting year. Compared to 2019 results, then the number of vehicles in the garage was 763,982, the current result represents a decrease of 7.92%. In addition to the increase in revenue and the number of visitors of the garage in 2022 relative to the previous business year, there was also an increase in the time spent in the garage by users.



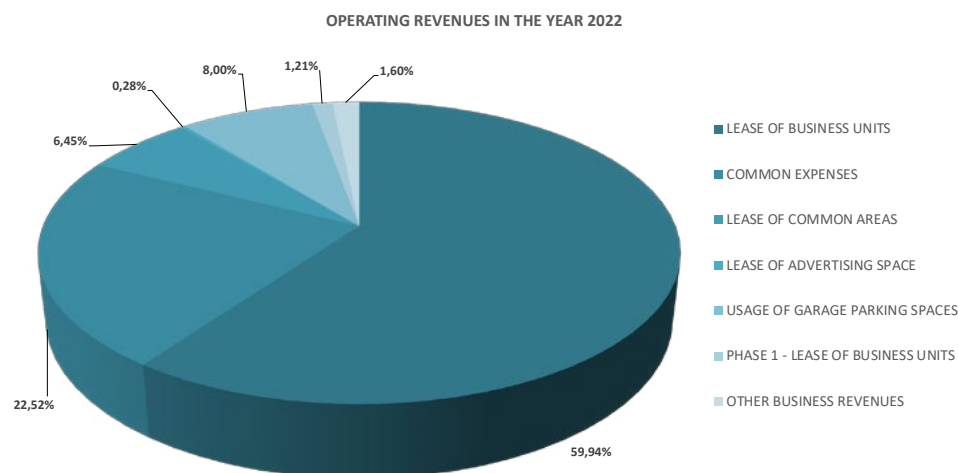
Business revenue of the City Galleria Business and Shopping Centre in Zadar in 2022 and a comparison with 2021 and 2019

DESIGNATION	DESCRIPTION	NUMBER OF ACTIVE CONTRACTS	SURFACE AREA (m2)	REVENUES IN 2022	%	REVENUES IN 2021	%	INDEX 2022/2021	REVENUES IN 2019	%	INDEX 2022/2019
1	LEASE OF BUSINESS UNITS	37	9.464,72	8.265.835,44 kn	59,94%	8.143.267,12 kn	62,28%	102	9.401.885,85 kn	65,95%	88
2	COMMON EXPENSES	35	6.668,13	3.106.267,07 kn	22,52%	3.148.068,51 kn	24,08%	99	3.201.496,63 kn	22,46%	97
3	LEASE OF COMMON AREAS	27	1.536,00	889.206,73 kn	6,45%	697.003,17 kn	5,33%	128	639.869,40 kn	4,49%	139
4	LEASE OF ADVERTISING SPACE	8	130,98	38.897,18 kn	0,28%	38.129,16 kn	0,29%	102	36.804,80 kn	0,26%	106
5	USAGE OF GARAGE PARKING SPACES	410***	10.863,50	1.103.548,60 kn	8,00%	827.222,15 kn	6,33%	133	881.048,10 kn	6,18%	125
6	PHASE 1 - LEASE OF BUSINESS UNITS	5	289,96	166.893,52 kn	1,21%	113.113,43 kn	0,00%	0	0,00 kn	0,00%	0
REVENUES:				13.570.648,54 kn	98,40%	12.966.803,54 kn	99,16%	105	14.161.104,78 kn	99,34%	96
7	OTHER BUSINESS REVENUES			220.157,24 kn	1,60%	109.257,32 kn	0,84%	202	94.100,43 kn	0,66%	234
TOTAL REVENUES				13.790.805,78 kn	100,00%	13.076.060,86 kn	100,00%	105	14.255.205,21 kn	100,00%	97

* total net leasable surface area

** total net leasable area for calculation of common expenses

*** number of parking spaces in the garage



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

Business in 2022 continued in the conditions of adaptation to the economic consequences of the global pandemic, as well as macroeconomic and political turmoil on the continent, which had an impact on the results of the City Galleria Business and Shopping Centre. Despite the fact that the World Health Organization declared the global COVID-19 pandemic in March 2020, and despite significant disruptions in the operations in all world markets, the City Galleria Centre achieved positive operating results both in 2020 and in 2021 in a challenging environment while adjusting its operations to the economic consequences of the epidemic and restrictions in the performance of activities resulting from the adoption of epidemiological measures by the competent services. Although the year 2022 brought new uncertainties in terms of political and security turmoil on the continent, the City Galleria Business and Shopping Centre prospered and achieved an increase in operating results relative to the past two years.

The total rentable area of the facility is 9,464.72 m². By purchasing the business premises in the neighbouring Phase 1 of the Zadar Shopping Centre facility, the Company secured an additional 289.96 m² of business space for lease, which increased the total

rentable area of all business spaces owned by ILIR-IJA d.d. to 9,754.68 m². On 31 December 2022, a total of 37 business lease agreements were active, i.e. the occupancy rate was 99.76% of the indicated net rentable area of the Centre. Most of the revenue of the City Galleria Business and Shopping Centre comes from business leasing. The average lease per square metre of active business premises in 2022 was HRK 72.77/m², or EUR 9.66/m² per month. Other revenue was based on calculating common costs (calculated for the area of 6,668.13 m²), leasing and business use of common areas of the Business and Shopping Centre (1,536.00 m² in total), collection of single parking fees and leasing of parking spaces in the underground garage of the Centre (total area of 10,863.50 m²), leasing of business premises in Phase 1 of the facility (total area of 289.96 m²), and, in the smallest share, leasing advertising space on the façade of the Centre (total area of 130.98 m²). Total revenue generated in 2022 increased by 5.47% relative to the previous year. A 3.26% decrease in revenue was recorded relative to the financial results from 2019, mostly in the segment of revenue from leases. The decrease in revenue from leases was caused mostly by lowered business terms of lease for business premises granted to tenants, who faced challenges in carrying out their busi-

ness activities and did not do business under regular circumstances, as well as by a lower additional rent amount calculated based on the difference in the realised net turnover of tenants.

The public underground garage of the Centre has a total of 410 parking spaces, and its occupancy in 2022 shows a 5.13% increase relative to the previous year, with 703,511 vehicles, while the occupancy in 2021 was 669,197 vehicles. The results achieved in 2022 constitute a 7.92% decrease in the number of visitors relative to the pre-crisis year 2019, when the number of vehicles in the garage amounted to 763,982. The garage revenue from single parking fees; monthly, weekly, and daily tickets; annual subscriptions and leased parking spaces in 2022 amounted to a total of HRK 1,103,548.60, and an average garage revenue per parking space amounted to HRK 2,691.58, representing an increase of as much as 33.40% compared to the previous year. Relative to 2019, when the average revenue per parking spot amounted to HRK 2,148.90, and total revenue to HRK 881,048.10, a significant increase in the said revenue (namely by 25.25%) was recorded in the current year.

Key market indicators of the real estate sector - City Galleria

PERIOD	2022	2021	2019	2022/2019	2022/2021
Commercial capacities:					
Premises - floor area (m ²)	9.464,72	9.924,60	9.897,60	-4%	-5%
Shared costs - floor area (m ²)	6.668,13	7.178,18	7.173,53	-7%	-7%
Common areas - floor area (m ²)	1.536,00	1.051,50	1.018,80	51%	46%
Advertising space - floor area (m ²)	130,98	129,18	129,18	1%	1%
Garage - floor area (m ²)	10.863,50	10.863,50	10.863,50	0%	0%
Commercial turnover:					
Premises - number of active contracts	37	37	37	0%	0%
Shared costs - number of active contracts	35	36	36	-3%	-3%
Common areas - number of active contracts	27	26	21	29%	4%
Advertising space - number of active contracts	8	8	8	0%	0%
Garage - number of parking spaces	410	410	410	0%	0%
Garage - turnover of vehicles	703.511	669.197	763.982	-8%	5%
Financial results:					
Average monthly rent earned per m ² of premises (AMR)*	72,77 kn	68,38 kn	79,16 kn	-8%	6%
Average rent earned per m ² of premises for the period	873,21 kn	820,51 kn	949,92 kn	-8%	6%
Average revenue from the garage per parking space for the period**	2.691,58 kn	2.017,62 kn	2.148,90 kn	25%	33%

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.

6.5 ILIRIJA TRAVEL

There were 361 events involving 12,167 people in 2021. In 2022, however, the DMC Ilirija Travel realised 297 events involving 29,830 people. A 46% decrease in the number of events resulted in a 145% increase in participants, since some measures retained in 2021 prevented the realisation of major events (number of participants at weddings and other events as well as capacity in excursion programmes). Such restrictions did not exist in 2022, and activities involving a significantly larger number of people were allowed. The number of events and persons covered by the services of the DMC Ilirija Travel agency was lower than in 2019, namely by 51% and 46% respectively. However, the revenue amounting to 81% of the revenue from 2019 came closer to the agency's previous achievements thanks to services with greater added value.

Ilirija Travel, as a destination management company developing new services and amenities as a complementary tourist product by integrating all components of the Company and destination links, with a special emphasis on pre-season and post-season programmes, in which segments we recorded a continuous increase in the supply and placement of value-added services and a record increase in revenue. The components of DMC Ilirija Travel agency, vehicle fleet, the multi-functional premises of Arsenal, the "Nada" event boat, agrotourism, the Villa Primorje, and the set of excursions and the organ-

isation of the MICE offer, other events and the tailor-made offer – has traditionally composed the backbone of the Company's extended season, as well as the reinforcement of the guests' experiences and impressions, based on facilities within complementary forms of tourism and special-interest tourism. This complementary nature is especially significant in the pre-season and off-season. With the lifting of counter-pandemic measures, it became relevant again, but still in peak and late season. Strengthening the channel of sales to groups in the hotel segment where business meetings and events (congress, conference, and similar programmes) are combined with holiday and entertainment amenities brought about a significant recovery of the business segment. Excursion programmes were reinstated, albeit with a partially reduced volume, namely due to a generally lower probability of spending given the increase in prices of all inputs (fuel, tickets, parking, etc.), while transfer services have intensified due to changes in the means of transport used, i.e. a more frequent use of air transport for arrivals relative to arrivals by passenger cars, caused by a significant increase in fuel prices.

The engagement of capacities and the agency offer for foreign, mostly business clients, in Arsenal, the dispersed hotel and agrotourism complex, the restaurant in Marina Kornat, and especially the event boat

Nada, carried out mostly in pre-season and post-season. Concerts and gala events were reinstated, and so were different cultural events both in Zadar and in the region, as well as weddings allowing the usual number of participants in Arsenal and other facilities of the Company.

The increased revenue of DMC Ilirija Travel reflects the renewed demand for all types of facilities and offer, which can be entirely credited to the second quarter and continued growth in the third quarter, which already recovered last year, and continuation of the post-season in 2022. The revenue pertaining to the organization of events and excursions realised also in other profit centres of the Company increased by 119% (from HRK 4,085,506.22 in 2021 to HRK 8,964,200 in 2022). This constitutes 81% of the 2019 revenue, which amounted to HRK 11,037,358.47.

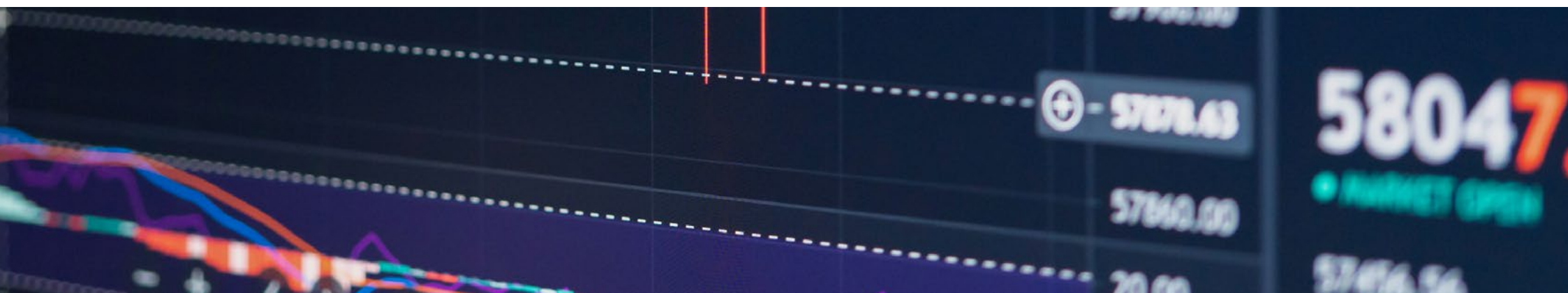


Realized business events in 2022 and comparison with 2019 and 2021

	Number of events					Number of guests					TOTAL REVENUE			INDEX 2022/2019	INDEX 2022/2021
	2022	2021	2019	INDEX 2022/2019	INDEX 2022/2021	2022	2021	2019	INDEX 2022/2019	INDEX 2022/2021	2022	2021	2019		
TOTAL	297	361	609	49	82	29.830	12.167	54.749	54	245	8.964.200 kn	4.085.506,22 kn	11.037.358,47 kn	81	219



7 FINANCIAL RESULTS OF THE COMPANY



7.1 FINANCIAL OPERATING RESULTS OF THE COMPANY BY SECTORS

7.1.1 HOTEL SECTOR

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

	2022	2021	2019	2022/2019	2022/2021
HOTEL SECTOR - BIOGRAD					
Operating revenues	48.604.346,79 kn	30.952.705,10 kn	54.894.923,16 kn	-11,46%	57,03%
Revenues from board services	39.924.422,56 kn	25.215.545,42 kn	45.040.247,93 kn	-11,36%	58,33%
TRevPAR *	133.896,27 kn	83.430,47 kn	147.964,75 kn	-9,51%	60,49%
Operating costs **	37.135.398,95 kn	23.064.110,45 kn	35.871.643,10 kn	3,52%	61,01%
Gross operating profit (GOP) ***	11.468.947,84 kn	7.888.594,65 kn	19.023.280,06 kn	-39,71%	45,39%
GOP per accommodation unit	31.594,90 kn	21.263,06 kn	51.275,69 kn	-38,38%	48,59%
GOP margin****	23,6%	25,5%	34,7%	-32,00%	-7,41%
Capital investments	4.144.327,82 kn	424.987,23 kn	3.835.373,22 kn	8,06%	875,17%
HOTEL SECTOR - SV. FILIP I JAKOV					
Operating revenues	3.971.888,31 kn	50.152,14 kn	4.889.834,46 kn	-18,77%	7819,68%
Revenues from board services	3.654.746,88 kn	0,00 kn	4.449.478,60 kn	-17,86%	#DIV/0!
TRevPAR *	55.165,12 kn	696,56 kn	67.914,37 kn	-18,77%	7819,68%
Operating costs **	3.130.619,84 kn	604.038,12 kn	3.826.827,45 kn	-18,19%	418,28%
Gross operating profit (GOP) ***	841.268,47 kn	-553.885,98 kn	1.063.007,01 kn	-20,86%	-251,88%
GOP per accommodation unit	11.684,28 kn	-7.692,86 kn	14.763,99 kn	-20,86%	-251,88%
GOP margin****	21,2%	-1104,4%	21,7%	-2,57%	-101,92%
Capital investments	140.745,75 kn	245.606,00 kn	1.146.282,66 kn	-87,72%	-42,69%
HOTEL SECTOR - TOTAL ILIRIJA d.d.					
Operating revenues	52.576.235,10 kn	31.002.857,24 kn	59.784.757,62 kn	-12,06%	69,59%
Revenues from board services	43.579.169,44 kn	25.215.545,42 kn	49.489.726,53 kn	-11,94%	72,83%
TRevPAR *	120.864,91 kn	69.983,88 kn	134.954,31 kn	-10,44%	72,70%
Operating costs **	40.266.018,79 kn	23.668.148,57 kn	39.698.470,55 kn	1,43%	70,13%
Gross operating profit (GOP) ***	12.310.216,31 kn	7.334.708,67 kn	20.086.287,07 kn	-38,71%	67,84%
GOP per accommodation unit	28.299,35 kn	16.556,90 kn	45.341,51 kn	-37,59%	70,92%
GOP margin****	23,4%	23,7%	33,6%	-30,32%	-1,03%
Capital investments	4.285.073,57 kn	670.593,23 kn	4.981.655,88 kn	-13,98%	539,00%

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.

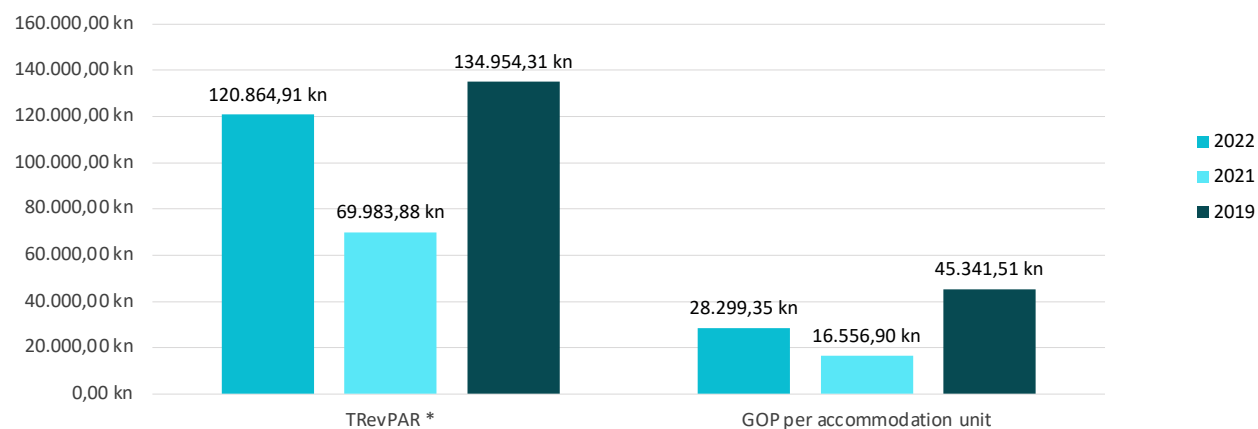
The Company's hotel sector achieved an increase in operating revenue, namely from HRK 31,002,857.24 in 2021 to HRK 52,576,235.10 in 2022, which constitutes a 69.59% increase relative to 2021, as well as a 12.06% revenue decrease relative to 2019. Compared to the previous year, the hotel sector's operating costs increased by 70.13% compared to the previous year, although this is 1.43% less than in 2019. The increase in operating costs of the hotel sector was caused by a significant increase in demand due to the lifting of travel bans, as well as by a significant increase in all costs, from energy to food and service costs, as well as an increase in labour costs.

Gross operating profit (GOP) at the hotel sector level in the observed period amounted to HRK 12,310,216.31 after the previous year's loss of HRK 7,334,708.67, i.e. a loss of HRK 2,581,920.66 in 2020. Thus, the operating profit was 67.84% higher than the 2021 profit, but 38.71% lower than the 2019 profit. GOP per accommodation unit of HRK 28,299.35, this year it was 70.92% higher compared to last year (HRK 16,556.90), but 37.59% lower than in 2019.

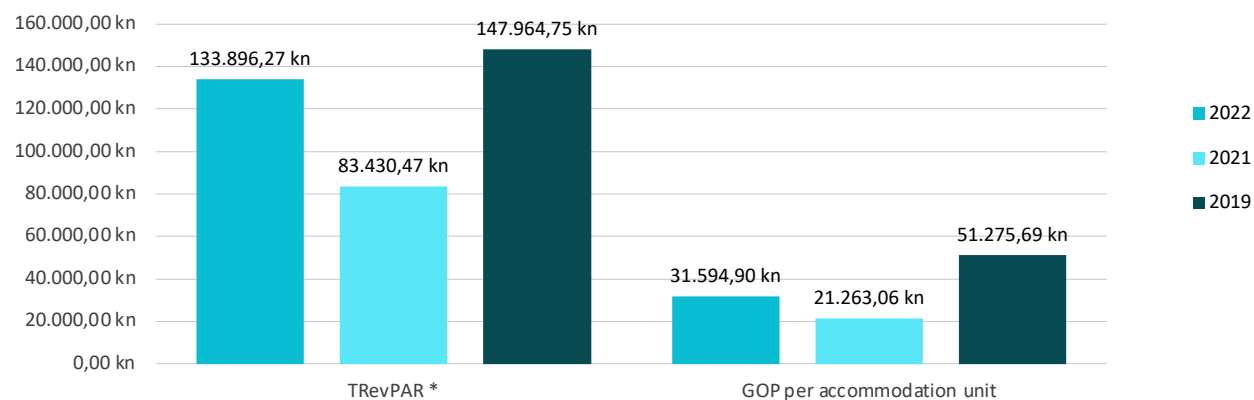
Notes:

* 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).

Total revenues per accommodation unit (TrevPAR) and GOP per accommodation unit the hotels in Biograd na Moru during the period in 2022, 2021 and 2019



Total revenues per accommodation unit (TrevPAR) and GOP per accommodation unit in the hotel sector of Ilirija d.d. in 2022, 2021 and 2019



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HOTEL SECTOR (AFTER THE ALLOCATION OF COMMON REVENUES AND COMMON COSTS)

Items	Annual cumulative achievements in 2019	Annual cumulative achievements in 2021	Annual cumulative achievements in 2022	Index 2022/2021
TOTAL NET REVENUE (operating)	59.860.840,19	30.944.692,02	52.554.586,54	169,83
Total direct costs	8.270.516,67	4.088.547,04	6.708.678,13	164,08
Total salary and labor costs	15.974.876,13	10.315.464,49	16.825.682,02	163,11
Total other department costs	5.772.018,11	1.609.189,92	3.685.581,89	229,03
TOTAL CONTRIBUTION	29.843.429,28	14.931.490,57	25.334.644,50	169,67
Total costs to GOP	43.323.544,66	27.198.503,90	44.503.115,99	163,62
GOP	16.537.295,53	3.746.188,12	8.051.470,55	214,92
Grandtotal net revenues	60.079.902,56	32.935.929,71	52.762.763,57	160,20
Grandtotal costs	51.627.670,62	36.902.588,17	55.046.403,62	149,17
PROFIT BEFORE TAXATION	8.452.231,94	-3.966.658,46	-2.283.640,05	57,57
Corporate income tax	0,00	0,00	0,00	#DIV/0!
NET PROFIT	8.452.231,94	-3.966.658,46	-2.283.640,05	57,57
EBITDA	15.314.698,27	4.213.090,78	6.048.809,65	143,57
EBIT	10.983.397,51	-3.306.539,95	-1.558.950,07	47,15

7.1 FINANCIAL OPERATING RESULTS OF THE COMPANY BY SECTORS

7.1.2 NAUTICS

In 2022, the nautical sector generated a revenue amounting to HRK 55,013,184.00, namely as follows:

- Marina Kornati – HRK - 45,695,702.00
- “Marina Kornati” restaurant – HRK 4,460,611.00
- Nautical fair – HRK 4,856,871.00

In 2022, Marina Kornati (as the segment with the largest and most significant contribution to the Company’s nautical sector) realised a revenue amounting to HRK 45,695,702.00, which is its best financial result achieved so far. The increase in the marina’s revenue amounted to 8.19% relative to 2021 and 11.77% relative to 2019. In 2022, the revenue per berth amounted to HRK 56,765, which constitutes an 8.19% increase relative to 2021 and a 11.77% increase relative to 2019, as well as the most significant contribution to the financial and operating results of the nautical sector. Other revenue items (daily berth, port service, parking revenue, and business cooperation revenue) also increased in 2022 relative to previous business years. At the same time, Marina Kornati realised a gross operating profit of HRK 29,253,428.00, thus achieving a 2.25% increase relative to the previous year and a 7.20% increase relative to 2019.

In 2022, other segments of the nautical sector (the “Marina Kornati” restaurant and the nautical fair) also record a double-digit increase in revenue. In the reporting period, the revenue of the restaurant

amounted to HRK 4,460,611.00, which constitutes a 27.38% increase relative to 2021 and a 15.80% increase relative to 2019. A significant revenue growth despite the increase in costs resulted in a positive GOP margin relative to 2021 and 2019, pointing to the recovery of the hospitality segment. The nautical fair (which recorded an increase in physical and financial indicators) generated a revenue amounting to HRK 4,856,871.00 in the reporting period, constituting a 40.85% increase relative to 2021 and a 25.24% increase relative to 2019. Moreover, gross operating profit amounted to HRK 1,249,898.00, constituting a 48.38% increase relative to the previous year and a 117.57% increase relative to the pre-pandemic period, which resulted in a GOP margin amounting to 25.7%.

In 2022, the nautical sector achieved the best financial operating result in all its segments in terms of operating revenue and profitability indicator growth evidenced by an increase in gross operating profit. The said profit amounted to HRK 30,626,495.00 for the reporting period, constituting a 4.69% increase relative to 2021 and a 12.43% increase relative to 2019. The achieved operating results confirmed the stability and profitability of all segments of the nautical sector.

Key financial indicators of the nautics

	2022	2021	2019	2022/2019	2022/2021
NAUTICS TOTAL					
Operating revenues	55.013.184 kn	49.185.727 kn	48.610.540 kn	13,17%	11,85%
Operating revenues per berth	68.339 kn	61.100 kn	60.386 kn	13,17%	11,85%
Operating costs*	24.386.688 kn	19.932.662 kn	21.369.247 kn	14,12%	22,35%
GOP **	30.626.496 kn	29.253.065 kn	27.241.293 kn	12,43%	4,69%
GOP per berth	38.045 kn	36.339 kn	33.840 kn	12,43%	4,69%
GOP margin ***	55,7%	59,5%	56%	-0,66%	-6,40%
Capital investments	1.666.142 kn	539.476 kn	1.441.883 kn	15,55%	208,84%
MARINA KORNATI					
Operating revenues	45.695.702 kn	42.234.732 kn	40.880.637 kn	11,78%	8,19%
Operating revenues per berth	56.765 kn	52.466 kn	50.783 kn	11,78%	8,19%
Operating costs*	16.442.274 kn	13.624.329 kn	13.592.673 kn	20,96%	20,68%
GOP **	29.253.428 kn	28.610.403 kn	27.287.964 kn	7,20%	2,25%
GOP per berth	36.340 kn	35.541 kn	33.898 kn	7,20%	2,25%
GOP margin ***	64,0%	67,7%	66,8%	-4,09%	-5,50%
RESTAURANT OF MARINA KORNATI					
Operating revenues	4.460.611 kn	3.501.716,16 kn	3.851.911 kn	15,80%	27,38%
Operating costs*	4.337.442 kn	3.701.413 kn	4.473.074 kn	-3,03%	17,18%
GOP **	123.169 kn	-199.697 kn	-621.163 kn	-119,83%	-161,68%
GOP margin ***	2,8%	-5,7%	-16,1%	-117,12%	-148,42%
BOAT SHOW					
Operating revenues	4.856.871 kn	3.449.279,66 kn	3.877.991 kn	25,24%	40,81%
Operating costs*	3.606.973 kn	2.606.920	3.303.500 kn	9,19%	38,36%
GOP **	1.249.898 kn	842.359	574.492 kn	117,57%	48,38%
GOP margin ***	25,7%	24,4%	14,8%	73,72%	5,38%

Notes:

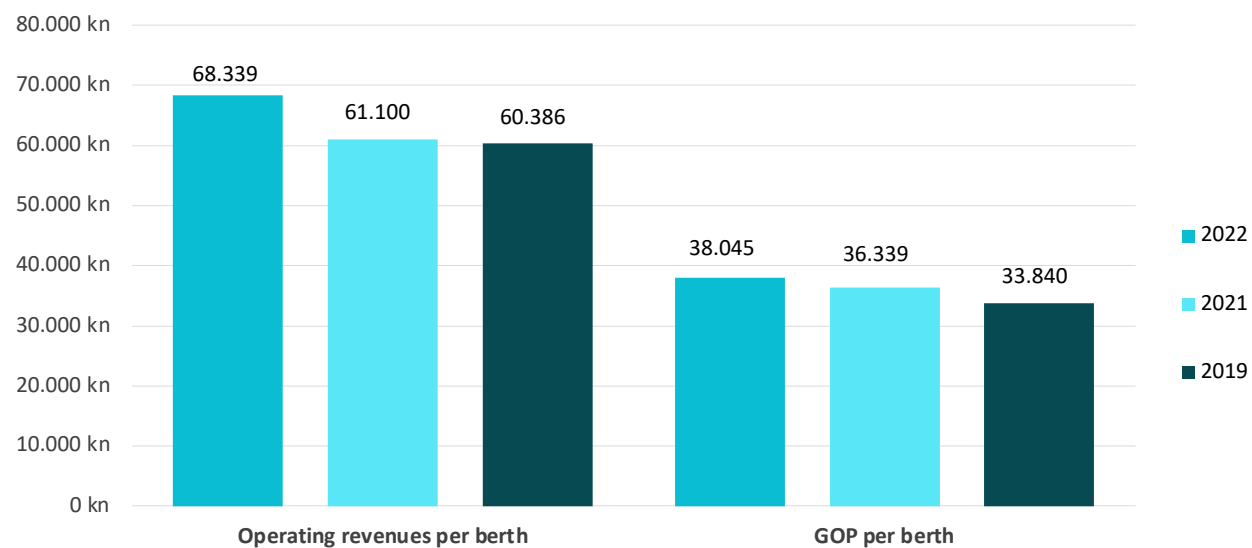
The Nautics of Ilirija d.d. consists of three business units Marina Kornati, Boat Show and restaurant of "Marina Kornati".

* 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 operating revenue and GOP per berth of Nautics of Ilirija d.d. in 2022, 2021 and 2019 (in HRK)



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NAUTICS (AFTER THE ALLOCATION OF COMMON REVENUES AND COMMON COSTS)

Items	Annual cumulative achievements in 2019	Annual cumulative achievements in 2021	Annual cumulative achievements in 2022	Index 2022/2021
TOTAL NET REVENUE (operating)	48.502.768,05	49.163.292,63	54.958.416,51	111,79
Total direct costs	1.689.665,35	1.306.775,77	1.417.438,12	108,47
Total salary and labor costs	5.467.229,89	5.127.997,48	6.327.441,27	123,39
Total other department costs	2.002.673,41	1.634.439,97	2.426.911,76	148,49
TOTAL CONTRIBUTION	39.343.199,40	41.094.079,41	44.786.625,36	108,99
Total costs to GOP	23.184.669,37	21.684.403,77	26.500.116,00	122,21
GOP	25.318.098,68	27.478.888,86	28.458.300,51	103,56
Grandtotal net revenues	48.798.314,14	51.118.799,84	55.199.712,38	107,98
Grandtotal costs	31.571.169,28	28.675.376,28	34.635.644,45	120,79
PROFIT BEFORE TAXATION	17.227.144,86	22.443.423,56	20.564.067,93	91,63
Corporate income tax	0,00	3.564.972,42	3.952.413,85	110,87
NET PROFIT	17.227.144,86	18.878.451,14	16.611.654,08	87,99
EBITDA	22.514.677,57	26.131.447,37	24.365.104,62	93,24
EBIT	19.882.339,99	23.191.301,28	21.364.288,02	92,12

7.1 FINANCIAL OPERATING RESULTS OF THE COMPANY BY SECTORS

7.1.3 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.

	2022	2021	2019	2022/2019	2022/2021
CAMPING TOTAL					
Operating revenue	50.150.072,60 kn	33.399.299,81 kn	35.305.818,53 kn	42,04%	50,15%
TRevPAR *	41.514,96 kn	27.648,43 kn	28.939,20 kn	43,46%	50,15%
Operating costs**	22.458.973,78 kn	15.305.314,23 kn	18.534.768,73 kn	21,17%	46,74%
GOP ***	27.691.098,82 kn	18.093.985,58 kn	16.771.049,80 kn	65,11%	53,04%
GOP per accommodation unit	22.923,10 kn	14.978,46 kn	13.746,76 kn	66,75%	53,04%
GOP margin ****	55,2%	54,2%	47,5%	16,24%	1,92%
Capital investments	10.728.741,94 kn	5.577.407,96 kn	14.745.262,56 kn	-27,24%	92,36%
CAMPSITE "PARK SOLINE"					
Operating revenue	44.980.326,90 kn	30.131.572,28 kn	32.036.373,30 kn	40,40%	49,28%
TRevPAR *	37.235,37 kn	24.943,35 kn	26.259,32 kn	41,80%	49,28%
Operating costs**	17.174.972,75 kn	11.991.700,39 kn	14.952.932,18 kn	14,86%	43,22%
GOP ***	27.805.354,15 kn	18.139.871,89 kn	17.083.441,12 kn	62,76%	53,28%
GOP per accommodation unit	23.017,68 kn	15.016,45 kn	14.002,82 kn	64,38%	53,28%
GOP margin ****	61,8%	60,2%	53,3%	15,92%	2,68%
RESTAURANT "PARK SOLINE"					
Operating revenue	5.169.745,70 kn	3.267.727,53 kn	3.269.445,23 kn	58,12%	58,21%
Operating costs**	5.284.001,03 kn	3.313.613,84 kn	3.581.836,55 kn	47,52%	59,46%
GOP ***	-114.255,33 kn	-45.886,31 kn	-312.391,32 kn	-63,43%	149,00%
GOP margin ****	-2,2%	-1,4%	-9,6%	-76,87%	57,39%

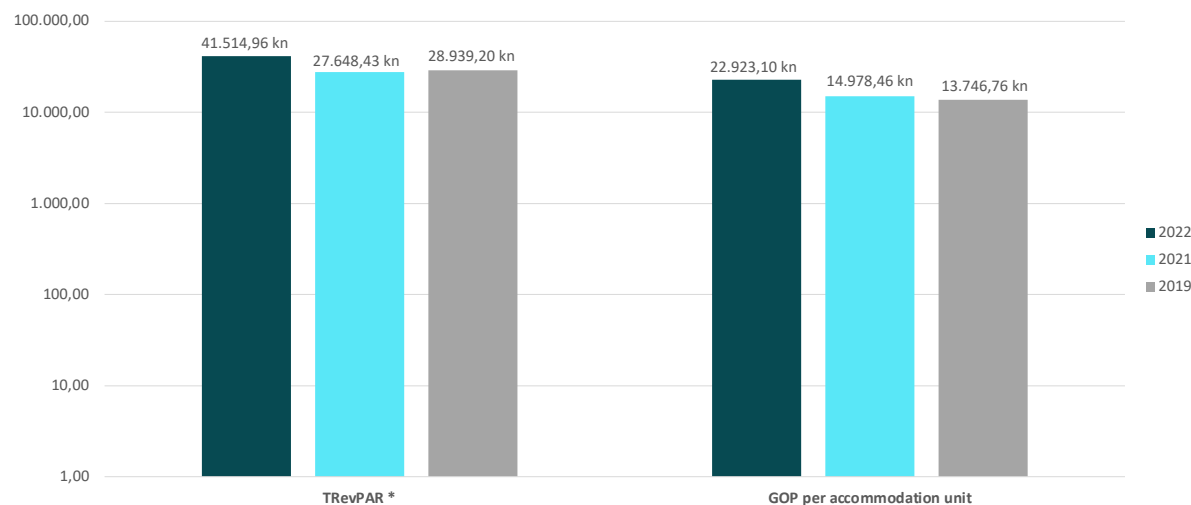
In 2022, the Company's camping sector generated revenue in the amount of HRK 50,150,072.60, which is a 50% increase compared to the previous year. Revenue of the camping sector was realised in the following profit centres:

- "Park Soline" campsite – HRK 44,980,326.90
- "Park Soline" restaurant – HRK 5,169,745.70

In the "Park Soline" campsite, the realised revenue amounted to HRK 44,980,326.90, which constitutes a 49.28% increase relative to the previous year. The revenue increase in the accommodation segment was the result of the increase in demand in all market segments of the campsite. First of all, there was an increase in revenue from individual guests at a rate of 75%. In addition, revenue from private mobile homes increased by 66%, revenue from lump sum guests by 20%, revenue from agency guests by 14%, and restaurant revenue by 58.21%. Relative to 2019, the camping sector achieved a 42.04% increase in revenue, with the "Park Soline" campsite revenue increasing by 40.40%, and restaurant revenue increasing by 58.12%.

The gross operating profit (GOP) of the camping sector in the amount of HRK 27,691,098.82 is by far the best ever, i.e. it is 65.11% higher compared to 2019, and 53.04% higher compared to 2021. Consequently, the gross operating profit growth was accompanied by a 53.04% increase in GOP per accommodation unit com-

TrevPAR and GOP of the camping per camp unit in 2022, 2021 and 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).

pared to the previous year and a 66.75% increase compared to 2019. Furthermore, the gross operating margin recorded the best performance and for the entire camping sector it amounted to 55.2%, while for the "Park Soline" campsite it amounted to 61.8%. The operating costs of the entire campsite increased by 46.74% relative to 2021 due to an increase in the prices of raw materials, energy, lease and municipal utility services, as well as an increase in labour costs and campsite capacity occupancy.

In 2022, capital investments in the amount of HRK 10,728,741.94 were made into improving competitiveness and the quality of services. It is particularly important to point out that the improvement in the overall quality of accommodation was also recognized by the German ADAC, which awarded 4 **** stars to the "Park Soline" campsite in 2021 and 2022.

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CAMPING (AFTER THE ALLOCATION OF COMMON REVENUES AND COMMON COSTS)

Items	Annual cumulative achievements in 2019	Annual cumulative achievements in 2021	Annual cumulative achievements in 2022	Index 2022/2021
TOTAL NET REVENUE (operating)	35.297.744,43	33.399.299,81	50.150.072,60	150,15
Total direct costs	1.209.698,37	1.160.810,01	1.569.493,55	135,21
Total salary and labor costs	3.255.513,92	3.024.055,26	4.395.711,28	145,36
Total other department costs	2.647.969,16	1.219.020,68	1.938.278,72	159,00
TOTAL CONTRIBUTION	28.184.562,98	27.995.413,86	42.246.589,05	150,91
Total costs to GOP	19.904.048,07	16.996.110,34	24.543.954,51	144,41
GOP	15.393.696,36	16.403.189,47	25.606.118,09	156,10
Grandtotal net revenues	35.439.900,30	34.780.065,86	50.283.307,22	144,58
Grandtotal costs	28.573.274,31	25.340.004,28	36.197.555,22	142,85
PROFIT BEFORE TAXATION	6.866.625,98	9.440.061,58	14.085.752,00	149,21
Corporate income tax	0,00	1.499.484,21	2.707.281,53	180,55
NET PROFIT	6.866.625,98	7.940.577,37	11.378.470,47	143,30
EBITDA	13.394.851,45	15.864.258,51	23.218.676,42	146,36
EBIT	9.154.051,51	10.373.224,54	15.031.215,34	144,90

7.1 FINANCIAL OPERATING RESULTS OF THE COMPANY BY SECTORS

7.1.4 CITY GALLERIA BUSINESS AND SHOPPING CENTER

	2022	2021	2019	2022/2019	2022/2021
Operating revenues	13.790.805,78 kn	13.076.060,86 kn	14.255.205,21 kn	-3,26%	5,47%
Operating costs*	7.264.893,28 kn	6.024.943,01 kn	6.068.418,99 kn	19,72%	20,58%
GOP **	6.525.912,50 kn	7.051.117,85 kn	8.186.786,22 kn	-20,29%	-7,45%
GOP margin ***	47,3%	53,9%	57,4%	-17,60%	-12,25%
Capital investments	387.241,65 kn	2.098.477,86 kn	407.143,91 kn	-4,89%	-81,55%

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 revenue of the City Galleria Business and Shopping Centre generated in 2022 through the lease of commercial premises, common costs, the use of common areas of the centre, the lease of advertising space and revenue from the garage as well as the lease of premises in Phase 1 of the facility amounted to HRK 13,570,648.54. When we include other operating revenue in the amount of HRK 220,157.24, total operating revenue of the Centre amount to HRK 13,790,805.78. In comparison to 2021, the aforementioned revenue represents an increase of 5.46%. Taking into account the results achieved in 2019, as the last year with regular business processes without business disruptions brought about by the global coronavirus pandemic, as well as the current political and security turmoil on the European continent and the economic consequences of the aforementioned events, the total operating revenue in 2022 is 3.26% lower.

The operating costs of the City Galleria Business and Shopping Centre, which do not include depreciation, financial expenses and extraordinary costs, amount-

ed to HRK 7,264,893.28 in 2022. The operating costs recorded growth at a rate of 20.58% compared to 2021, based on a significant increase in the costs of raw materials, materials and energy, which increased by 29% as a result of significant price increases on the European market, and other costs, which grew by 19%, while labour costs grew by 6%. In comparison to the period of 2019, when operating costs amounted to HRK 6,068,418.99, the current year saw a 19.72% increase in costs.

The gross operating profit of the Centre in 2022 equalled HRK 6,525,912.50 before the allocation of common service costs, which represents a 47.3% margin.

FINANCIAL OPERATIONSreporting system according to **USALI** standards

01/01/2022 - 31/12/2022

CITY GALLERIA (AFTER THE ALLOCATION OF COMMON REVENUES AND COMMON COSTS)

Items	Annual cumulative achievements in 2019	Annual cumulative achievements in 2021	Annual cumulative achievements in 2022	Index 2022/2021
TOTAL NET REVENUE (operating)	9.895.341,36	9.209.005,21	4.034.370,98	43,81
Total direct costs	0,00	0,00	0,00	#DIV/0!
Total salary and labor costs	2.121.685,32	2.103.728,50	2.478.435,64	117,81
Total other department costs	355.086,47	262.669,46	311.025,32	118,41
TOTAL CONTRIBUTION	7.418.569,57	6.842.607,25	1.244.910,02	18,19
Total costs to GOP	6.217.802,76	6.136.929,34	7.461.211,21	121,58
GOP	3.677.538,60	3.072.075,87	-3.426.840,23	-111,55
Grandtotal net revenues	14.282.021,56	13.352.214,07	13.817.452,70	103,48
Grandtotal costs	9.810.294,56	9.740.151,22	11.171.268,29	114,69
PROFIT BEFORE TAXATION	4.471.727,00	3.612.062,85	2.646.184,41	73,26
Corporate income tax	0,00	573.749,56	508.596,64	88,64
NET PROFIT	4.471.727,00	3.038.313,29	2.137.587,77	70,35
EBITDA	7.511.555,86	6.605.147,03	5.631.428,02	85,26
EBIT	6.189.864,64	4.630.720,42	3.598.857,14	77,72

7.1.5 FINANCIAL OPERATING RESULTS AT COMPANY LEVEL

OPERATING REVENUE AND EXPENSES
Share of individual operating revenue and expenditures in total generated operating revenue
OPERATING PROFIT ACHIEVED (profit from operating activities)

ITEM	12/2019	12/2021	12/2022	Index 2022/2021	Share (%) in the total operating revenue		
					12/2019	12/2021	12/2022
OPERATING REVENUE							
Revenue on the domestic market	125.398.868,12	108.177.323,82	143.753.387,45	133	74,77	80,45	80,40
Revenue on the foreign market	39.673.309,28	20.338.616,13	33.734.128,92	166	23,66	15,12	18,87
Revenue from grants, donations, com- pensations, premiums	416.832,80	359.738,18	403.905,02	112	0,25	0,27	0,23
Revenue from use of own products	935.844,10	20.127,24	21.717,96	108	0,56	0,01	0,01
Revenue from leases	0,00	0,00	0,00	#DIV/0!	0,00	0,00	0,00
Exchange office –ticket sales commis- sion fee	174.061,55	149.209,93	203.128,08	136	0,10	0,11	0,11
Other operating revenue	1.113.003,47	5.425.737,71	687.514,94	13	0,66	4,03	0,38
TOTAL OPERATING REVENUE	167.711.919,32	134.470.753,01	178.803.782,37	133	100,00	100,00	100,00
OPERATING EXPENSES							
Raw materials and materials consumed	17.008.152,62	11.176.178,27	17.318.012,51	155	10,14	8,31	9,69
Energy and fuel costs	5.558.230,25	5.334.257,15	8.069.557,61	151	3,31	3,97	4,51
Costs of small inventory write-downs	1.789.789,26	613.933,91	2.119.166,25	345	1,07	0,46	1,19
COSTS OF RAW MATERIALS, MATERIALS AND ENERGY	24.356.172,13	17.124.369,33	27.506.736,37	161	14,52	12,73	15,38
Transportation, telephone and mail services	1.811.923,16	1.284.788,45	1.549.964,73	121	1,08	0,96	0,87
Maintenance services	5.045.537,67	5.690.915,25	7.507.051,94	132	3,01	4,23	4,20
Costs of fairs	318.202,62	40,00	34.599,95	86.500	0,19	0,00	0,02
Lease costs	4.233.323,38	3.933.658,99	5.219.809,23	133	2,52	2,93	2,92
Advertising and promotion costs	3.362.601,96	2.176.514,34	3.454.873,93	159	2,00	1,62	1,93
Costs of public announcement systems and lighting	11.100,20	0,00	159.751,50	#DIV/0!	0,01	0,00	0,09
Utilities and other services	6.871.485,88	5.400.270,69	6.995.391,92	130	4,10	4,02	3,91
Reservations	0,00	0,00	0,00	#DIV/0!	0,00	0,00	0,00
OUTSOURCING COSTS	21.654.174,87	18.486.187,72	24.921.443,20	135	12,91	13,75	13,94
Reimbursement of employees' expenses	6.761.044,05	3.372.931,76	6.249.275,06	185	4,03	2,51	3,50
Nonproduction services	12.608.731,61	5.883.577,13	9.671.373,93	164	7,52	4,38	5,41
Entertainment expenses	685.131,64	740.070,16	1.093.871,84	148	0,41	0,55	0,61
Insurance premiums	951.043,64	875.336,47	1.078.484,70	123	0,57	0,65	0,60
Other expenses	1.139.693,60	1.820.597,41	1.588.879,19	87	0,68	1,35	0,89
Taxes not dependent on income	1.064.177,91	692.822,76	1.175.665,84	170	0,63	0,52	0,66
Contributions to associations	2.007.291,21	1.666.085,88	2.038.733,19	122	1,20	1,24	1,14
Banking services	360.622,44	226.503,77	452.786,81	200	0,22	0,17	0,25
Costs of other employee rights	71.712,00	185.890,00	144.304,00	78	0,04	0,14	0,08
Other costs	3.464.985,63	1.015.357,71	794.937,93	78	2,07	0,76	0,44
OTHER COSTS TOTAL	29.114.433,73	16.479.173,05	24.288.312,49	147	17,36	12,25	13,58
Gross salaries	36.380.026,25	29.124.270,86	40.842.292,19	140	21,69	21,66	22,84
Contributions for gross salaries	5.982.495,67	4.827.330,83	6.764.696,61	140	3,57	3,59	3,78
TOTAL COST OF SALARIES	42.362.521,92	33.951.601,69	47.606.988,80	140	25,26	25,25	26,63
TOTAL COSTS	117.487.302,65	86.041.331,79	124.323.480,86	144	70,05	63,99	69,53
OPERATING PROFIT	50.224.616,67	48.429.421,22	54.480.301,51				

7 FINANCIAL RESULTS OF THE COMPANY

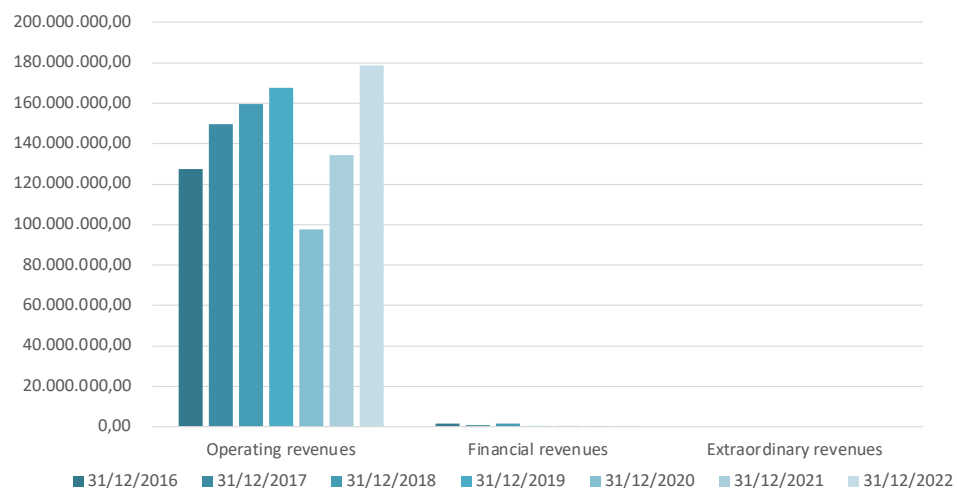
7.2 FINANCIAL RESULTS AT COMPANY LEVEL

7.2.1 FINANCIAL PERFORMANCE OF THE COMPANY

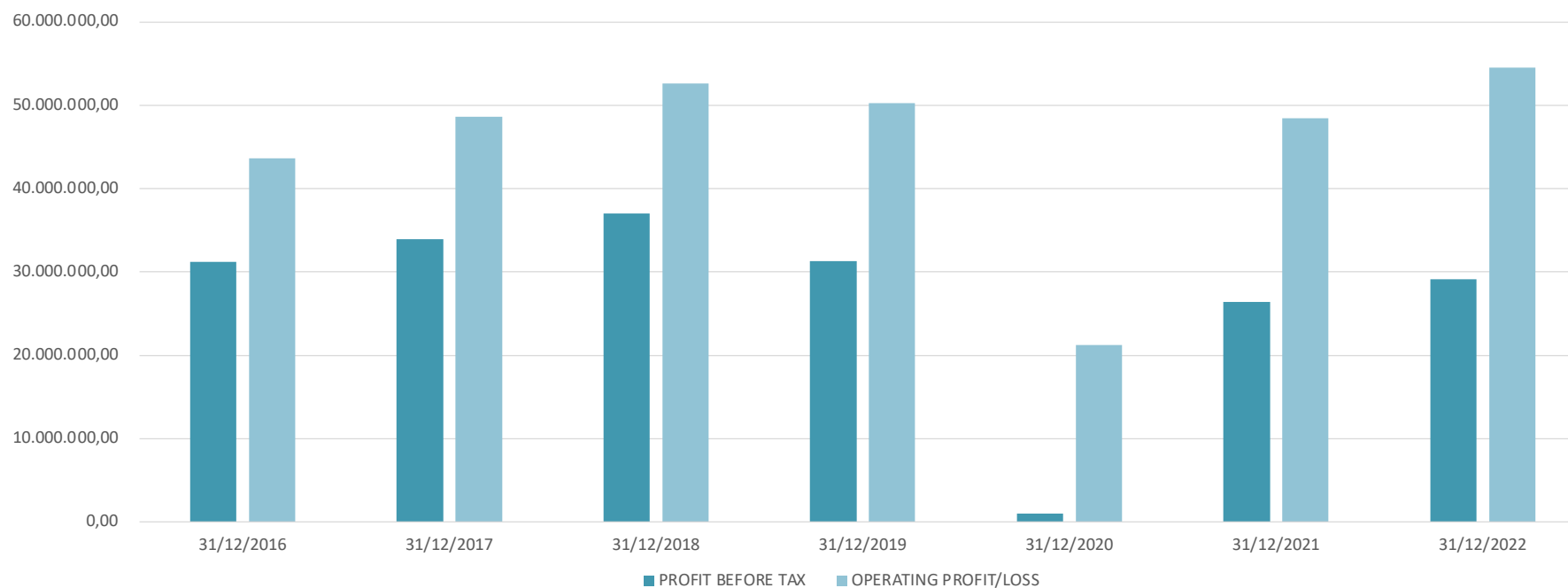
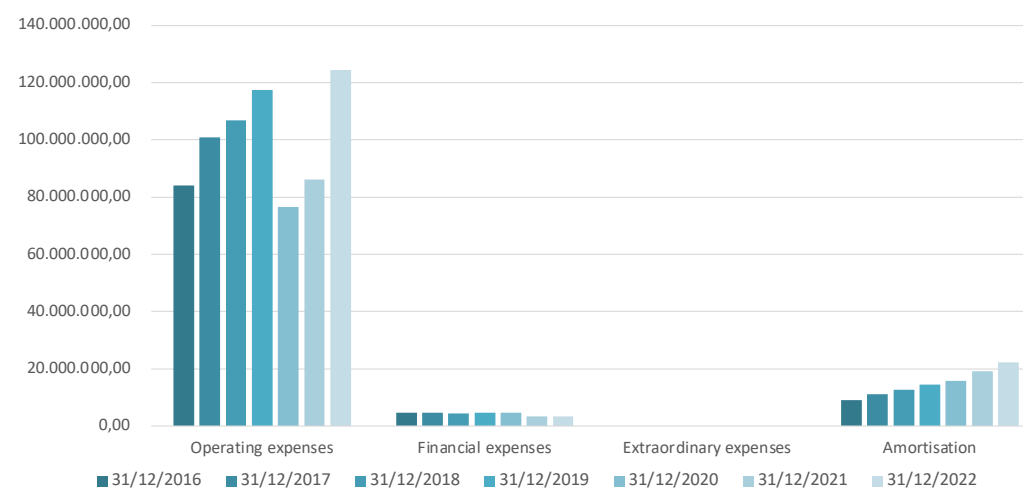
Overview of the financial operating results for 2022 and comparison with the period 2016 - 2021

DESCRIPTION	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	Index 2022/2021
Operating revenues	127.591.140,20	149.515.545,23	159.490.115,09	167.711.919,32	97.640.558,48	134.470.753,01	178.803.782,37	132,97
Financial revenues	1.427.867,11	961.132,18	1.558.764,96	85.637,54	97.205,34	360.374,95	355.206,82	98,57
Extraordinary revenues	0,00	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
TOTAL REVENUES	129.019.007,31	150.476.677,41	161.048.880,05	167.797.556,86	97.737.763,82	134.831.127,96	179.158.989,19	132,88
Operating expenses	83.991.877,85	100.879.406,31	106.832.625,88	117.487.302,65	76.442.862,74	86.041.331,79	124.323.480,86	144,49
Financial expenses	4.774.080,17	4.564.585,65	4.384.189,54	4.596.906,56	4.599.367,76	3.362.161,27	3.426.882,58	101,92
Extraordinary expenses	0,00	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	9.012.252,49	11.146.900,91	12.796.897,41	14.379.433,99	15.673.653,78	19.068.148,87	22.331.503,03	117,11
TOTAL EXPENSES	97.778.210,51	116.590.892,87	124.013.712,83	136.463.643,20	96.715.884,28	108.471.641,93	150.081.866,47	138,36
EARNINGS BEFORE TAXES	31.240.796,80	33.885.784,54	37.035.167,22	31.333.913,66	1.021.879,54	26.359.486,03	29.077.122,72	110,31
PROFIT/LOSS	30.676.046,46	27.755.384,38	37.035.167,22	31.333.913,66	1.021.879,54	22.172.476,03	23.490.715,74	105,95
OPERATING PROFIT/LOSS	43.599.262,35	48.636.138,92	52.657.489,21	50.224.616,67	21.197.695,74	48.429.421,22	54.480.301,51	112,49
EBITDA	45.027.129,46	49.597.271,10	54.216.254,17	50.310.254,21	21.294.901,08	48.789.796,17	54.835.508,33	112,39

REVENUES 2016 - 2022



EXPENSES 2016-2022



1

Total revenue amounted to HRK 179,158,989.19, representing an increase of 32.88% compared to 2021, when it amounted to HRK 134,831,127.96. This is a result of an increase in operating revenue, i.e. sales revenue, across all Company sectors. Compared to the pre-pandemic period, i.e. 2019, when it amounted to HRK 167,797,556.86, total revenue in 2022 increased by 6.77%, or HRK 11,361,432.33.

Operating revenue amounted to HRK 178,803,782.37, which is an increase of 32.97% compared to 2021, when it amounted to HRK 134,470,753.01, as a result of a significant recovery and increase in demand in the Company's tourism sectors, some of which recorded an increase at double-digit rates.

Revenue from sales amounted to HRK 177,487,516.37, representing an increase of 38.11% compared to the previous business year, when it amounted to HRK 128,515,939.95, due to a strong 66% increase in the foreign market and 33% increase in the domestic market. Revenue from sales represents 99.26% of operating revenue and 99.07% of total revenue.

2

Total expenses amounted to HRK 150,081,866.47 and, compared to the previous year, they showed a 38.36% increase due to an increase in operating expenses by 44.49%, depreciation by 17.11% and financial expenses by 1.92%.

Operating expenses amounted to HRK 124,323,480.86, representing an increase of 44.49%, or HRK 38,282,149.07 compared to 2021, when they amounted to HRK 86,041,331.79. This is a result of an increase in all costs, i.e. increase in the cost of raw materials, materials and energy by 61%, other costs by 47%, wage costs by 40% and costs of outsourced services by 35%.

The increase in operating expenses is, on the one hand, a consequence of a significant increase in the volume of business activities, while on the other hand it is a consequence of a significant increase in energy costs, a general increase in costs of goods and services brought about by inflation, especially with regard to food and beverage costs, an increase in wage costs as a result of the Company's decision to improve employees' material rights and at the same time increasing their number in view of the increase in the volume of business activities, as well as the fact that the business year was also marked by skilled labour shortages, especially in the hospitality and tourism industry.

3

Operating profit was realised in the amount of HRK 54,480,301.51, constituting an increase of 12.39%, or HRK 6,050,880.29, compared to 2021, when it amounted to HRK 48,429,421.22. Also, compared to 2019 when it amounted to HRK 50,224,616.67, an increase of 8.47%, or HRK 4,255,684.84 was recorded in the reporting period.

Profit before tax was generated in the amount of HRK 29,077,122.72, recording an increase of 10.31%, or HRK 2,717,636.69 compared to 2021 when it amounted to HRK 26,359,486.03, and it represents 92.80% of results achieved in 2019 when it amounted to HRK 31,333,913.66.

Net profit for the business year 2022 amounted to HRK 23,490,715.74, constituting an increase of 5.95%, or HRK 1,318,239.71, compared to the previous year, when it amounted to HRK 22,172,476.03. It also amounted to 74.97% of the net profit generated in 2019 in the amount of HRK 31,333,913.66.

EBITDA, i.e. earnings before depreciation, interest and taxes, was generated in the amount of HRK 54,835,508.33, and showed a 12.39%, or HRK 6,045,712.16 increase compared to the previous business year, when it amounted to HRK 48,789,796.17. Compared to 2019 when it amounted to HRK 50,310,254.21, an increase of 8.99% was recorded in

the reporting period.

EBIT, i.e. earnings before financing expenses, was realised in the amount of HRK 32,504,005.30, constituting a 9.36%, or HRK 2,782,358.00 increase compared to 2021, whereas it corresponded to 90.46% of EBIT generated in 2019, when it amounted to HRK 35,930,820.22.

In 2022, the Company recorded an increase in all profitability indicators compared to the previous business year, partly as a result of an increase in revenue across all sectors, in particular a significantly increased business activity in all tourism sectors due to a strong recovery of the tourism demand in peak and late season. This resulted in certain Company sectors recording the best business results to date, both in terms of revenue and profitability (nautical and camping sectors), while the remaining sectors achieved a recovery, contributing considerably to the overall profitability results of the Company. Compared to 2019 when business processes were being carried out smoothly, certain profitability indicators up to the operational level of business (operating profit and EBITDA) achieved a record increase, while profit before tax, net profit and EBIT still have not reached the pre-pandemic levels due to a significant increase in expenses. The increase in expenses is a consequence of a significant increase in energy costs, a general increase in costs of raw materials, goods and services generated by infla-

tion and an increase in wage costs and, with maximum possible cost management, they increased at a double-digit rate. Also, the business year was marked by the Russia-Ukraine war, in addition to the global pandemic, undermining global security and stability, and creating an unfavourable macroeconomic environment. Due to uncertainties prevalent throughout the business year and an extremely unfavourable business climate, the Company considers the achieved indicators as extremely successful given the circumstances that surrounded the business year.



REVENUES BY ACTIVITIES:

Hotel sector revenue was realised in the amount of HRK 52,576,235.10, constituting a 70% increase compared to 2021, when HRK 31,002,857.24 in revenue was realised, and is the result of a significant increase in demand for hotel services in peak and late season due to the easing and lifting of epidemiological measures in the second quarter of the business year, as well as an earlier opening of facilities.

The revenue from the nautical sector amounted to HRK 55,013,183.91, representing a 12% increase at sector level compared to the previous year as a result of growth of business activity across all of its segments. Marina Kornati, just as in the previous years, recorded an increase in revenue, this year by 8%, while the other two segments of the nautical sector achieved a strong recovery of business in the reporting period, whereby nautical fair revenue increased by 41% and hospitality revenue by 27%. The nautical sector achieved its best results in terms of revenue since the start of activity, as well as the best results at the level of its profit centres.

The camping sector revenue amounted to HRK 50,150,072.60, constituting an increase of 50% compared to the same period of the previous year, when it amounted to HRK 33,399,299.81, and was generated by the growth of revenue in the accommodation segment of the "Park Soline" campsite by 49% and hospitality, i.e. the "Park Soline" restaurant by 58%. Revenue of the camping sector in 2022 increased by 42.04% compared to 2019 when it amounted to HRK 35,305,818.53, achieving its best results in terms of revenue.

The revenue from the real estate sector, i.e. the City Galleria Business and Shopping Centre, amounted to HRK 13,790,805.78, constituting a 5% increase compared to the previous business year and resulting from an increase in revenue from business premises lease, parking revenue, as well as an increase in revenue from the use of common areas.

Revenue of other sectors, i.e. the destination management company Ilirija Travel, and other profit centres amounted to HRK 7,273,484.98, with a significantly higher growth compared to the same period of the previous business year, which was the result of an increase in the volume of business activities in the destination management company due to a recovery of the event industry brought about by the easing and lifting of epidemiological measures.

GRAND TOTAL: Operating revenue per activity amounted to HRK 178,803,782.37, and has increased by 32.97% compared to the 2021.

Financial report of the Company as at 31/12/2022 and a comparison with 2021 and 2019

REVENUES	2019	2021	INDEX 2021/2019	2022	INDEX 2022/2021
Revenue on the domestic market	125.815.700,92	108.537.062,00	86	144.157.292,47	133
Revenues on foreign market	39.673.309,28	20.338.616,13	51	33.734.128,92	166
Other operating revenues	2.222.909,12	5.595.074,88	252	912.360,98	16
OPERATING REVENUES	167.711.919,32	134.470.753,01	80	178.803.782,37	133
FINANCIAL REVENUES	85.637,54	360.374,95	421	355.206,82	99
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL REVENUES	167.797.556,86	134.831.127,96	80	179.158.989,19	133
EXPENSES					
Raw material and material costs	24.356.172,13	17.124.369,33	70	27.506.736,37	161
Costs of services	21.654.174,87	18.486.187,72	85	24.921.443,20	135
Gross pays	42.362.521,92	33.951.601,69	80	47.606.988,80	140
Other expenses	29.114.433,73	16.479.173,05	57	24.288.312,49	147
TOTAL EXPENSES	117.487.302,65	86.041.331,79	73	124.323.480,86	144
AMORTISATION	14.379.433,99	19.068.148,87	133	22.331.503,03	117
FINANCIAL EXPENSES	4.596.906,56	3.362.161,27	73	3.426.882,58	102
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL EXPENSES	136.463.643,20	108.471.641,93	79	150.081.866,47	138
EARNINGS BEFORE TAXES	31.333.913,66	26.359.486,03	84	29.077.122,72	110
PROFIT/LOSS	31.333.913,66	22.172.476,03	71	23.490.715,74	106
OPERATING PROFIT/LOSS	50.224.616,67	48.429.421,22	96	54.480.301,51	112
EBITDA	50.310.254,21	48.789.796,17	97	54.835.508,33	112

FINANCIAL OPERATIONSreporting system according to **USALI** standards

01/01/2022-31/12/2022

ILIRIJA d.d. (AFTER THE ALLOCATION OF COMMON REVENUES AND COMMON COSTS)

Items	Annual cumulative achievements in 2019	Annual cumulative achievements in 2021	Annual cumulative achievements in 2022	Index 2022/2021
TOTAL NET REVENUE (operating)	162.572.725,53	125.338.999,56	168.741.598,78	134,63
Total direct costs	13.074.369,96	7.299.076,14	11.307.005,04	154,91
Total salary and labor costs	29.948.241,60	21.969.507,92	32.544.008,18	148,13
Total other department costs	14.261.204,73	5.508.109,96	10.473.506,78	190,15
TOTAL CONTRIBUTION	105.288.909,24	90.562.305,54	114.417.078,78	126,34
Total costs to GOP	103.939.195,48	76.693.778,89	112.102.756,51	146,17
GOP	58.633.530,05	48.645.220,67	56.638.842,27	116,43
Grandtotal net revenues	167.797.556,86	134.831.127,96	179.158.989,19	132,88
Grandtotal costs	136.463.643,20	108.471.641,93	150.081.866,47	138,36
PROFIT BEFORE TAXATION	31.333.913,66	26.359.486,03	29.077.122,72	110,31
Corporate income tax	0,00	4.187.010,09	5.586.406,98	133,42
NET PROFIT	31.333.913,66	22.172.476,03	23.490.715,74	105,95
EBITDA	50.310.254,21	48.789.796,17	54.835.508,33	112,39
EBIT	35.930.820,22	29.721.647,30	32.504.005,30	109,36

STATEMENT OF PROFIT OR LOSS			
for the period 01/01 to 31/12/2022			in HRK
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Same period of the previous year	Current period
		2021	2022
1	2	3	4
I OPERATING INCOME (ADP 002 to 006)	001	134.470.753	178.803.782
1 Income from sales with undertakings within the group	002	75.354	75.370
2 Income from sales (outside group)	003	128.440.586	177.412.146
3 Income from the use of own products, goods and services	004	20.127	21.718
4 Other operating income with undertakings within the group	005	0	0
5 Other operating income (outside the group)	006	5.934.686	1.294.548
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	105.109.481	146.654.983
1 Changes in inventories of work in progress and finished goods	008	0	0
2 Material costs (ADP 010 to 011)	009	35.610.557	52.428.179
a) Costs of raw material	010	17.124.369	27.506.736
b) Costs of goods sold	011	0	0
c) Other external costs	012	18.486.188	24.921.443
3 Staff costs (ADP 014 to 016)	013	33.951.602	47.606.989
a) Net salaries and wages	014	20.991.868	28.920.201
b) Tax and contributions from salaries expenses	015	8.132.403	11.922.091
c) Contributions on salaries	016	4.827.331	6.764.697
4 Depreciation	017	19.068.149	22.331.503
5 Other expenses	018	15.172.496	23.209.323
6 Value adjustments (ADP 020+021)	019	0	0
a) fixed assets other than financial assets	020	0	0
b) current assets other than financial assets	021	0	0
7 Provisions (ADP 023 to 028)	022	0	0
a) Provisions for pensions, termination benefits and similar obligations	023	0	0
b) Provisions for tax liabilities	024	0	0
c) Provisions for ongoing legal cases	025	0	0
d) Provisions for renewal of natural resources	026	0	0
e) Provisions for warranty obligations	027	0	0
f) Other provisions	028	0	0
8 Other operating expenses	029	1.306.677	1.078.989
III FINANCIAL INCOME (ADP 031 to 040)	030	360.375	355.207
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0
4 Other interest income from operations with undertakings within the group	034	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0
6 Income from other long-term financial investments and loans	036	0	0
7 Other interest income	037	266	21
8 Exchange rate differences and other financial income	038	360.109	355.186
9 Unrealised gains (income) from financial assets	039	0	0
10 Other financial income	040	0	0
IV FINANCIAL EXPENDITURE (ADP 042 to 048)	041	3.362.161	3.426.883
1 Interest expenses and similar expenses with undertakings within the group	042	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0
3 Interest expenses and similar expenses	044	3.123.657	3.124.332
4 Exchange rate differences and other expenses	045	144.612	272.529
5 Unrealised losses (expenses) from financial assets	046	0	0
6 Value adjustments of financial assets (net)	047	0	0
7 Other financial expenses	048	93.892	30.022

V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	049	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0
IX TOTAL INCOME (ADP 001+030+049+050)	053	134.831.128	179.158.989
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	108.471.642	150.081.866
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	26.359.486	29.077.123
1 Pre-tax profit (ADP 053-054)	056	26.359.486	29.077.123
2 Pre-tax loss (ADP 054-053)	057	0	0
XII INCOME TAX	058	4.187.010	5.586.407
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	22.172.476	23.490.716
1 Profit for the period (ADP 055-059)	060	22.172.476	23.490.716
2 Loss for the period (ADP 059-055)	061	0	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062		0
1 Pre-tax profit from discontinued operations	063	0	0
2 Pre-tax loss on discontinued operations	064	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)	068	0	00
1 Pre-tax profit (ADP 068)	069	0	0
2 Pre-tax loss (ADP 068)	070	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0
1 Profit for the period (ADP 068-071)	073	0	0
2 Loss for the period (ADP 071-068)	074	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	0	0
1 Attributable to owners of the parent	076	0	0
2 Attributable to minority (non-controlling) interest	077	0	
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	078	22.172.476	23.490.716
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)	079	0	0
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0
5 Other items that will not be reclassified	085	0	0
6 Income tax relating to items that will not be reclassified	086	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	0	0
1 Exchange rate differences from translation of foreign operations	088	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0
6 Changes in fair value of the time value of option	093	0	0

7 Changes in fair value of forward elements of forward contracts	094		
8 Other items that may be reclassified to profit or loss	095		
9 Income tax relating to items that may be reclassified to profit or loss	096		
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)	097	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	22.172.476	23.490.716
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	0	0
1 Attributable to owners of the parent	100	0	0
2 Attributable to minority (non-controlling) interest	101	0	0

7.2 FINANCIAL RESULTS AT COMPANY LEVEL

7.2.2 FINANCIAL POSITION OF THE COMPANY

BALANCE SHEET			
balance as at 31/12/2022			in HRK
Submitter: ILIRIJA d.d.			
Item	ADP code	Last day of the preceding business year 31/12/2021	At the reporting date of the current period 31/12/2022
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	442.020.422	440.319.964
I INTANGIBLE ASSETS (ADP 004 to 009)	003	195.936	331.164
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 Advance payments for purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	195.936	331.164
II TANGIBLE ASSETS (ADP 011 to 019)	010	441.786.690	439.951.750
1 Land	011	44.409.058	44.409.058
2 Buildings	012	254.354.467	250.501.553
3 Plant and equipment	013	62.368.657	65.787.821
4 Tools, working inventory and transportation assets	014	0	0
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	941.389	1.388.644
7 Tangible assets in preparation	017	1.519.414	1.200.540
8 Other tangible assets	018	0	0
9 Investment property	019	78.193.705	76.664.134
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	37.796	37.050
1 Investments in holdings (shares) of undertakings within the group	021	37.796	37.050
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	0	0
5 Investment in other securities of companies linked by virtue of participating interest	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	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	52.882.622	87.960.691
I INVENTORIES (ADP 039 to 045)	038	998.219	1.429.844
1 Raw materials	039	998.219	1.429.844
2 Work in progress	040	0	0

3 Finished goods	041	0	0
4 Merchandise	042	0	0
5 Advance payments 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	3.068.267	5.364.969
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interest	048	0	0
3 Customer receivables	049	1.570.424	1.964.478
4 Receivables from employees and members of the undertaking	050	10.568	154.928
5 Receivables from government and other institutions	051	1.039.414	1.908.410
6 Other receivables	052	447.861	1.337.153
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	45.080.000	80.405.051
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 interest	057	0	0
5 Investment in other securities of companies linked by virtue of participating interest	058	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	45.080.000	80.405.051
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	3.736.136	760.827
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065	494.903.044	528.280.655
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	370.244.994	384.759.159
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	37.405.213	36.848.455
1 Legal reserves	071	24.077.986	24.077.986
2 Reserves for treasury shares	072	6.975.716	6.975.716
3 Treasury shares and holdings (deductible item)	073	-1.171.168	-1.727.926
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 AND OTHER (ADP 078 to 082)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	78.588.436	92.341.119
1 Retained profit	084	78.588.436	92.341.119
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	22.172.476	23.490.716
1 Profit for the business year	087	22.172.476	23.490.716
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	0	0
1 Provisions for pensions, termination benefits and similar obligations	091	0	0

2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	0	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	0	0
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	94.433.244	101.908.224
1 Liabilities towards undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	099	0	0
3 Liabilities towards companies linked by virtue of participating interest	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities towards banks and other financial institutions	103	94.433.244	101.908.224
7 Liabilities for advance payments	104	0	0
8 Liabilities towards suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	0	0
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	28.274.461	39.667.294
1 Liabilities towards undertakings within the group	110	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	111	0	0
3 Liabilities towards companies linked by virtue of participating interest	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities towards banks and other financial institutions	115	14.118.155	21.334.978
7 Liabilities for advance payments	116	75.031	85.029
8 Liabilities towards suppliers	117	5.670.806	9.856.202
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	1.746.985	2.481.872
11 Taxes, contributions and similar liabilities	120	5.502.364	4.748.093
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	1.161.120	1.161.120
E) ACCRUALS AND DEFERRED INCOME	124	1.950.345	1.945.978
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	494.903.044	528.280.655
G) OFF-BALANCE SHEET ITEMS	126	0	0

7.2.2 FINANCIAL POSITION OF THE COMPANY

KEY FINANCIAL INDICATORS OF THE STATUS OF THE COMPANY AS AT 31/12/2022

Since the table providing an overview of the Company's key indicators covers the period of 2022–2012 (eleven years), the realised described indicators are also listed in absolute amounts and growth rates.

1 VALUE OF ASSETS

The value of assets as at 31 December 2022 amounted to HRK 528,280,655.14, increased by HRK 33,377,611.04, or 6.75% compared to 2021, when it amounted to HRK 494,903,044.10. Also, compared to the pre-pandemic period, i.e. 2019, when the value of assets amounted to HRK 485,278,090.92, an increase of HRK 43,002,564.22, or 8.87% was recorded.

The value of the Company assets increased from HRK 288,441,702.25 in 2012 by HRK 239,838,952.89, or 83.15%.

2 TOTAL LIABILITIES

Total liabilities amounted to HRK 143,521,496.35, recording an increase of HRK 18,863,445.80, or 15.14%

compared to 2021, when they amounted to HRK 124,658,050.55 due to an increase in short-term and long-term liabilities. Compared to 2019, when total liabilities amounted to HRK 138,494,716.54, an increase of HRK 5,026,779.81, or 3.63% was recorded.

Total liabilities as at 31/12/2022 are higher by HRK 6,975,210.501, or 5.11%, compared to total liabilities as at 31/12/2012, when they amounted to HRK 136,546,285.85.

3 EQUITY AND RESERVES

The equity and reserves amounted to HRK 384,759,158.79, which is a HRK 14,514,165.24, or 3.92% increase compared to 2021, when they amounted to HRK 370,244,993.55. This increase is due to the generated profit from business activities. In 2019, equity and reserves amounted to HRK 346,783,374.38, represen-

ting a decrease by HRK 37,975,784.41, or 10.95% compared to 2022.

Comparing equity and reserves of the Company as at 31 December 2022, they increased by HRK 232,863,742.39, or 153.31% compared to 2012, when they amounted to HRK 151,895,416.40.

4 NET DEBT

On 31 December 2022, net debt amounted to HRK 42,007,669.65, constituting a decrease of 29.73%, or HRK 17,775,698.36 compared to the previous year, when it amounted to HRK 59,783,368.01. This also represents a 58.54%, or HRK 59,309,565.26, decrease compared to the pre-pandemic year 2019, when the net debt amounted to HRK 101,317,234.91.

This is also a 63.34%, or HRK 72,568,138.09, decrease compared to the same period of 2012, when the net

debt amounted to HRK 114,575,807.74.

5 TOTAL REVENUE

Company's total revenue amounted to HRK 179,158,989.19, increasing by HRK 44,327,861.23, or 32.88% compared to HRK 134,831,127.96 in 2021, as a result of an increase in the revenue from sales at the level of all Company sectors. Revenue in 2022 increased by HRK 11,361,432.33, or 6.77% compared to 2019 when total revenue amounted to HRK 167,797,556.86. Total revenue compared to the same period of 2012, when it amounted to HRK 111,134,832.70, increased by HRK 68,024,156.49, or 61.21%.

6 OPERATING PROFIT

Operating profit was realised in the amount of HRK 54,480,301.51, which is a HRK 6,050,880.29, or 12.50% increase compared to 2021, when it amounted to HRK 48,429,421.22, as a result of a significant increase in business activities, in turn resulting in an increase in operating revenue and operating profitability growth in key tourism sectors of the Company (nautical, camping and hotel sectors). Compared to 2019, when operating profit amounted to HRK 50,224,616.67, strong recovery of operating profitability was achieved, reflected in an increase in operating profit by HRK 4,525,254.12, or 8.99% in the reporting period.

Comparing the operating profit generated in 2022 and the one from 2012, when it amounted to HRK 33,826,442.35,

a 61.06%, i.e. HRK 20,653,859.16 increase can be seen.

7 EBITDA

EBITDA was generated in the amount of HRK 54,835,508.33, constituting an increase of 12.40%, or HRK 6,045,712.16 compared to 2021, when it amounted to HRK 48,789,796.17. The realised EBITDA in the reporting period has increased by 9% compared to 2019 when it amounted to HRK 50,310,254.21. In the reporting period, EBITDA increased by 75.99%, or HRK 23,677,868.62, compared to 2012, when it amounted to HRK 31,157,639.71.

8 PROFIT BEFORE TAX

Profit before tax in 2022 was realised in the amount of HRK 29,077,122.72, representing an increase of 10.31%, or HRK 2,717,636.69 compared to the previous business year when it amounted to HRK 26,359,486.03. The realised profit before tax corresponds to 92.80% of that realised in 2019 in the amount of HRK 31,333,913.66, i.e. a decrease by HRK 2,256,790.94, or 7.20% was recorded.

Profit before tax realised in the reporting period, compared to that generated in 2012 when it amounted to HRK 18,255,129.12, has increased by HRK 10,821,993.60, or 59.29%.

9 NET PROFIT

Net profit in the reporting period amounted to HRK 23,490,715.74, recording an increase of 5.95% compared to net profit generated in 2021, when it amounted to HRK 22,172,476.03. The net profit realised in the reporting period corresponds to 74.97% of the net profit generated in 2019 in the amount of HRK 31,333,913.66.

Compared to 2012, when it amounted to HRK 16,832,713.07, net profit realised in the reporting period increased by HRK 6,658,002.67, or 39.55%.

10 DISTRIBUTED DIVIDEND

A dividend in the amount of HRK 8,419,792.50 was distributed to shareholders.

The Company allocated 125.08%, or HRK 4,679,002.50, more for dividend distribution in 2022 compared to the dividend distributed to shareholders in 2012, when it amounted to HRK 3,740,790.00.

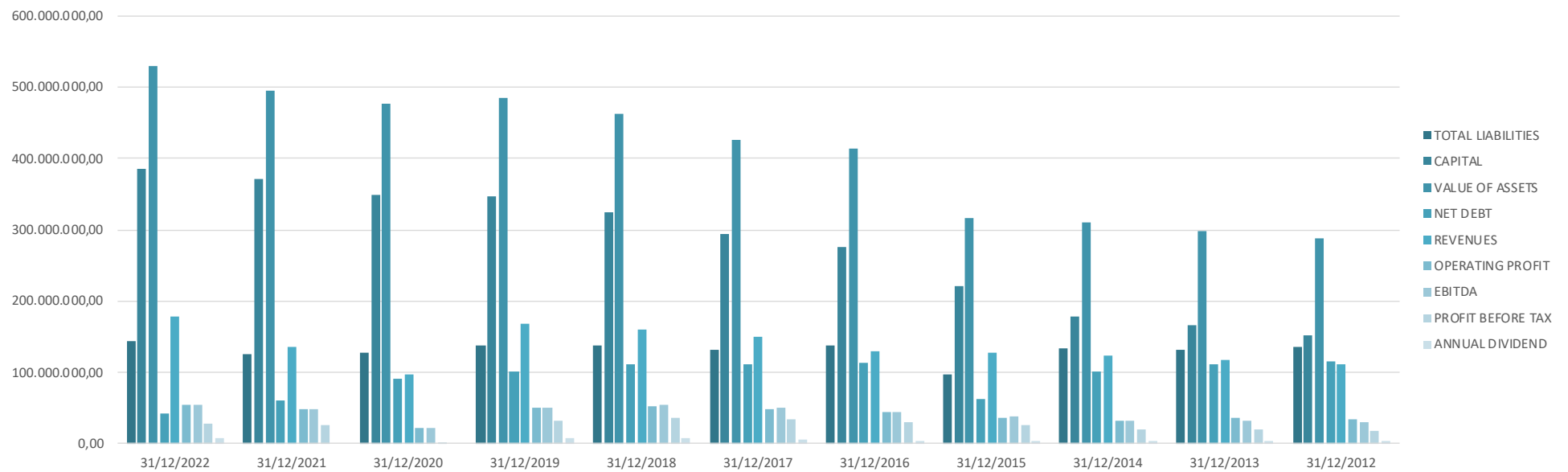
In the period from 2012 until 31/12/2022, the shareholders were paid a total of HRK 49,975,842.50 for dividends.

CUMULATIVE COMPARATIVE OVERVIEW

of fundamental indicators on the position of assets, capital, liabilities and operating results of the Company as at 31/12/2022
and also for the period from 2012 to 2021

YEAR	TOTAL LIABILITIES	CAPITAL	VALUE OF ASSETS	NET DEBT	REVENUES	OPERATING PROFIT	EBITDA	PROFIT BEFORE TAX	NET PROFIT	ANNUAL DIVIDEND
1	2	3	4	5	6	7	8	9	10	11
31/12/2022	143.521.496,35	384.759.158,79	528.280.655,14	42.007.669,65	179.158.989,19	54.480.301,51	54.835.508,33	29.077.122,72	23.490.715,74	8.419.792,50
31/12/2021	124.658.050,55	370.244.993,55	494.903.044,10	59.783.368,01	134.831.127,96	48.429.421,22	48.789.796,17	26.359.486,03	22.172.476,03	0,00
31/12/2020	128.597.530,12	348.072.517,52	476.670.047,64	91.544.355,64	97.737.763,82	21.197.695,74	21.294.901,08	1.021.879,54	1.021.879,54	0,00
31/12/2019	138.494.716,54	346.783.374,38	485.278.090,92	101.317.234,91	167.797.556,86	50.224.616,67	50.310.254,21	31.333.913,66	31.333.913,66	8.417.962,00
31/12/2018	138.016.497,87	324.375.413,08	462.391.910,95	110.868.989,15	161.048.880,05	52.657.489,21	54.216.254,17	37.035.167,22	37.035.167,22	7.221.240,00
31/12/2017	131.841.078,15	294.216.184,59	426.057.262,74	112.168.069,97	150.476.677,41	48.636.138,92	49.597.271,10	33.885.784,54	27.755.384,38	6.016.540,00
31/12/2016	137.502.260,55	275.683.907,98	413.186.168,53	114.260.471,80	129.019.007,31	43.599.262,35	45.027.129,46	31.240.796,80	30.676.046,46	4.937.148,00
31/12/2015	96.706.510,04	220.353.306,88	317.059.816,92	63.269.733,01	128.146.488,63	37.282.937,82	37.767.207,06	25.510.539,54	21.533.370,50	3.740.790,00
31/12/2014	133.053.616,64	177.858.715,67	310.912.332,31	102.282.661,43	122.873.752,12	32.955.338,23	33.211.137,28	20.385.115,12	18.493.204,03	3.740.790,00
31/12/2013	131.195.062,79	166.861.394,25	298.056.457,04	111.756.504,06	117.320.406,69	35.656.918,81	32.847.699,25	20.129.183,90	18.302.319,92	3.740.790,00
31/12/2012	136.546.285,85	151.895.416,40	288.441.702,25	114.575.807,74	111.134.832,70	33.826.442,35	31.157.639,71	18.255.129,12	16.832.713,07	3.740.790,00

A graph of basic performance, as well as Company asset, capital and liability indicators as at 31 December 2022, and for the period 2012-2021



Key financial performance indicators in 2022 and a comparison with 2021

In the business year 2022, the Company achieved results that ensured further stability, resilience and sustainability of operations with lower values of performance indicators, which the Company finds exceptionally successful considering the uncertainties, high inflation and an unfavourable macroeconomic environment.

Indicator	2021	2022	Indeks 2022/2021	
Financial stability, liquidity and indebtedness				
Self-financing rate	74,81%	72,83%	0,974	Share of equity capital in total fund sources (i.e. in total liabilities & stockholders' equity).
The degree of indebtedness	24,79%	27,17%	1,096	Share of debt in total fund sources (i.e. in total liabilities & stockholders' equity).
Financial stability coefficient	0,95	0,90	0,951	Fixed assets to long-term sources ratio (shareholders' capital and reserves increased by long-term liabilities).
Accelerated liquidity coefficient	1,84	2,08	1,130	Ratio of current assets reduced by the stocks and short-term liabilities.
Current liquidity coefficient	1,87	2,11	1,130	Current assets to short-term liabilities ratio.
Activity indicators				
Ratio of total assets turnover	0,27	0,34	1,245	Total revenue to total assets ratio shows how many times in a year the disposable assets are used to generate total revenues.
Short-term assets turnover ratio	2,55	2,04	0,799	Total revenue to current assets ratio shows how many times a year the disposable current assets are used to generate total revenues.
Business performance indicators				
Cost effectiveness	1,24	1,19	0,960	Total revenue and total expenses ratio.
Profitability	16,44%	13,11%	0,797	Net profit/loss and total revenue ratio.
Return on assets	4,48%	4,45%	0,993	Annual rate of return on invested assets indicates the profit/loss and total asset ratio.
Share of EBITDA in total revenue	36,19%	30,61%	0,846	Earnings before interests, taxes, depreciation and amortization to total revenue ratio.
Share of EBIT in total revenue	22,04%	18,14%	0,823	Earnings before interests and taxes to total revenue ratio.

Composition of resources and sources of financing in the balance sheet as at 31 December 2022
and share of operating revenue in sources of financing as at 31 December 2022

Indicator	Year 2021	Year 2022	Index 2022/2021
Share of fixed assets in the assets	89,31	83,35	93,33
Share of current assets in the assets	10,69	16,65	155,75
Share of capital in reserves and in liabilities	75,66	72,84	96,27
Share of long-term commitments in the liabilities	19,08	19,29	101,10
Share of short-term commitments in the liabilities	5,71	7,88	138,00
Share of operating revenue in equity and reserves	36,32	46,48	127,97
Share of operating revenue in long-term commitments	142,40	175,46	123,22
Share of operating revenue in total commitments	109,59	124,59	113,69
Share of operating revenue in liabilities	27,17	33,85	124,59

Long-term loan liabilities as at 31/12/2022

	31/12/2022	31/12/2021	Index 2022/2021
I LONG - TERM LIABILITIES (1+2+3+4)	84.846.713,52 kn	80.316.391,89 kn	105,64
1. of ERSTE & STEIERMAERKISCHE BANK d.d.	33.864.603,33 kn	37.549.387,41 kn	90,19
Agreement: 511766121 (5.743.106,66 EUR)			
2.Long term loan of ERSTE & STEIERMAERKISCHE BANK d.d. From HBOR-a	8.857.909,24 kn	9.681.133,50 kn	91,50
Agreement:5114305381 (1.483.554,08 EUR)			
3.Long term loan of ERSTE & STEIERMAERKISCHE BANK d.d.	27.877.651,68 kn	30.827.284,43 kn	90,43
Agreement: 517663485 (4.733.333,46 EUR)			
4.Long term loan of ERSTE & STEIERMAERKISCHE BANK d.d.	753.449,24 kn	2.258.586,55 kn	33,36
Agreement: 5117936292 (600.000,00 EUR)			
5.Long term loan of ERSTE & STEIERMAERKISCHE BANK d.d.	13.493.100,03 kn		#DIV/O!
Agreement: 5118899818 (2.000.000,00 EUR)			
II LOAN TERMS (1 + 2 +3+4)			
1. For the loan under number 1 loan will be repaid in 46 equal quarter installments by the amount of 124.850,14 EUR commencing as of 01/07/2021 to 01/10/2032 Interest: fixed by 2,60%			
2. For the loan under number 2 repayment will be made in 53 quarter installments. The first installment falls due 30/06/2021, and the last 30/06/2034 in equal installments by the amount of 27.991,59 EUR. Interest: variable 3%			
3. For the loan under number 3 repayment will be made in 142 monthly installments. The first installment falls due 01/06/2021, and the last on 01/03/2033 in equal installments by the amount of 33.333,33 EUR. Interest: fixed by 2,60%			
4. For the loan under number 4 repayment will be made in 36 monthly installments. The first installment falls due 01/07/2021, and the last on 01/06/2024 in equal installments by the amount 16.666,67 EUR. Interest: fixed by 2,60%			
5. For the loan under number 5 repayment will be made in 20 quarter installments. The first installment falls due 31/07/2023, and the last on 30/04/2028 in equal installments by the amount 100.000,00 EUR. Interest: fixed by 2,25%			
Financial long-term leasing	17.061.510,15 kn	14.116.851,67 kn	120,86
TOTAL LONG-TERM LIABILITIES	101.908.223,67 kn	94.433.243,56 kn	107,92

OPERATING AND OTHER COSTS

Operating costs for 2022 amounted to HRK 124,323,480.86, representing an increase of 44.49% compared to the previous business year. The increase in costs is a direct result of an increase in energy costs, inflation, leading to a general increase in the cost of food, beverages, goods and services, and a significant increase in the volume of business activities which led to an increase in the cost of raw materials, materials and energy by 61%, other costs by 35%, wage costs by 40% and costs of outsourced services by 35%.

FINANCIAL EXPENSES

Financial expenses in 2022 amounted to HRK 3,426,882.58, constituting an increase of HRK 64,721.31, or 2% compared to 2021.

LIQUIDITY

In the reporting period, the Company fully and properly maintained current liquidity and settled its liabilities towards the suppliers, the bank, the state, the employees, etc. in a timely manner and within the deadlines. The Company has secured a sufficient amount of liquid funds to settle its liabilities, regardless of taking into account the challenging business environment in conditions of reduced intensity due

to COVID-19, further emphasised by the unstable security situation in Europe and an unfavourable macroeconomic environment.

With regard to the Loan Agreement for Permanent Working Capital previously concluded with Erste&Steiermärkische Bank d.d. on 19 May 2021, the Agreement was fully realised, i.e. utilised, on 17 March 2022 in the amount of HRK 15,000,000.00, with a repayment grace period of 12 months, a five-year repayment period, and a fixed interest rate of 2.25%. In June 2022, the Company concluded a Short-Term Limit Agreement with the commercial bank Erste&Steiermarkische Bank d.d. for the amount of EUR 2,000,000.00, which will secure a short-term credit limit for the duration of 2022 and the first half of 2023 for the purpose of maintaining current liquidity.

SHARE DISTRIBUTION

There was no share distribution in the reporting period.

EARNINGS PER SHARE

Earnings per share for the reporting period amounted to HRK 9.73.

COLLECTION OF FUTURE REVENUE

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

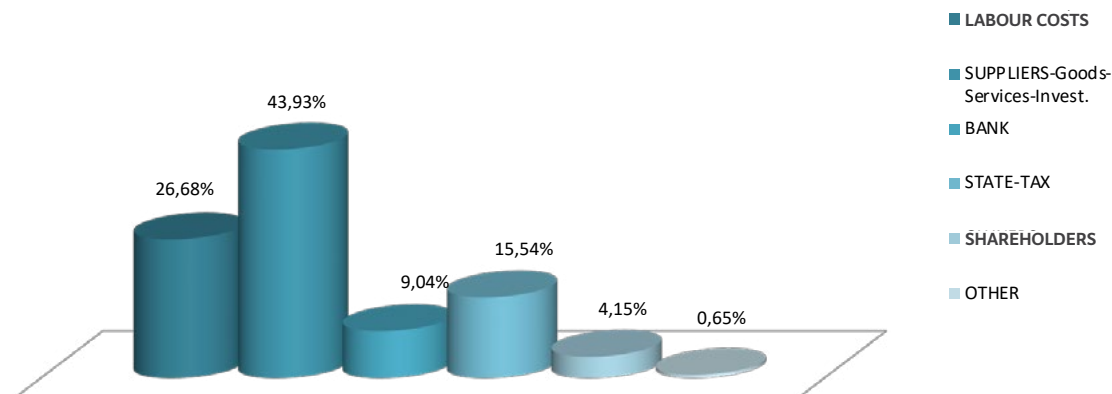
In terms of the effectiveness of the collection of all our trade receivables on account of realised and invoiced business activities or services for the year 2022, we would like point out the fact that the Company collected almost the entire amount of receivables.

7.2 FINANCIAL RESULTS AT COMPANY LEVEL:

7.2.3 COMPANY CASH FLOW

Cash flow for the period 01/01-31/12/2022

OUTFLOW OF FUNDS



INFLOW OF FUNDS (HRK)	12/2021	12/2022	Structure
OPERATING ACTIVITIES	156.004.039,60	211.121.215,93	92,00%
BANK	0,00	17.260.350,00	7,52%
OTHER	5.468.584,04	1.086.519,10	0,47%
TOTAL	161.472.623,64	229.468.085,03	100,00%

OUTFLOW OF FUNDS (HRK)	12/2021	12/2022	Structure
LABOUR COSTS	38.384.222,74	53.844.963,73	26,68%
SUPPLIERS-Goods-Services-Invest.	64.495.148,03	88.666.717,17	43,93%
BANK	11.834.156,29	18.251.906,00	9,04%
STATE-TAX	21.147.002,72	31.362.750,13	15,54%
SHAREHOLDERS	0,00	8.370.674,74	4,15%
OTHER	875.328,34	1.319.738,15	0,65%
TOTAL	136.735.858,12	201.816.749,92	100,00%

8 ADDITIONAL INFORMATION

8.1 SIGNIFICANT EVENTS

The General Assembly of the Company, held on 12 April 2022, took note of the Annual Report for 2021 together with the Audit Report for 2021, Report of the Supervisory Board on the Performed Supervision of the Company's Operations for 2021, and the Management Board' Report on the Acquisition of Own Shares. The General Assembly adopted the Decision on the Approval of the 2021 Report on the Remuneration of Management Board and Supervisory Board Members, the Decision on Granting Discharge to the Company's Management Board, Decision on Granting Discharge to the Members of the Supervisory Board, and the Decision on the Appointment of the Company's Auditor for 2022, by virtue of which the authorised auditing company "UHY RUDAN d.o.o.", Ilica 213, Zagreb, PIN (OIB): 717995390000.

Moreover, the General Assembly also adopted a Decision on the Allocation of Profit for the business year 2021, based on which the profit generated in 2021 is to be allocated as follows:

- HRK 13,752,683.53 into the retained profit, and
- HRK 8,419,792.50 for dividend distribution.

Pursuant to the Decision on Dividend Distribution, a dividend in the total amount of HRK 8,419,792.50 was distributed to the shareholders of the Company from the profits generated in 2021. The dividend per share amounted to HRK 3.50.



8.2 LEGAL MATTERS

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

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

- By the Decision of the Constitutional Court of the Republic of Croatia No. U-III-4392/16 of 5 July 2017, the Constitutional Complaint of the Company was adopted, and the ruling of the Supreme Court of the Republic of Croatia was set aside. The ruling set aside rejected the review initiated by Ilirija d.d. in the case pertaining to the compensation of damages against the Town of Biograd na Moru, for the purpose of conversion of the real property “Primorje” from a construction area into the so-called “area with landscape features”, and the case was referred back to the Supreme Court of the Republic of Croatia. In the repeated proceedings, the Supreme Court of the Republic of Croatia in its ruling number: Rev-x 688/2017 of 27 April 2022 rejected the review initiated by Ilirija d.d. as unfounded. The Company will file a constitutional

complaint to the Constitutional Court of the Republic of Croatia against the aforementioned ruling of the Supreme Court of the Republic of Croatia within the legal deadline.

- The ruling of the County Court in Zadar No. 6 Gž-751/16-2 of 13 June 2017 reversed the sentence of the Municipal Court in Zadar, Permanent Service in Biograd na Moru, of January 2016, and rejected the claim of the town of Biograd na Moru as unfounded. By said claim, the town of Biograd na Moru requested that the Forest Land Lease Agreement concluded between Ilirija d.d. and Hrvatske šume d.o.o. Zagreb, Forest Administration, Split Branch, be declared null and void. Thus, the dispute was finally disposed of in favour of Ilirija d.d., and given the fact that the land in question is tourist land not assessed in the process of conversion and privatization, Ilirija d.d. has already, within the legal deadline, submitted a request to the Government of the Republic of Croatia through the Ministry of Tourism of the Republic of Croatia, for a concession on the co-owned part of the Republic of Croatia, for the use of the "Park Soline" Campsite for 50 years. In the meantime, in May 2020, the new Act on Non-Evaluated Construction Land came into force, thus repealing the Act on Tourism and Other Construction Land Not Evaluated in the Conversion and Privatisation Process. The new Act on Non-Evaluated Construction Land provides that buildings and land in a campsite which are estimated in the value of the capital, are owned by the company, whereas the campsite land not estimated in the value of the capital is owned by the Republic of Croatia. On 5 March 2021, Ilirija d.d. submitted, wit-

hin the legal deadline, an application for a decision to the competent Croatian Ministry of Physical Planning, Construction and State Assets, under Article 17) of the Act on Non-Evaluated Construction Land, that is, for the determination/identification of the scope, evaluated and unevaluated parts and owners of the Park Soline campsite in Biograd na Moru and consequently for the conclusion of a lease agreement between the Republic of Croatia and Ilirija d.d. for a period of 50 years. The procedure is pending.

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

2008). Prior to the expiry of the concession for the nautical tourism port – the Ilirija-Kornati hotel port and the outdoor swimming pool with a beach facility, Ilirija d.d. submitted the applications for the extension of the term of the concession by 20 years, i.e. to a total of 30 years. Until the decision on the applications for the extension of the term of concession and the legal resolution of the legal issues of conversion and lawful capital investments in the maritime domain are reached, Ilirija d.d. has been regularly paying the fee for the use of maritime domain to the budget of the Republic of Croatia.

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

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

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



8.3 INVESTMENTS IN 2022

The Company invested HRK 20,746,322.11 in 2022, of which own funds amounted to HRK 9,144,380.28, while an amount of HRK 11,601,941.83 was secured through a financial leasing. The major part of the investments relates to the Company's tourism sectors, namely the hotel, camping and nautical sectors.

In the hotel sector, significant investments, some of which were started in the fourth quarter of the previous business year, pertained to enhancing and improving the quality and standard of additional facilities. By the end of the first quarter, the reconstruction and significant expansion of the wellness and beauty centre across the whole fifth floor of the Ilirija Hotel**** was finished, transforming it into a medical wellness spa centre by adding more saunas and hydromassage pools, as well as by enhancing and diversifying face and body treatments on offer with new, contemporary beauty devices. Furthermore, by the end of the first half of 2022, the redecoration and refurbishing of the Ilirija Hotel lobby was finished, as well as the adaptation of new shared amenities for children at the Adriatic Hotel, i.e. the adaptation of the Teen Club, envisaged as a gaming club, and of the Kid Club Lavender for children from 3 to 12 years of age, along with the expansion of the existing children's outside playground with amenities made from natural materials. Moreover, all of the internal doors in the Adriatic Hotel were replaced with more energy efficient aluminium ones, and additional decoration work was also done on the restaurant terrace. As regards the camping sector, significant works on the campsite renovation were performed, including all of the infrastructure and landscaping work and the construction of the main roads in the camp's extra zone, as well as additional refurbishing and adaptation of amenities for children with an aim of raising the overall quality and amenities of the camp.

Since the risk of fire is one of the greatest risks in the nautical sector, the Company acquired a fireboat, specially designed and equipped for rescue and fire-fighting activities, to minimise this risk and to ensure timely reaction in case of a fire in order to protect the lives and wellbeing of its guests and employees, as well as to protect property. A fireboat is a specially designed vessel with a pump, monitor, tank and foam nozzle, which is used to fight shoreline and shipboard fires, fires in ports and marinas, warehouses on the coast and in those areas of the coast which can only be reached from the sea.

8.4 NON-OPERATING ASSETS

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

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

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

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

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

8.5 EMPLOYMENT, LABOUR COSTS AND SALARIES

The Company undertook a series of activities to retain working-age, highly qualified and professional employees at all levels for business operations, taking into account the circumstances of the business year, in particular the fact that 2022 was marked by a lack of qualified labour, especially prominent in the hospitality and tourism sector. At the end of the main season, the Company not only maintained full employment, but also retained an adequate number of qualified and professional employees in the employment relationship after the end of the main season in order to create prerequisites for the orderly and uninterrupted development of business processes, i.e. preserving the optimum personnel structure and employment. In the area of human resources development, in 2022 the Company hired ten interns – young, highly educated persons of various professions – for positions in the Sales and Marketing and Environmental Protection Departments with the aim of strengthening personnel structure in key sectors of the Company. The Company retained full employment, with 311 as at 31 December 2022, of which 285 are active and have an assigned job position.

Labour costs for the reporting period and other costs related to the material rights of employees amounted to HRK 54,000,567.86, and compared to 2021, when they amounted to HRK 37,510,423.45, they recorded an increase of 43.96%. Despite the significant increase in labour costs and other costs related to the material rights of employees, their share in operating revenue amounted to 26.63%, which is slightly more than in the previous business year, when the share of these costs amounted to 25.25%, and in 2019, 25.26%. The increase in labour costs as a consequence of the increase in wage costs and other material rights arising from employment is partly the result of a lack of qualified labour, decisions to improve the financial position of employees and, to a lesser extent, the increase in the volume of business activities. The cost of labour as well as other costs related to the material rights of employees, despite their increase, are still at the level of the tourism industry standards, which is one of the Company's objectives in the area of personnel management.

By increasing the allocation for salaries, the Company has ensured that the average net salary for 2022 amounted to HRK 7,284.22 for employees who were employed throughout the year, which represents an increase of 13.15% compared to the average net salary paid for 2021, and so in the last quarter of the business year the average net salary in the Company reached the average net salary at the level of the Republic of Croatia. In the last quarter of 2022, the average net salary amounted to HRK 8,045.03, indicating continuous investment in the material rights of employees and salary increases. The minimum net salary paid in the Company amounted to HRK 6,000.00 net.

8.6 REPORTING PROGRAMME ON THE STUDY OF LISTED MEDIUM AND SMALL ENTERPRISES LAUNCHED BY THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Ilirija d.d. is participating in a project launched by the EBRD (European Bank for Reconstruction and Development) and the Zagreb Stock Exchange on joining the programme of reporting on small and medium-sized companies listed on the stock exchanges of six countries in Southeastern Europe (Bulgaria, Croatia, North Macedonia, Romania, Serbia and Slovenia), while Lithuania, Latvia, Estonia and the Czech Republic were subsequently included into the project, bringing the total to 10 countries and 23 companies. The project is aimed at increasing the level of transparency in the reporting process by producing reliable and independent reports, developing the capital markets of the participating countries, on the one hand, and increasing the investment opportunities in the participating companies, on the other hand. Wood&Company Financial Service, an investment bank based in Prague, was selected as part of the project to prepare independent reports for all the companies.

As at 31 December 2022, six reports were published for the Company, and their recommendations for the wider investment public ranged from holding to buying Ilirija d.d. shares. From the beginning of reporting on the Company's operations, i.e. from the first report, dated 28 October 2020, when Wood&Company Financial Service set the target price for the ILIRIJA d.d. share to HRK 178, while in the last prepared report, dated 3 November 2022, they raised the target price of the share to HRK 216, which means that the target price of the share has increased by 21% since the beginning of the project.

8.7 OCCUPATIONAL HEALTH AND SAFETY

The Company Safety Service is divided into health control, occupational health and safety, fire protection and environmental protection in order to provide maximum safety for its guests and employees, ensure the conditions for providing high quality services and complying with the principle of sustainability as the foundation for long-term stable development and growth of the Company. Accordingly, in terms of safety and security, the Company bases the system on:

- 1) monitoring all applicable legal regulations and ordinances and alignment with them,
- 2) development and implementation of own policies, including the Environmental and Quality Policy;
- 3) development of annual plans and activities for each of these areas,
- 4) implementation of domestic and international standards, and
- 5) continuous key stakeholder trainings.

Health control

Health and safety of guests and employees is one of the most important factors in the Company's business processes, where through optimal working conditions, regular education and appropriate equipment, it is possible to implement the standards of health protection and hygiene of accommodation facilities.

Activities and tasks of Health Control in the segment of operational processes in 2022:

1) Activities in the field of health and sanitary safety

At the end of the first half of 2022, most of the epidemiological measures adopted as a result of the global COVID-19 pandemic were eased and then lifted, as a result of which the Company adapted its operational activities to the new situation while maintaining high health standards, as well as standards in the field of hygiene and sanitary conditions in order to continue to ensure a safe and healthy stay for guests and a working environment at the level of all sectors, profit centres and their departments.

Sanitary and health safety and food safety, the organisation of sanitary and health safety in hotels is primarily reflected in the control of water quality, temperature and hygienic and sanitary supervision of kitchens.

The hygiene and sanitation segment covered the facility's equipment and functionality, lighting and ventilation, maintenance of accessories and equipment, cleaning and disinfection, removal of waste materials and care for employees' personal hygiene. The health control also covered the laundry service and compliance with all health and sanitary regulations.

Sanitary and health safety as an extremely sensitive part of the business process where the responsibility of all employees is expected, as well as the responsible behaviour of guests during their stay in the hotel. Regular controls and inspections by competent authorities contribute to the prevention and quality of the hotel's sanitary and health safety. In 2022, the Sanitary Inspection at the State Inspectorate conducted one supervisory control in a food production facility. All inspections confirmed that the facility operated in compliance with the law.

2) Health safety of foodstuffs and general use items

In 2022, HACCP system was implemented in all hospitality facilities, in compliance with the Codex Alimentarius standard, as a control/monitoring system of critical control points in foodstuff handling procedures. It is implemented by regularly inspecting hospitality facilities (restaurants, bars and kitchens) and auditing all processes, analysing potential hazards, identification of control points and critical control points in operation, employee hygiene inspection, implementation of DDD measures, water safety inspections and continuous education of employees. In 2022, the Sanitary Inspection at the State Inspectorate conducted one supervisory control in a food production facility. All inspections confirmed that the facility operated in compliance with the law.

3) Hygiene of accommodation and sanitary facilities

The control of the cleanliness of accommodation facilities is carried out in accordance with the stipulated standard on a weekly and monthly basis within each individual facility and sanitary facilities. This was entered in the records as part of quality management. Housekeepers and maids were trained, laundry presentation workshops and a course on instructions for working with the new device and cleaning products were held.

4) Health safety of swimming pool water

Together with the Croatian Institute of Public Health, the safety of the pool water of all pools was analysed according to the sampling plan. Daily control of water quality parameters (chlorine concentration and pH value), keeping a record of swimming pool maintenance and hygiene inspections, sanitation procedures implemented in accordance with Swimming Pool and Engine Room Cleaning Plan, regular sampling of pool water by a licensed laboratory, regular chlorination of pool water in order to maintain its safety, employee education on handling chemicals and monitoring their consumption.

5) Wellness hygiene

In order to maintain the hygiene of the wellness area, actions were taken to clean the wellness ro-

oms, regularly check the health safety of the water in the jacuzzis, disinfect them, check the hygiene of the filters, check the items for general use, check and declare the products that were used, conduct employee training and check the measurement of the ionizing radiation in the tanning room by an authorised company.

6) Implementation and control of the application of national and international standards in the field of health control (HACCP and ISO 9001:2015 quality management system) and employee training

In the health and safety management system, we monitor and comply with all applicable legal requirements and policies.

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

Internal training is provided by the Heads of Health Control and Occupational Safety and Fire Protection, in cooperation with external authorized companies and the Institute of Public Health. At the Institute of Public Health, 49 employees attended the Health Education course. Internal trainings on the HACCP system were held in the same manner for the employees of the Food and Beverages Department.

Environmental protection

The Company bases its business policy on management in line with the principles of sustainable and responsible development, with a focus on environmental protection, as the environment is the fundamental resource of the tourism industry. In 2022, the Company worked on the continuous improvement of the environmental management system, sanitary, economic and working conditions with the aim of protecting and preserving the environment, as well as preventing its pollution, i.e. minimising it, rational management of all natural resources and reducing negative effects of the Company's operations on the environment, natural assets and cultural heritage.

Environmental protection activities and tasks in the segment of operational processes in 2022:

1) Waste management

Waste management in the Company's facilities included the following activities: prevention of possible pollution due to the generation and improper handling of hazardous and non-hazardous types of waste, keeping records of the generation and flow of all types of non-hazardous and hazardous waste, waste oils, waste batteries and accumulators, as well as keeping proper records of the accompanying sheets, reporting of annual quantities of non-hazardous and hazardous waste to the Environmen-

tal Protection Agency (ROO register) for the year 2021, control of proper sorting of waste in the field and training of employees, labelling, control of the condition of appropriate containers of hazardous and non-hazardous waste, working with authorised waste disposal companies, monitoring and adapting business processes to legal regulations in the field of sustainable waste management and continuous revision of legally binding documentation related to waste, primarily Waste Management Plans and corresponding Rules.

2) Waste waters

The destination for all waste water produced in the Company's facilities is the public drainage system, and it is previously treated. The water produced at the boat washing station in Marina Kornati passes through a physical-chemical purifier before it is discharged, and the quality of the discharged water is verified by an authorised laboratory in accordance with the water rights permit. At the beginning of 2021, a new water rights permit was obtained for Marina Kornati. Moreover, the issue of collection, treatment and discharge of waste waters in the "Park Soline" campsite is addressed by connecting all of the buildings within the camp via a gravity or pressure sewer to the city sewer. In 2021, the Company obtained a new water rights permit for a well in the "Park Soline" campsite. The Company paid great attention to reducing the use of drinking water and for the irrigation of the horticultural areas in the

campsite it uses its own water source, i.e. a well with a valid water rights act.

3) Air

Emissions of polluting gases (carbon dioxide, carbon monoxide, nitrogen and sulphur oxides) from stationary sources, i.e. boiler rooms, are measured every two years by an authorised company. The measurements were carried out in 2021, according to which all combustion plants, when compared to the results obtained by measuring emissions with the stipulated limit values, comply with the provisions of Article 90) of the Regulation on limit values of pollutant emissions into the air from stationary sources (Official Gazette 87/2017). Also, the quantities of used cooling gases (freons), fuel consumption in boiler rooms, cleaning and certification of air conditioning and ventilation systems are regularly checked. In cooperation with the Technical Service, the control of the operation of boiler rooms is carried out and technological improvements are considered for the purpose of reducing emissions of polluting gases into the atmosphere, as well as monitoring and adapting to new legislation in the field of air protection.

4) Use of hazardous chemicals

Hazardous chemicals are used in the Company when maintaining the health safety of the pool water in hotels and when purifying technological waste water in Marina Kornati; chemicals i.e. cleaning and disinfecting

agents are also used in the household departments, kitchens and wellness. Therefore, at the operational level, activities were carried out with the aim of reducing the amount of chemicals used, training employees on handling hazardous chemicals and checking the consumption of chemicals in hotel pools.

Occupational health and safety

All activities with regard to Occupational Health and Safety have been performed in compliance with legislation governing occupational health and safety and the Ilirija d.d. Plan of Measures for Occupational Health and Safety, with a continuous monitoring of new regulations, their implementation and relevant employee training.

The following occupational health and safety activities have been performed in 2022:

- Employee education, informing and counselling, record-keeping, documenting and notifying, non-smoker protection and prohibition of alcohol consumption and consumption of other addictive substances, all in accordance with relevant legislation.
- Keeping records of employees who suffered an injury or illness in the workplace. During the business year 2022, the rate of injuries at work was 0.88%, that is, two minor injuries occurred during the entire reporting period.
- Monitoring, implementation and control of measures and recommendations from the competent Civil Protection Authority in view of occupational health and safety. The Ilirija d.d. Occupational Safety and Fire Protection Manager is also a member of the Biograd na Moru Civil Protection Authority.
- Testing of instruments of work and working environment by a licensed company, testing of all machines and devices used for work with an increased risk of occupational hazards, electrical and lightning protection installations and the working environment, referring employees to periodically and daily inspect the serviceability of instruments of work.
- In order to ensure health supervision suitable to hazards, harm and strain during work, for the preservation of employee health, the Company provided the employees with occupational healthcare services in accordance with relevant legislation at the licensed medical institution competent for occupational medicine. During 2022, 72 periodic examinations were performed for employees at workplaces with special working conditions, in addition to additional annual sanitary examinations of employees at the Institute of Public Health.
- Employee training activities for safe work practices in accordance with the training programme based on a previously prepared risk assessment, which includes all occupational hazards, harms and efforts determined by the risk assessment and ways to eliminate them. During 2022, 31 employees were trained for safe work practices.
- Implementation of occupational health and safety measures in order to improve working conditions, prevent occupational injuries and illnesses, other work-related illnesses and the protection of the working environment, which include the following technical and organisational measures: Testing of machines and devices used for work with increased occupational hazards, electrical installations, lightning protection – lightning rods, microclimate and lighting in accordance with regulations governing respective areas, fire extinguisher inspections, fire hydrant network inspections, inspections of fire alarm and extinguishing systems, as well as fire-fighting equipment in fire hydrant cabinets; control of instructions for safe work practices and hazard signage, and implementation of internal supervision of compliance with occupational health and safety rules.
- Employees have received first aid training, and the Company provided resources and equipment. Three automatic defibrillators or resuscitation devices were placed in different locations in our facilities. For the same devices, a drill and handling training was held.

- Practice evacuation and rescue drills when implementing fire protection and employee rescue measures, which must be carried out biannually in accordance with relevant legislation, while each year the Company organises practice evacuation and rescue drills. During 2022, the four mentioned drills were held in four different sectors.
- Activities of the Occupational Health and Safety Committee, which, for the purpose of improving occupational health and safety in 2022, planned and supervised the implementation of occupational health and safety rules, organised the performance of occupational health and safety tasks, informed and trained employees on occupational health and safety, implemented the prevention of occupational risks and their effects on employee health and safety.
- Every year, the Company performs testing of electrical installations in buildings intended for work, and employers are required to test them at least once every four years. The aforementioned tests are performed by an authorised company.
- All mandatory tests of work equipment (machines and devices, facilities and means of transfer and transportation of loads) were carried out and compliance with the stipulated Occupational Health and Safety Act with regard to work equipment was established.

In 2022, in the field of occupational health and safety, an inspection was carried out with regard to the implementation of occupational health and safety measures, establishing the regularity of the implementation.

Protection Against Fire

In order to protect people's lives and property from fire, the Company takes measures and actions for eliminating causes of fire, prevention of occurrence and spreading of fire, fire detection and extinguishing, identifying causes of fire, as well as providing assistance with eliminating fire damage.

The following fire safety activities have been performed in 2022:

- The Company actively engaged in the implementation of the Activity Programme for the Implementation of Special Fire Protection Measures in 2022 in so far as it complies with the guidelines issued by the County Chief Fire Officer and the Biograd Public Fire Brigade.
- The Fire Protection Department requested from the Biograd na Moru water distributor to update the information on the public fire hydrant network (fire hydrant position and serviceability).
- Procurement of required fire protection equipment and a sufficient number of fire extinguishers.

The Company has installed 382 fire extinguishers in all facilities.

- During 2022, volunteer fire fighter training was carried out, which was attended by 19 employees. Additional safety and protection was provided by purchasing a fireboat with special equipment and a foam fire extinguisher and a crew that completed a fire-fighting intervention course.
- Daily supervision of the implementation of fire protection measures by the Department Manager and/or employees at each facility. Periodic supervision of the implementation of fire protection measures by immediate managers and the Occupational Safety and Fire Protection Manager.

In 2022, in the field of fire protection, 2 inspections were carried out with regard to the implemented measures, establishing the regularity of the implementation.

8.8 OTHER

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

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

MERGERS AND ACQUISITIONS

There were no mergers and acquisitions.

8.9 NOTES

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

Goran Ražnjević,
President of the Management Board

ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



ILIRIJA d.d., Biograd na Moru

2022 Annual Financial Statements, including the Independent
Auditor's Report

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ILIRIJA d.d.

STATEMENT ON THE ACCOUNTABILITY OF THE MANAGEMENT BOARD

The Management Board is responsible for the preparation of financial statements that provide a true and fair overview of the Company's financial position, business results and cash flows in accordance with applicable accounting policies, as well as for maintaining adequate accounting records to enable such financial statements to be prepared at all times. The Management Board has overall responsibility to take steps that would reasonably enable it to preserve the Company's assets as well as to detect and prevent fraud or other irregularities.

The Management Board is responsible for selecting appropriate accounting policies that comply with the applicable accounting standards, which it then should apply consistently, making reasonable and prudent judgements and estimates and preparing financial statements in accordance with the going concern principle unless the Company's going concern is questionable.

The Management Board is responsible for compiling and publishing the Company's annual financial statements.

The Management Board approved the issuance of the financial statements on 24 February 2023, as is confirmed by the signature.

ILIRIJA d.d.

Tina Ujevića 7

Biograd na Moru

Signed on behalf of the Company's Management Board



Goran Ražnjević, member of the
Management Board

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE COMPANY ILIRIJA d.d.

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of ILIRIJA d.d. (the Company), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying annual financial statements *give a true and fair view* of the financial position of the Company as at 31 December, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Republic of Croatia and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Our procedures during the audit
<i>Investment in land not owned by the Company</i>	
<p>The Company partly performs registered tourist activity on the land that is not included in the Company's share capital in the process of transformation and privatization and on the part of the land that is a maritime domain.</p> <p>The use conditions for the land that was not included in the Company's share capital in the process of transformation and privatization have, so far, been defined by the Act on Tourist and Other Construction Land not appraised in the</p>	<p>Our audit procedures related to investing in land not owned by the Company included, inter alia:</p> <ul style="list-style-type: none"> ➤ Understanding of the Company's accounting policies related to the measurement of the subject assets; ➤ Assessment of the reasonableness of the key assumptions for valuing investments on the subject assets; ➤ Review of input data for the purpose of testing the completeness and accuracy of recording the increase in investment in the subject assets;

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<p>transformation and privatization process (OG 92/10) on the basis of which the Company submitted an application for a concession for a period of 50 years. On 2 May 2020, the new Act on Unappraised Land (OG 50/2020) entered into force. In accordance with the provisions of the Act on Unappraised Land, the Company submitted a request to the Ministry of Physical Planning and State Assets to issue a decision under Article 17 of the Act for concluding a lease agreement for 50 years for Camp Park Soline in Biograd na Moru. As of the date of issue of financial reports for 2022, the Regulation on the unit amount of rent has not been adopted yet and the lease agreement has not been concluded.</p> <p>Pursuant to the Transformation of Socially Owned Enterprises Act, all structures built on maritime domain have been evaluated and included in the share capital of the Company, while land as a public good has not been evaluated. The most important maritime domain used by the Company is Marina Kornati. The concession lasts until year 2032.</p> <p>In 2017, the Company submitted to the Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia, a request for extension of the Concession Agreement for a total period of 50 (fifty) years. As of the date of issuing the financial reports for 2022, the request for the extension of the concession has not been decided yet.</p> <p>All investments in the mentioned lands are recorded by the Company as its own assets.</p> <p>Due to the above and significant future effects on the financial statements, the investment in land not owned by the Company was identified as a key audit matter. For further information see note 7 (Property, plant and equipment).</p>	<ul style="list-style-type: none"> ➤ Monitoring the status of the Request for a decision referred to in Article 17 of the Act on Unappraised Land (OG 50/2020) and for concluding a 50-year lease agreement for Camp Park Soline in Biograd na Moru, dated 5 March 2021; ➤ Review of the Company's report on significant legal issues and assessment and status of legal disputes received from external attorneys; ➤ Assessment the adequacy of related disclosures in annual financial statements and compliance with IFRS.
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Other information

Management is responsible for other information. Other information comprises the Management Report and Corporate Governance Statement included in the Company's Annual Report, but does not include annual financial statements and our auditor's report on thereon. Our opinion on annual financial statements does not cover the other information.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Management Report and Corporate Governance Statement, we also performed procedures required by the Accounting Act. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of Article 21 of the Accounting Act and whether the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

Based on the procedures undertaken, to the extent we are able to assess it, we report that:

1. the information given in the enclosed Management Report and Corporate Governance Statement is consistent, in all material respects, with the enclosed annual financial statements;
2. the enclosed Management Report is prepared in accordance with requirements of Article 21 of the Accounting Act;
3. the enclosed Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit of financial statements, we are also required to report if we have identified material misstatements in the Management Report and Corporate Governance Statement. We have nothing to report in this respect.

Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements

Management is responsible for the preparation of annual financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. We were appointed by the General Assembly at 12 April 2022 based on the proposition of the Supervisory Board to perform the audit of the annual financial statements for the year 2022.
2. At the date of this report, we have been continuously appointed for performing statutory audits of the Company, from the audit of the annual financial statements for the year 2021, to the audit of the annual financial statements for the year 2022, that is for two years in total.
3. In our audit of the annual financial statements of the Company for the year 2022 we determined the materiality for the financial statements as a whole in the amount of 1,8 thousand Kuna, that represents approximately 1% of total income. The main users of the financial statements are the Company's shareholders. Given that the main focus of shareholders is revenues, the growth of which allows the payment of dividends and further investment, we consider the chosen basis for calculating materiality appropriate.
4. Our audit opinion is consistent with the Additional Report to the Audit Committee of the Company prepared in accordance with Article 11 of the Regulation (EU) No 537/2014.
5. In the period from the beginning date of the audited annual financial statements of the Company for the year 2022 to the date of this report, we have not provided the prohibited non-audit services to the Company nor to the companies under its control and/or its parent company within EU and we have not provided the services of design and implementation of internal control procedures or risk management related to the preparation and/or control of financial information or the design and implementation of technological systems for financial information in the business year, before the before mentioned period, and we have maintained independence in relation to the Company during our audit.

Report based on Delegated Regulation (EU) 2018/815 on supplementing Directive 2004/109/EZ of European parliament and Council related to regulatory technical standard for specification of single electronic reporting format of reporting

Independent report on the compliance of annual financial statements (further: financial statements) prepared pursuant to Article 462 (5) of the Capital Market Act (Official Gazette 65/18, 17/20, 83/21 and 151/22) applying the requirements of the Delegated Regulation (EU) 2018/815 on establishing of single electronic reporting format for issuers (the ESEF Regulation).

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We have conducted a reasonable assurance engagement on whether the financial statements, as contained in the attached electronic file 74780000V0GH8Q3K5K76-2022-12-31-en.zip are prepared, for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, in all material respects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the Management and those charged with governance

Management is responsible for the preparation of the financial statements in accordance with ESEF Regulation.

Furthermore, Management is responsible for maintaining an internal control system that reasonably ensures the preparation of financial statements without material non-compliances with ESEF Regulation requirements, whether due to fraud or error.

The Management is also responsible for:

- the public disclosure of financial statements included in the annual report in XHTML format and
- selecting and using XBRL codes in accordance with ESEF regulation.

Those charged with governance are responsible for overseeing the preparation of the financial statements in ESEF format as part of the financial reporting process.

Auditor's responsibilities

Our responsibility is to express a conclusion, based on the audit evidence gathered, as to whether the financial statements are free from material non-compliances with the requirements of the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with International Standard for Assurance Engagements ISAE 3000 (revised) - *Assurance engagements other than audits or reviews of historical financial information*.

Work performed

The nature, timing and extent of the procedures selected depend on the auditor's judgment. Reasonable assurance is a high degree of assurance, however it does not guarantee that the scope of procedures will identify all significant (material) noncompliance with ESEF regulation.

In respect of the subject matter, we have performed the following procedures:

- we read the requirements of the ESEF Regulation,
- we have gained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or error; and
- based on this, devise and implement procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The aim of our procedures was to assess whether:

- the financial statements, which are included in the annual report, are prepared in the relevant XHTML format,
- the information contained in the financial statements required by the ESEF Regulation is marked and all markings meet the following requirements:
 - the XBRL markup language was used,
 - the basic taxonomy elements listed in the ESEF Regulation with the closest accounting significance have been used, unless an additional taxonomy element has been created in accordance with Annex IV. ESEF Regulation,
 - the labelled elements comply with the common labelling rules under the ESEF Regulation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures performed and evidence gathered, the financial statements presented in ESEF format for the year ended on 31 December 2022, contained in the aforementioned attached electronic file and prepared pursuant to Article 462 paragraph 5 of the Capital Market Act prepared for public disclosure, are prepared in all material respects in line with the requirements of Articles 3, 4 and 6 of the ESEF Regulation.

Further to this conclusion as well as opinion contained in this independent auditor's report related to accompanying financial statements and annual report for the year ended 31 December 2022, we do not express any opinion on the information contained in these presentations or on any other information contained in the aforementioned file.



The engagement partner in charge of the audit resulting in this independent auditor's report is Dragan Rudan.

In Zagreb, 24 February 2023

UHY RUDAN d.o.o. for tax consulting and audit

Ilica 213

10 000 Zagreb

Republic of Croatia

Dragan Rudan

A handwritten signature in blue ink, appearing to read 'Dragan Rudan', is written over a horizontal blue line.

Director and Certified Auditor

UHY RUDAN d.o.o.
za porezno savjetovanje i reviziju
ZAGREB, Ilica 213

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Statement of the financial position of the company ILIRIJA d.d.

As at 31/12/2022

(All amounts are provided in thousands of HRK)

	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Intangible assets	6	331	196
Property, plant and equipment	7	363,288	363,592
Investment property	8	76,664	78,194
Investments in subsidiaries	9	37	38
Total non-current assets		440,320	442,020
Current assets			
Inventories	10	1,430	998
Receivables and prepayments	11	5,365	3,069
Current financial assets	12	80,405	45,080
Cash	13	761	3,736
Total current assets		87,961	52,883
TOTAL ASSETS		528,281	494,903
PRINCIPAL AND LIABILITIES			
Equity and reserves			
Share capital	14	229,146	229,146
Own shares	14	(1,728)	(1,171)
Capital reserves		2,932	2,932
Reserves	15	38,577	38,577
Retained profit		115,832	100,760
Total shareholders' equity		384,759	370,244
Non-current liabilities			
Borrowings	16	101,908	94,433
Reservations	17	1,161	1,161
Total non-current liabilities		103,069	95,594
Short-term liabilities			
Borrowings	16	21,335	14,118
Trade and other payables	18	19,118	14,947
Total current liabilities		40,453	29,065
Total liabilities		143,522	124,659
TOTAL PRINCIPAL AND LIABILITIES		528,281	494,903

The following notes form an integral part of these financial statements

Report on the Comprehensive Income of the Company **ILIRIJA d.d.**

As at 31/12/2022

(All amounts are provided in thousands of HRK)

	Note	31/12/2022	31/12/2021
Revenues from sales	19	177,488	128,516
Other operating revenues	20	1,316	5,955
Operating revenue		178,804	134,471
Costs of raw materials, materials and energy	21	(27,507)	(17,124)
Costs of services	22	(24,921)	(18,486)
Staff costs	23	(49,986)	(35,989)
Depreciation of intangible assets	6	(126)	(35)
Depreciation of property, plant and equipment	7	(20,329)	(17,209)
Depreciation of investment property	8	(1,877)	(1,824)
Other operating costs	24	(21,909)	(14,443)
Operating expenses		(146,655)	(105,110)
Operating profit		32,149	29,361
Net financial expenses	25	(3,072)	(3,002)
Profit before tax		29,077	26,359
Corporate income tax	26	5,586	4,187
Net profit for the current year		23,491	22,172
Other comprehensive income		0	0
Total comprehensive income for the period		23,491	22,172
Earnings per share – basic (in HRK)	27	9.73	9.22

The following notes form an integral part of these financial statements

Report on the Cash Flows of the Company **ILIRIJA d.d.**

As at 31/12/2022

(All amounts are provided in thousands of HRK)

	31/12/2022	31/12/2021
Business activities		
Cash inflow (outflow) generated from operations (note 28)	48,013	44,098
Investment activities		
Acquisition of intangible non-current assets	0	0
Procurement of property, plant and equipment	(21,031)	(10,176)
Procurement of investment property	(347)	(2,090)
(Increase)/decrease in current financial investments	(35.374)	(45,077)
Net cash outflow used for investment activities	(56.752)	(57,343)
Financial activities		
Purchase of own shares	(557)	0
Dividend distribution	(8.371)	0
Cash receipts from loans	31.064	2,677
Cash outflows for loans	(16.372)	(9,053)
Net cash outflow from financial activities	5.764	(6,376)
Net increase/decrease in cash	(2.975)	(19,621)
Changes in cash		
At beginning of the year	3,736	23,357
At the end of the year (note 13)	761	3,736
Increase/decrease in cash	(2,975)	(19,621)

The following notes form an integral part of these financial statements

Statement of Changes in Equity of ILIRIJA d.d.

As at 31/12/2022

(All amounts are provided in HRK)

	Share capital	Own shares	Capital reserves	Reserves	Retained profit	Total equity
Balance as at 01 January 2021	229,146	(1,171)	2,932	38,577	78,588	348,072
Distribution of own shares	0	0	0	0	0	0
Purchase of own shares	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0
Net comprehensive income for the period	0	0	0	0	22,172	22,172
Balance as at 31 December 2021	229,146	(1,171)	2,932	38,577	100,760	370,244
As at 1 January 2022	229,146	(1,171)	2,932	38,577	100,760	370,244
Distribution of own shares	0	0	0	0	0	0
Purchase of own shares	0	(557)	0	0	0	(557)
Transfer to reserves	0	0	0	0	0	0
Dividend distribution	0	0	0	0	(8,419)	(8,419)
Net comprehensive income for the period	0	0	0	0	23,491	23,491
As at 31 December 2022	229,146	(1,728)	2,932	38,577	115,832	384,759

The following notes form an integral part of these financial statements

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 1 – GENERAL INFORMATION

"Ilirija" d.d., Biograd na Moru (Company), OIB: 05951496767 performs its business activities in the Republic of Croatia. The objects of the Company are hospitality and tourism, trade and maritime affairs. The Company is registered with the Commercial Court in Zadar with a share capital of HRK 229,146,480.00. The Company's headquarters are located in Biograd na Moru, Tina Ujevića 7, Croatia. The Company is a member of Arsenal Holdings d.o.o. Group, Zadar.

As at 31 December 2022, the Company's shares are listed on the Official Market of the Zagreb Stock Exchange. The ownership structure of the Company is presented in Note 14.

The President of the Management Board is Mr Goran Ražnjević.

The members of the Supervisory Board are: Mr Goran Medić (Chairman), Mr David Anthony Tudorović (Deputy Chairman), Mr Davor Tudorović, Mr Darko Prebežac and Mr Siniša Petrović (members). The members of the Audit Committee are: Mr David Anthony Tudorović (Chairman), Mr Goran Medić and Mr Darko Prebežac.

NOTE 2 – BASIS FOR THE PRODUCTION OF FINANCIAL STATEMENTS

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Declaration of compliance

The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, under the historical cost convention.

In addition to the annual financial statements, the Company also prepares the Annual Management Report.

The said financial statements were approved by the Management Board on 24 February 2023.

(b) Basis for creation

The financial statements have been created on a going concern basis, implying the continuity of normal business activities, the realisation of assets, and the settlement of liabilities in the normal course of operations.

(c) Presentation basis

These financial statements have been prepared under the historical cost convention, except for certain financial instruments that are carried at fair value. The financial statements are presented in the Croatian currency, the Croatian kuna (HRK), rounded to the nearest thousand (unless otherwise stated), which is the Company's functional currency.

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 2 – BASIS FOR THE PRODUCTION OF FINANCIAL STATEMENTS (CONTINUED)

(d) Non-consolidated financial statements

The financial statements of the Company are prepared on a non-consolidated basis.

The Company is the sole (100%) owner of two companies (see Note 9) which are not consolidated in the financial statements of the Company because they have not started with their activities.

(e) Segment reporting

A business segment is reported in accordance with internal reporting to the executive decision-maker. The executive decision-maker, who is responsible for allocating resources and assessing performance of the business segments, is the Company's Management Board.

NOTE 3 – NEW STANDARDS AND INTERPRETATIONS

At the date of issuance of these financial statements, the following standards, amendments and interpretations issued by the International Accounting Standards Board are not yet effective.

The first application of new amendments to existing standards effective for the current reporting period

In the current reporting period, the following amendments to existing standards as well as new interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union shall apply:

- **amendments to IFRS 16 "Leases": COVID-19-Related Rent Concessions after 30 June 2021 – adopted in the European Union on 30 August 2021 (effective for annual periods beginning on or after 1 April 2021).**
- **Amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the cycle of Annual Improvements to IFRS 2018-2020 – adopted in the European Union on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022).**

The Company has consistently applied its accounting policies to all periods presented in its financial statements. The adoption of the said amendments to existing standards and interpretations has not resulted in material changes to the financial statements.

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 3 – NEW STANDARDS AND INTERPRETATIONS OF PUBLISHED STANDARDS THAT HAVE NOT YET BEEN ADOPTED (CONTINUED)
Amendments to existing standards published by the IASB and adopted in the European Union, but not yet effective

The following amendments to existing standards published by the IASB and adopted by the European Union had been adopted but not effective on the date when the financial statements were authorised for issue:

- **amendments to IAS 12 “Income Taxes”:** Deferred Tax related to Assets and Liabilities arising from a Single Transaction, adopted in the European Union on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023),
- **amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2: IFRS Practice Statement 2 –** adopted in the European Union on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),
- **amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”:** Definition of Accounting Estimates – adopted in the European Union on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023).

The Company has decided not to apply these amendments to existing standards before they become effective. The Company anticipates that the application of amendments to existing standards will not have a significant impact on the Company’s financial statements in the initial application period.

New standards and amendments to existing standards published by the IASB, not yet adopted in the European Union

IFRSs currently adopted in the European Union do not differ significantly from the regulations issued by the IASB, except for the following standards and amendments to existing standards, whose adoption has not yet been decided upon by the European Union on the day of issuance of these financial statements (the effective dates listed below refer to IFRSs issued by the IASB):

- **amendments to IAS 1 “Presentation of Financial Statements”:** Classification of Current and Non-Current Liabilities and Non-Current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),
- **amendments to IFRS 16 “Leases”:** Leasehold receivables in sale and lease back (effective for annual periods beginning on or after 1 January 2021),
- **amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Interests in Associates and Joint Ventures”:** Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (OMRS postponed the date of application of these amendments indefinitely).

The Company anticipates that the adoption of new accounting standards (set out in the financial statements) and amendments to existing standards will not significantly affect the financial statements in their first application period.

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currencies

Transactions in foreign currencies are converted into the functional currency on the basis of the exchange rate of the date of the transaction. Monetary assets and liabilities are converted into the functional currency on the basis of the exchange rate of the date of statement of financial position. Gains or losses pertaining to payments and collection based on such transactions and to the conversion of monetary assets and liabilities into the functional currency are included in the Statement of Comprehensive Income. As at 31 December 2022 the exchange rate of Croatian kuna was EUR 1/HRK 7.534500 (31 December 2021: EUR 1/HRK 7.517174).

The results and financial position of the Company are presented in the financial statements, namely in Croatian kuna (HRK), the Company's functional currency and the presentation currency for the financial statements.

(b) Use of estimates and judgements

The preparation of financial statements requires the Management Board to make judgements, estimates and assumptions which affect the application of accounting policies and the reported amounts pertaining to assets, liabilities, revenue and costs. Actual results may differ from these estimates.

The estimates are continually evaluated and based on experience and other factors, including the expected future events considered to be acceptable under current circumstances. The Company creates estimates and assumptions about the future. The effect of estimate adjustments is recognized in the period in which the estimate is adjusted, as well as in future periods if the adjustment affects those along with the current period.

In creating judgements, the Management Board applied the individual criteria for recognizing sales revenue, particularly whether the Company has transferred significant risks and rewards of ownership to the customer. The Management Board is convinced that significant risks and rewards of ownership have been transferred, and that it is appropriate to recognize revenue in the current year.

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) Comparative figures**

According to IAS 8, comparative figures can be reclassified to conform to the presentation for the current year.

Description of amendments to the Statement of financial position:

- the amount of HRK 1,161 thousand refers to the reclassification of provisions for court cases from the item “Business and other payables” to the item “Provisions”;
- the amount of HRK 1,951 thousand refers to the reclassification of advances received from the item “Other payables” to the item “Business and other payables”.

	Note	31/12/2021	Reclassification	31/12/2021 reclassified
Non-current liabilities				
Borrowings	16	94,433		94,433
Reservations	17	0	1,161	1,161
Total non-current liabilities		94,433	1,161	95,594
Short-term liabilities				
Borrowings	16	14,118		14,118
Trade and other payables	18	14,157	790	14,947
Other payables		1,951	(1,951)	0
Total current liabilities		30,226	(1,161)	29,065
Total liabilities		124,659	0	124,659
TOTAL PRINCIPAL AND LIABILITIES		494,903	0	494,903

All other items of the financial statements remain unchanged.

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Revenue recognition**

Revenue consists of the fair value of the consideration received or receivable for the services sold during the Company's regular operations. Revenue is reported as an amount net of value added tax and discounts. The Company recognizes revenue when the amount of revenue can be measured reliably, when the Company will have future economic benefits, and when specific criteria for all of the Company's activities are met.

(a) Service revenue

Revenue earned from the sale of services is recorded at the date of invoicing, which is after the point of delivery.

(b) Rental revenue

Revenue from rental services is recognized in the period when the services are provided, namely using the straight-line basis during the period of the contract with the lessors.

(e) Costs of sale

Cost of sale (goods sold) includes all purchase cost and cost of rendering services incurred in relation to the invoiced service or goods.

(f) Selling, general and administrative expenses

Selling, general and administrative expenses comprise all expenses of joint and general departments.

(g) Repairs and maintenance

The maintenance costs are charged to expenses in the period in which they are incurred.

Increasing the capacity or quality of a service or product, that is, increasing or enhancing the scope and content of a product or service through repairs and maintenance leads to an increased service standard or longer useful life of a property, plant or equipment, whereby the repairs and maintenance are recorded as an increase in the value of the property, plant or equipment.

The remaining repair costs which do not fall under the above-mentioned or are not incurred for the mentioned purpose but are in nature intended for maintaining the property, plant or equipment, are charged to expenses in the period in which they are incurred.

Classifying the repair costs by character and purpose is carried out by the Company's competent services managing the said business processes, including the Company's accounting and finance department.

Investments related to the reconstruction and adaptation aimed at changing the capacity or purpose of a property, plant and equipment are recorded as an increase in the value of the property, plant and equipment.

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(h) Corporate income tax**

The Company is subject to taxation according to the laws and regulations of the Republic of Croatia. Corporate income tax is assessed on the tax basis, which is determined as the difference between income and expenses, increased and decreased by items provided by tax regulations.

(i) Property, plant and equipment

Property, plant and equipment have been recorded at the estimated purchase cost, i.e. purchase cost less accumulated depreciation. Purchase cost includes all costs directly attributable to bringing the asset to its working condition for its intended use. Items and equipment are registered as non-current assets if their estimated life is greater than one year.

Tangible assets that are retired or otherwise disposed of are eliminated from the balance sheet together with the corresponding value adjustments (if any). Gains and losses on such disposals or retirements are included in the income statement for the year. Value adjustment is charged to the income statement on a straight-line basis so as to depreciate the cost or value of buildings and equipment over their estimated useful lives, as follows:

	2022	2021
Buildings	40 years	40 years
Equipment for tourism and hotel industry	10-40 years	10-40 years
Other equipment	7-15 years	7-15 years

The estimated useful life, residual value and the depreciation method are reviewed at the end of each financial year, and the effects of any changes in estimates are calculated prospectively.

In accordance with the decision of the Management Board dated 2 January 2022, a new estimate of the useful life was made for the group of equipment – mobile homes, and the useful life was estimated from the previous 10 years to a new useful life of 7 years.

The decision to change the depreciation rate of equipment (mobile homes) is based on an objective estimate of changes in the useful life of part of the equipment, i.e. mobile homes.

Effects of change

<i>(in HRK thousand)</i>	Depreciation amount based on old depreciation rates	Depreciation amount based on new depreciation rates	Effect of change
Property, plant and equipment	(19,834)	(22,206)	(2,372)
Total non-current assets	442,692	440,320	(2,372)
TOTAL ASSETS	530,653	528,281	(2,372)
Depreciation of property, plant and equipment	(19,960)	(22,332)	(2,372)
Operating expenses	(144,283)	(146,655)	(2,372)
Net profit for the current year	25,863	23,491	(2,372)

The useful life shall be reviewed periodically to determine whether there are any circumstances that would change the estimate relative to the previous one. Any changes in the estimate shall be recognised in future periods by changing the depreciation costs over the remaining useful life that has changed.

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The land is included in the estimated amounts and is not depreciated since it is considered to have an indefinite useful life. Depreciation of assets in course of construction commences when they are put in use.

(j) Investment property

Investment property comprises buildings with the accompanying land that are held for long-term rental yields or capital appreciation or both. They are considered non-current assets and are measured at the cost of acquiring less depreciation. The cost includes purchase cost and all costs directly attributable to purchase.

Depreciation is charged to the income statement on a straight-line basis so as to depreciate the cost or valuation of investment property over its estimated useful life of 40 years.

Land is not depreciated since it is considered to have an indefinite useful life.

(k) Investments

A subsidiary is an entity under the control of another entity, known as the parent company. The parent company does not need to present consolidated financial statements if, and only if the parent company itself is a subsidiary wholly or partly owned by another entity and its other owners, including those with no voting rights, have been informed that the parent company shall not present consolidated financial statements and they do not object. The subsidiaries are listed in Note 9.

(l) Inventories

The inventories are stated at the lower of cost and net realisable value. The cost of inventories includes all purchase costs incurred in bringing the inventories to their present location and the current state. When inventories are sold, the carrying value of these inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-off of inventories to net realizable value and all losses of inventories are recognized as an expense in the period of the write-off, i.e. the occurrence of deficit. The amount of any reversal of any write-off of inventories as a result of an increase in net realizable value is recognized as a decrease in the amount of inventories recognized as an expense in the period in which they occur. The cost is calculated on the average cost price basis. Small inventories are 100% expensed when put in use.

(lj) Receivables and prepayments

Receivables represent the right to collect determined amounts from customers or other debtors with regard to the Company's business. Receivables are reported in the total amount less the value adjustment or in amounts that are expected to be collected. An adjustment of the value of trade receivables is performed when there is objective evidence that the Company will not be able to collect all of its claims in accordance with the agreed terms.

At each reporting date, the Company estimates whether the credit risk for financial instruments has increased significantly since initial recognition. In estimates, the Company uses changes in default risk that occur during the expected life of the financial instrument instead of changing the amount of expected credit losses.

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

In order to create an estimate, it compares the default risk for a financial instrument at the reporting date with the one at the date of initial recognition, taking into account reasonable and acceptable figures. Trade receivables include all receivables from sale of goods and provision of services, as well as prepayments, dues from state institutions and other short term receivables.

(m) Cash

For the purposes of cash flow statements, cash consists of cash in hand and balances with banks.

(n) Own shares

Own shares of the Company held at the balance sheet date are treated as a deduction from the Company's equity. The gains and losses on sales of own shares are charged to the capital reserves.

(nj) Financial instruments

Financial instruments reported in the balance sheet include money and bank account balances, receivables, account payables and borrowings. The specific applied recognition methods are disclosed in individual explanations of accounting policies for each item.

(o) Borrowings

Borrowings are initially recognized at nominal value decreased by transaction costs, which equals the fair value. In future periods, borrowings are carried at amortized cost; any difference between the proceeds (minus transaction costs) and the surrender value is recognized in the statement of comprehensive income over the period of the borrowing, using the effective interest method.

Borrowings shall be classified as current liabilities unless the Company has an unconditional right to postpone the settlement of the liability by at least 12 months after the reporting date.

(p) Trade payables

Trade payables are amounts related to purchased goods and services in the normal course of operations. A liability shall be presented as a current liability if payment is expected within one year, or as a long-term liability if it is not. Trade payables are initially recognized at fair value, and in future periods they are carried at amortized cost, namely using the effective interest method.

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 5 – KEY ACCOUNTING ESTIMATES AND JUDGMENTS

The Company creates estimates and assumptions about the future. By definition, the resulting accounting estimates are rarely equal to the actual result. Estimates and assumptions that have a significant risk of causing a material adjustments of the net book value of assets and liabilities within the next financial year are described below.

Corporate income tax

The company is subject to corporate tax in the Republic of Croatia. Tax returns are subject to approval by the Tax Administration, which has the right to carry out subsequent inspections of the taxpayers' accounts over the following three years, as well as to request changes on that basis.

Property, plant and equipment life

Determining the useful life of assets is based on the historical experience with similar assets, as well as on projected changes in the economic environment, and factors related to the industry in which the Company operates. The adequacy of the estimated useful life is reviewed either annually or whenever there is an indication of significant changes in assumptions. We believe this to be an important accounting estimate given the significant proportion of assets amortized in total assets. Thus, the impact of significant changes in these assumptions could have a material impact on the Company's financial position and operating results.

Impairment of financial assets

At each reporting date, the Company estimates whether the credit risk for financial instruments has increased significantly since initial recognition. In estimates, the Company uses changes in default risk that occur during the expected life of the financial instrument instead of changing the amount of expected credit losses. In order to create an estimate, it compares the default risk for a financial instrument at the reporting date with the one at the date of initial recognition, taking into account reasonable and acceptable figures.

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 6 – INTANGIBLE ASSETS

<i>(in HRK thousand)</i>	Investments in borrowed assets – buildings	Total
Year ended 31 December 2021		
Opening net book amount		
Additions	91	91
Depreciation charge	140	140
	(35)	(35)
Closing net book amount	196	196
Balance as at 31 December 2021		
Cost		
Accumulated value adjustments	2,281	2,281
	(2,085)	(2,085)
Net book value	196	196
Year ended 31 December 2022		
Opening net book amount	196	196
Additions	261	261
Depreciation charge	(126)	(126)
Closing net book amount	331	331
Balance as at 31 December 2022		
Cost	2,542	2,542
Accumulated value adjustments	(2,211)	(2,211)
Net book value	331	331

The investments were made in the catering facility "Arsenal", in which the Company carries out its activities under the Business Cooperation Agreement concluded with the Parent Company, Arsenal Holdings d.o.o., Zadar

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

(in HRK thousand)	Land	Investments n facilities	Equipment	Buildings under construction	Total
Year ended 31 December 2021					
At beginning of the year	43,295	261,075	65,674	801	370,845
Additions	1,114	0	4,104	4,817	10,035
Transfer from assets under construction	0	2,804	354	(3,158)	0
Reductions – sale, disposal	0	0	(79)	0	(79)
Depreciation charge	0	(9,525)	(7,684)	0	(17,209)
Closing net book amount	44,409	254,354	62,369	2,460	363,592
Balance as at 31 December 2021					
Cost	44,409	347,261	115,158	2,460	509,288
Accumulated value adjustments	0	(92,907)	(52,789)	0	(145,696)
Net book value	44,409	254,354	62,369	2,460	363,592
Year ended 31 December 2022					
At beginning of the year	44,409	254,354	62,369	2,460	363,592
Additions	0	119	13,401	6,881	20,401
Transfer from assets under construction	0	5,610	1,512	(6,752)	370
Reductions - disposal	0	0	(746)	0	(746)
Depreciation charge	0	(9,581)	(10,748)	0	(20,329)
Closing net book amount	44,409	250,502	65,788	2,589	363,288
Balance as at 31 December 2022					
Cost	44,409	352,989	128,693	2,589	528,680
Accumulated value adjustments	00	(102,487)	(62,905)	0	(165,392)
Net book value	44,409	250,502	65,788	2,589	363,288

In the process of the Company conversion, the estimated value of the Company's capital includes the estimated value of the property for which the property rights have not been resolved. The shares of equal value are mainly reserved by the Croatian Privatization Fund (Agency for State Property Management / CERP). For a part of the shares provision was cancelled, so the number of reserved shares remaining is 24,984 (see Note 14).

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT (continued)

The buildings of Marina Kornati, Kornati hotel port and swimming pool are located at the maritime domain, and have been evaluated and entered in the Company's share capital in the conversion process. Their usage is regulated by the approved concessions. Under the Concession Agreement of the Kornati maritime domain-port of nautical tourism, the use is, for the moment, regulated for a period of 32 years, or until 2031.

In accordance with the Act on Maritime Domain and Seaports, on 17 October 2017, the Company submitted to the Government of the Republic of Croatia, through the competent Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia, a request with regard to the Kornati Marina in Biograd na Moru 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. To date, no decision has been made on the Company's request.

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

As at 31 December 2022 the total investment in the "Park Soline" campsite, as reported at cost, was in the amount of HRK 132,736 thousand. Of the mentioned total investment amount, HRK 58 thousand was invested in land, HRK 83,224 thousand in infrastructure and the construction and reconstruction of seven modernly equipped and furnished sanitary facilities and investment in the construction of buildings housing the campsite management offices, the sales and marketing department of the campsite and reception, whereas 49,454 thousand was invested in equipment, mostly the holiday mobile homes. As at 31 December 2022 a total amount of HRK 2,323 thousand was invested in the "Park Soline" campsite restaurant, of which HRK 1,457 thousand in the building and HRK 866 thousand in equipment. The auto camp is spread over 200,800 m² of land, which the Company, on the basis of the Decision of the former Assembly of the Municipality of Biograd na Moru and the Contract on granting permanent use of building land, concluded with the Assembly of the Municipality of Biograd na Moru, received for permanent use for the performance of registered tourism activities. Given the above-mentioned permanent right of use, the Company has in accordance with acquired rights from the transformation and privatization process and legitimate expectations, made capital investments on the tourism land which is not estimated in the process of transformation.

The above-mentioned land, except a land plot of 779 m² and the land on which the building have been constructed, is not included in the estimated value of the Croatian Privatization Fund and is not included in the Company's share capital in the process of conversion and privatization. This confirms one of the most important outstanding issues of the procedure of conversion and privatization of enterprises in our country, and that is arranging the real owner of the construction land, which in the conversion and privatization procedure has not been estimated in the value of the capital of legal entities.

Pursuant to the Act on Tourism and Other Land Not Evaluated in the Conversion and Privatisation Process (hereinafter: the Act on Tourism Land) has submitted to the Republic of Croatia a timely request for a concession on tourism land not evaluated in the conversion and privatization process for a period of 50 years (longest permitted period), based on a properly conducted conversion process and the rights from the conversion process over Soline campsite consequently belong to the Company. As a result of the ambiguity in the provisions of the Act on Tourism Land and related regulations, 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 its adoption (2010). Due to unclear provisions of the Act, no decision has been rendered during its validity regarding the Company's application.

According to the above-mentioned legal basis, Park Soline campsite has been issued a decision on a four-star classification.

The following notes form an integral part of these financial statements

As at 31/12/2022

(All amounts are provided in HRK)

In May 2020, a new act on non-evaluated construction land was adopted, and thus the Act on Tourism Land ceased to have effect. The new Act provides for the right of tourism companies to submit an application for leasing construction tourism land for a period of 50 years. In March 2021 the Company submitted the appropriate application for leasing construction land in the campsite for a period of 50 years to the competent authority of the Republic of Croatia, that is, to the Ministry of Physical Planning, Construction and State Assets. Under the provisions of the Act on Non-Evaluated Construction land, a company shall become the owner of buildings, land under buildings and land in the campsite that were evaluated and entered into the value of social capital in the conversion and privatisation process, while the Republic of Croatia shall become the owner of buildings and land in the campsite that were not evaluated and entered into the value of social capital in the conversion and privatisation process (so called Parts of the campsite owned by the Republic of Croatia). In the meantime, on 1 April 2022 the Company, in accordance with Article 18 of the Act on Non-Evaluated Construction Land, obtained from the Centre for Restructuring and Sales the Certificate of Conformity of the Geodetic Survey Report, which confirms the conformity of the Park Soline Campsite Geodetic Survey Report with the decision of the Croatian Privatisation Fund of 12 July 1996, by which the real property concerned was evaluated in the process of conversion of the socially-owned enterprise "Ilirija" Biograd na Moru.

In the meantime the Company has also regulated performing its registered tourism activity on the stated land by lease agreements concluded with Hrvatske šume and the town of Biograd na Moru.

Over a part of the Company's buildings (Hotel Adriatic, Hotel Ilirija and Tennis Centre) with purchase value of HRK 133,596 thousand and its land of a purchase value of HRK 24,901 thousand are subjects to lien in favour of the commercial bank for approved loans (see Note 16).

In 2020, the commercial bank also performed the regular assessment of the value of Adriatic, Ilirija and Kornati hotels as guarantee for the loans. The value of Adriatic, Ilirija and Kornati hotels is estimated at an amount of EUR 25,436 thousand or HRK 192,540 thousand at the exchange rate on 19 October 2020.

In 2019, the commercial bank also performed the regular assessment of the value of the "City Galleria" Business and Shopping Centre owned by the Company as guarantee for the loans for the acquisition of "City Galleria". The value is estimated at an amount of EUR 16,360 thousand or HRK 121,570 thousand at the exchange rate as at 8 April 2019.

The value of the said buildings, property and land, recorded in company accounts as the cost of acquisition decreased by the accumulated depreciation, amounts to HRK 168,120 thousand, namely HRK 145,990 thousand less than the market value estimated by the commercial bank.

The commercial bank estimated a total value of the buildings and land subject to lien in favour of the bank for approved loans (Hotel Adriatic, Hotel Ilirija, Hotel Kornati and City Galleria) in the amount of HRK 314,110 thousand, whereas the total value of the Company's medium and long-term loans amounted to HRK 84,847 thousand as at 31 December 2022, representing a loan share of 27,01% of the Company's total assets evaluated by the commercial bank serving as lien in favour of the bank for approved loans.

As at 31/12/2022
(All amounts are provided in HRK)

NOTE 8 – INVESTMENT PROPERTY

<i>(in HRK thousand)</i>	Land	Buildings facilities	Total
Year ended 31 December 2021			
Opening net book amount	12,648	65,279	77,927
Additions	0	2,091	2,091
Depreciation charge	0	(1,824)	(1,824)
Closing net book amount	12,648	65,546	78,194
Balance as at 31 December 2021			
Cost	12,648	72,228	84,876
Accumulated value adjustments	0	(6,682)	(6,682)
Net book value	12,648	65,546	78,194
Year ended 31 December 2022			
Opening net book amount	12,648	65,546	78,194
Additions	0	347	347
Depreciation charge	0	(1,877)	(1,877)
Closing net book amount	12,648	64,016	76,664
Balance as at 31 December 2022			
Cost	12,648	72,575	85,223
Accumulated value adjustments	0	(8,559)	(8,559)
Net book value	12,648	64,016	76,664

Investment property includes the land and the building of the “City Galleria” Business and Shopping Centre in Zadar. All buildings together with the associated land are subject to lien as collateral for repayment of a loan (see note 7).

During the year, the Company had rental income from investment property in the amount of HRK 13,791 thousand (2021: HRK 13,076 thousand), while operating expenses related to investment property amounted to HRK 10,113 thousand. (2021: HRK 8,892 thousand).

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 9 – INVESTMENTS IN SUBSIDIARIES

<i>(in HRK thousand)</i>	2022	2021
Ilirija Građenje d.o.o., Biograd n/m	18	19
Ilirija Nautika d.o.o., Biograd n/m	19	19
	37	38

Investments and the respective ownership are as follows:

Company name	Type of activity	Seat	Share percentage	
			2022	2021
Subsidiaries				
Ilirija Građenje d.o.o., Biograd n/M	construction, property	Croatia	100.00%	100.00%
Ilirija Nautika d.o.o., Biograd n/M	marinas	Croatia	100.00%	100.00%

NOTE 10 – INVENTORIES

<i>(in HRK thousand)</i>	2022	2021
Raw material and materials	1,288	859
Small inventory and spare parts	142	139
	1,430	998

NOTE 11 - RECEIVABLES AND ADVANCES

<i>(in HRK thousand)</i>	2022	2021
Domestic trade receivables	1,826	1,411
Domestic trade receivables - related parties, A. H.	8	21
Foreign trade receivables	130	139
Suspect and contested trade receivables	3,093	3,093
Advance receivables	1,004	252
Loans to co-owners – related parties	39	7
VAT receivables	1,826	982
Receivables due from employees, loans	100	11
Other receivables	432	246
	8,458	6,162
Trade receivables value adjustment	(3,093)	(3,093)
	5,365	3,069

The following notes form an integral part of these financial statements

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 12 - SHORT-TERM FINANCIAL ASSETS

<i>(in HRK thousand)</i>	2022	2021
Loans to co-owners – related parties	-	50
Time deposits with banks	80,405	45,030
	80,405	45,080

NOTE 13 – CASH

<i>(in HRK thousand)</i>	2022	2021
Gyro accounts	42	290
Foreign currency accounts	628	3,379
Cash in hand	91	67
	761	3,736

NOTE 14 – SHARE CAPITAL AND OWN SHARES

<i>(in HRK thousand)</i>	Ordinary shares	Reserved shares	Total	Own shares	Share capital less the own shares
Balance as at 31 December 2021	226,774	2,372	229,146	(1,171)	227,975
Balance as at 31 December 2022	226,774	2,372	229,146	(1,728)	227,418

The share capital of the Company as at 31 December 2022 amounts to HRK 229,146,480.00, and it is divided into 2,413,488 no-par-value ordinary shares.

In 2022, the Company acquired 3,048 own shares, at the cost of acquisition of HRK 557,000. As at 31 December 2022, the balance of own shares amounted to 10,881 shares (2021: 7,833) at investment cost of HRK 1,728 thousand (2021: HRK 1,171 thousand). During 2022, there were no disposals of own shares.

In the process of Company conversion, by the decision of the Croatian Privatization Fund, shares with a value of DEM 2,727,000 have been reserved due to the unresolved property rights on certain properties. Since in the meantime a part of the properties was sold and for a part the ownership issue was resolved, the Croatian Privatization Fund resolutions cancelled the provision of shares for such properties, so on 31/12/2022, the number of reserved shares amounted to 24,984, or 1.0352% (2021: 1.0352%).

As at 31/12/2022
(All amounts are provided in HRK)

NOTE 14 – SHARE CAPITAL AND OWN SHARES (continued)

The capital ownership structure of Ilirija d.d., Biograd is as follows (in %):

	31/12/2022	31/12/2021
Arsenal Holdings d.o.o., Zadar	59.21	59.21
Ilirija d.d., Biograd na moru (own shares)	0.45	0.32
AZ mandatory pension fund	16.51	16.35
AZ voluntary pension fund	3.03	3.03
Centre for restructuring and sale (CERP)	1.13	1.38
Other shareholders	19.67	19.71
	100.00	100.00

NOTE 15 – RESERVES

<i>(in HRK thousand)</i>	2022	2021
Legal reserves	24,078	24,078
Reserves for own shares	6,976	6,976
Other reserves	7,523	7,523
	38,577	38,577

Legal reserves are formed from the realised profit up to 5% of the Company's share capital, in accordance with the Companies Act. Legal reserves are not distributable.

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 16 – BORROWINGS

<i>(in HRK thousand)</i>	Approved principal	Interest rate %	2022	2021
Short-term				
Erste&Steiermärkische Bank d.d., Rijeka	EUR 750,000.00	2.30%	2,260	-
Erste&Steiermärkische Bank d.d., Rijeka	HRK 2,500,000.00	2.40%	2,220	-
			4,480	-
Plus: current due amounts of long-term borrowings and leasing			16,855	14,118
Total short-term portion			21,335	14,118
Mid-term and long-term				
Erste&Steiermärkische Bank d.d., Rijeka	EUR 1,680,000.00	3%	9,702	10,521
Erste&Steiermärkische Bank d.d., Rijeka	EUR 7,491,008.67	2.60 %	37,627	41,295
Erste&Steiermärkische Bank d.d., Rijeka	EUR 6,000,000.00	2.60 %	30,961	33,827
Erste&Steiermärkische Bank d.d., Rijeka	EUR 600,000.00	2.60 %	2,260	3,759
Erste&Steiermärkische Bank d.d., Rijeka	EUR 2,000,000.00	2.25 %	15,000	-
S - Leasing d.o.o., Zagreb	EUR 4,217,988.00		23,213	19,149
			118,763	108,551
Minus: current due amounts of long-term borrowings and leasing			(16,855)	(14,118)
Total mid-term and long-term debt			101,908	94,433
Total borrowings			123,243	108,551

Short-term borrowings

Short-term loan liabilities relate to two loans from Erste&Steiermärkische bank d.d.:

- framework revolving loan under the transaction account of Erste&Steiermärkische bank d.d until 28 November 2022, up to HRK 2,500,000.00.
- revolving loan approved on 28 November 2022, in the amount of EUR 750,000.00, for financing working capital, at a fixed interest rate of 2.30% p.a. The repayment date is 28 November 2023.

Mid-term and long-term borrowings

Mid-term and long-term loan liabilities relate to five loans from Erste&Steiermärkische bank d.d.:

- mid-term loan for financing permanent working capital approved on 3 June 2020, in the amount of EUR 600,000.00, at a fixed interest rate of 2.60% p.a. The loan is to be repaid in 36 monthly instalments in the amount of EUR 16,666.67. The repayment date is 1 June 2024. Loan balance as of 31 December 2022 amounts to EUR 300 thousand or HRK 2,260 thousand.
- loan approved on 26 February 2016, in the amount of EUR 1,680,000.00, as an investment loan from the loan support program for the tourism sector in cooperation with the Croatian Bank for Reconstruction and Development, for the reconstruction of the Kornati marina in Biograd na Moru. The loan is to be repaid in 60 quarterly instalments

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 16 – BORROWINGS (CONTINUED)

in the amount of EUR 27,991.59, the last instalment being due on 30 June 2034. Loan balance as of 31 December 2022 amounts to EUR 1,288 thousand or HRK 9,702 thousand.

- loan approved on 25 May 2016, in the amount of EUR 7,491,008.67, to refinance the existing long-term loan. The loan is to be repaid in 60 quarterly instalments in the amount of EUR 124,850.14, the last instalment being due on 01 October 2032. Loan balance as of 31 December 2022 amounts to EUR 4,994 thousand or HRK 37,627 thousand.

- loan approved on 29 November 2016, in the amount of EUR 6,000,000.00, for the purchase of the City Galleria Business and Shopping Centre building in Zadar. The loan is to be repaid in 180 quarterly instalments in the amount of EUR 33,333.33, the last instalment being due on 1 March 2033. Loan balance as of 31 December 2022 amounts to EUR 4,100 thousand or HRK 30,892 thousand.

Loan repayment is secured with financial instruments, and by registering a lien - mortgage on property of the Company (the building of the "City Galleria" Business and Shopping Centre with the associated land) in favour of the commercial bank (see Note 7).

- loan approved on 19 May 2021, in the amount of EUR 2,000,000.00, was utilised in full on 17 March 2022. The first loan instalment becomes due on 31 July 2023. The loan is to be repaid in 20 equal quarterly instalments in the amount of EUR 100,000.00, the last instalment being due on 30 April 2028. Loan balance as of 31 December 2022 amounts to EUR 2,000 thousand or HRK 15,000 thousand.

The liability to S-leasing d.o.o., Zagreb relates to the liabilities under 54 financial leasing contracts to purchase equipment, which are to be repaid in equal monthly annuities. The interest rate is fixed for 43 contracts, of which 34 have an interest rate of 3.15%, and 9 have an interest rate of 2.90%. The remaining 11 contracts have a variable interest rate of 2.90% plus the 3-month EURIBOR. Liabilities under these financial leasing contracts are due from 2023 to 2030.

The repayment schedule for long-term borrowings for the next five years is as follows:

(in HRK thousand)

2023	12,932
2024	13,389
2025	12,358
2026	12,086
2027	11,814
after 2028	56,184
	118,763

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 17 – PROVISIONS

<i>(in HRK thousand)</i>	2022	2021
Provisions per initiated legal proceedings	1,161	1,161
	1,161	1,161

NOTE 18 - TRADE AND OTHER PAYABLES

<i>(in HRK thousand)</i>	2022	2021
Trade payables	9,762	5,668
Trade payables - Group, Arsenal Holdings, TCZ	94	3
Payables under received advances	85	75
Residence tax	20	11
Fee for the use of maritime domain	163	142
Advances from individual guests	1,275	583
Advances from agencies	671	1,368
Dividend payables	49	0
Employee payables	2,482	1,747
Liabilities to the government	1,646	1,109
Corporate income tax receivables	2,795	4,187
Other payables	76	54
	19,118	14,947

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 19 – SEGMENT REPORTING

For the primary reporting format the business segments are determined based on risks and rates of return of the Company, which is primarily influenced by the differences in services which they offer to the market. Secondary information are reports according to geographical segments. Business segments are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services to different markets. They are recorded based on the information that is internally prepared for the Management Board, which is also the chief operating decision-maker.

The portfolio of the Company consists of the Adriatic, Ilirija and Kornati hotels and Villa Donat, Marina Kornati with the Ilirija-Kornati Hotel Port, the “Park Soline” campsite, destination management company Ilirija Travel with its own capacities (Arsenal in Zadar, the “Nada” event boat, agritourism and Villa Primorje), City Galleria Business and Shopping Centre, Tennis Centre, Aquatic Centre and hospitality facilities.

The Company’s management activities are divided into the hotel segment (sector), the nautical segment, the camping segment, Ilirija travel and the City Galleria.

The hotel business segment includes the operations of the Adriatic Ilirija and Kornati hotels and Villa Donat, Lavander Bar, Aquatic Centre, Tennis Centre and Biffe Beach.

The nautical business segment includes the operations of the Kornati Marina, the Ilirija-Kornati Hotel Port, the Marina Kornati restaurant and the “Biograd Boat Show” nautical fair.

The camping business segment includes the operations of the “Park Soline” campsite and the “Park Soline” restaurant.

The Ilirija travel business segment includes the operations of the Tourist Agency, the “Nada” event boat, agritourism, Villa Primorje and Arsenal.

The City Galleria business segment includes rental services in the business and shopping centre.

Business segments

The following tables present revenue and profit and certain assets and liabilities of the Company per business segments, i.e. sectors:

As at 31/12/2022

(All amounts are provided in HRK)

<i>Year ended 31 December 2022 (in HRK thousand)</i>	Hotel sector	Nautical sector	Camping sector	Ilirija Travel	City Galleria	Total
Revenue	52,055	54,858	49,906	7,038	13,556	177,413
Revenue from leases – the Group, Arsenal Holdings	21	21	15		18	75
Total revenue	52,076	54,879	49,921	7,038	13,574	177,488
Result						
Segment result	(1,683)	21,240	14,942	(5,931)	3,581	32,149
Net financial expenses	(600)	(676)	(857)	(4)	(935)	(3,072)
Profit before tax	(2,283)	20,564	14,085	(5,935)	2,646	29,077
(i) Cost of corporate income tax	(439)	3,951	2,706	(1,140)	508	5,586
Net profit for the year	(1,844)	16,613	11,379	(4,795)	2,138	23,491
<i>For the year ended on 31/12/2022 (in HRK thousand) As at 31/12/2022</i>						
Assets and liabilities						
Segment assets	176,930	102,310	122,284	33,985	84,433	519,942
Non-allocated assets						8,339
Total assets						528,281
Segment liabilities	5,519	17,334	22,107	804	32,036	77,800
Non-allocated liabilities						62,926
Corporate income tax receivables						2,795
Total liabilities						143,521
Other segment details						
Capital investments:						
Non-allocated						2,763
Property, plant and equipment	4,285	1,666	10,729			16,680
Intangible assets				916		916
Investment property					387	387
Depreciation of property, plant and equipment	7,393	2,762	8,017	1,377		19,549
Non-allocated depreciation						659
Total property, plant and equipment depreciation						20,208
Depreciation of intangible assets				126		126
Depreciation of investment property					1,998	1,998

The total assets of the Company and capital investments in assets are in the Republic of Croatia.

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 19 – SEGMENT REPORTING (continued)

*Year ended 31 December 2021
(in HRK thousand)*

	Hotel sector	Nautical sector	Camping sector	Ilirija Travel	City Galleria	Total
Revenue	30,555	49,090	33,222	2,623	12,951	128,441
Revenue from leases – the Group, Arsenal Holdings	21	21	15		18	75
Total revenue	30,576	49,111	33,237	2,623	12,969	128,516
Result						
Segment result	(3,433)	23,065	10,283	(5,167)	4,613	29,361
Net financial expenses	(534)	(622)	(843)	(2)	(1,001)	(3,002)
Profit before tax	(3,967)	22,443	9,440	(5,169)	3,612	26,359
(i) Cost of corporate income tax	(630)	3,565	1,499	(821)	574	4,187
Net profit for the year	(3,337)	18,878	7,941	(4,348)	3,038	22,172

*For the year ended on
31/12/2021 (in HRK thousand)
As at 31/12/2021*

Assets and liabilities

	Hotel sector	Nautical sector	Camping sector	Ilirija Travel	City Galleria	Total
Segment assets	166,166	96,022	107,692	31,977	84,339	486,196
Non-allocated assets						8,707
Total assets						494,903
Segment liabilities	3,472	15,854	18,335	933	34,649	73,243
Non-allocated liabilities						47,229
Corporate income tax receivables						4,187
Total liabilities						124,659

Other segment details

Capital investments:

Land - unallocated						1,114
Property, plant and equipment	1,534	521	5,577			7,632
Intangible assets				140		140
Investment property					2,098	2,098
Depreciation of property, plant and equipment	7,339	2,718	5,326	1,106		16,489
Non-allocated depreciation						601
Total property, plant and equipment depreciation						17,090
Depreciation of intangible assets				35		35
Depreciation of investment property					1,943	1,943

The total assets of the Company and capital investments in assets are in the Republic of Croatia.

As at 31/12/2022

(All amounts are provided in HRK)

Revenue – per geographical area

Sales revenues may also differ according to the geographical affiliation of customers.

<i>(in HRK thousand)</i>	2022	2021
Domestic sales revenue	143,679	108,102
Domestic sales revenue - Group, Arsenal Holdings	75	75
Revenues from sales abroad	33,734	20,339
	177,488	128,516

Domestic sales revenues also include foreign trade receivables in domestic agency arrangements.

NOTE 20 - OTHER OPERATING REVENUE

<i>(in HRK thousand)</i>	2022	2021
Aid for preservation of employment	-	4,952
Exchange office commission fee	203	149
Insurance damages collected	230	156
Revenue from joint financing	404	360
Other revenues	479	338
	1,316	5,955

NOTE 21 - COST OF RAW MATERIAL, MATERIALS AND ENERGY

<i>(in HRK thousand)</i>	2022	2021
Raw materials and materials consumed	17,318	11,176
Energy	8,070	5,334
Small inventory	2,119	614
	27,507	17,124

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 22 - COST OF SERVICES

<i>(in HRK thousand)</i>	2022	2021
Transport, telephone, postal fees	1,549	1,285
Repairs and maintenance	7,507	5,691
Cost of fairs	35	-
Leases	3,373	2,141
Rents - Group, Arsenal Holdings, TC	1,638	1,584
Rents - related party, natural person	209	194
Promotion costs	3,451	2,173
Promotion costs - Group, Arsenal Holdings	4	4
Costs of public announcement systems and lighting	160	-
Municipal utility services	4,805	3,668
Utility and water fees	2,037	1,578
Other services	153	168
	24,921	18,486

NOTE 23 - STAFF COSTS

<i>(in HRK thousand)</i>	2022	2021
Net salaries	28,920	20,992
Taxes and contributions from/on salaries	18,687	12,960
Other regulatory disbursements	2,379	2,037
	49,986	35,989

At the end of the year the number of staff employed by the Company was 311 (2021: 268). This is the number of employees based on actual working hours (whole number) at the end of the tax period.

Gross salaries and compensation of key management in 2022 amounted to HRK 2,873 thousand (2021: HRK 2,384 thousand).

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 24 - OTHER OPERATING EXPENSES

<i>(in HRK thousand)</i>	2022	2021
Travel expenses	503	232
Commission fees	4,129	1,899
Supervisory Board - related parties	657	401
Agency fees	2,235	1,958
Service contract (net)	3,035	1,630
Service contract (net) - related parties	189	0
Intellectual services (lawyer, notary and other)	203	125
Entertainment programme organisation	977	118
Security services	1,645	1,525
Entertainment expenses	1,094	740
Insurance premiums	1,078	875
Memberships, taxes and contributions	1,727	977
Bank and payment transaction charges	259	227
Concessions	1,680	1,382
Donations, sponsorships	633	623
Deficits	120	79
Subsequently identified expenses from previous years	16	168
Write-off of uncollected trade receivables for which legal proceedings or forced collection are initiated	-	359
Other	1,729	1,125
	21,909	14,443

NOTE 25 - NET FINANCIAL EXPENSES

<i>(in HRK thousand)</i>	2022	2021
Financial revenues		
Foreign exchange gains	355	360
Interest income	0	0
Total financial revenue	355	360
Financial expenses		
Foreign exchange losses	(273)	(145)
Interest expenses	(3,124)	(3,123)
Other financial expenses	(30)	(94)
Total financial expenses	(3,427)	(3,362)
Net financial expenses	(3,072)	(3,002)

The following notes form an integral part of these financial statements

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 26 - CORPORATE INCOME TAX

Corporate income tax is calculated in accordance with Croatian legislation. Tax rate on taxable income is 18% (2021: 18%). As at 31 December 2022, the corporate income tax liability amounted to HRK 5,586 thousand (2021: HRK 4,187 thousand).

Adjustment of the Company's effective tax expense per income statement with statement of comprehensive income and taxation at the statutory rate is detailed in the table below:

<i>(in HRK thousand)</i>	31 December 2022	31 December 2021
Profit before tax	29,077	26,359
Tax calculated at a rate of 18%	5,234	4,745
Tax effect of net expenses non-deductible for tax purposes	352	333
Tax effect of net income not subject to tax	-	(891)
Tax liability	5,586	4,187
Benefit under the Investment Promotion Act	-	-
Final tax liability	5,586	4,187

NOTE 27 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Company and held as own shares (Note 14).

	2022	2021
Net profit attributable to shareholders <i>(in HRK thousand)</i>	23,491	22,172
Weighted average number of issued ordinary shares	2,413,488	2,405,655
Basic earnings per share <i>(in HRK)</i>	9.73	9.22

As at 31/12/2022

(All amounts are provided in HRK)

NOTE 28 - CASH GENERATED FROM OPERATIONS

Adjustment of profit with cash generated from operations as follows:

<i>(in HRK thousand)</i>	2022	2021
Profit for the current year	29,077	26,359
Adjustment for:		
Depreciation of intangible assets (Note 6)	126	35
Property, plant and equipment depreciation (Note 7)	20,329	17,209
Depreciation of investment property (Note 8)	1,877	1,824
Write-off of long-term assets (Note 7)	746	79
Distribution of own shares (Note 14)	557	0
Corporate income tax paid	(6,978)	0
Other adjustments	(151)	(32)
Changes in working capital:		
- trade receivables	(394)	1,211
- other receivables	(495)	(995)
- inventories	(432)	61
- trade payables	4,185	(1,939)
- liabilities to the government	(754)	(147)
- employee payables	735	264
- other payables	(415)	169
Cash inflow generated from operations	48,013	44,098

NOTE 29 - RELATED PARTY TRANSACTIONS

The Company majority owner is Arsenal Holdings d.o.o., Zadar, which owns 59.21% share in the Company. Transactions with related parties, in addition to the aforementioned, include transactions with Trgovinski centar Zadar d.o.o., which is a member of the "Arsenal Holdings" group and which is owned by the same owner as well as the co-owners of the Company - natural persons and the Management Board and key management. Related party transactions, in the normal course of its operations, include purchase and sale of goods under market conditions, as well as services, loans and gross salaries of key management and supervisory board compensation.

Year-end balances resulting from related party transactions that are included in the balance sheet are as follows:

<i>(in HRK thousand)</i>	2022	2021
Domestic trade receivables (Note 11)	8	21
Other receivables from co-owners (Note 11)	39	7
Trade payables (Note 18)	94	3

The following notes form an integral part of these financial statements

As at 31/12/2022

(All amounts are provided in HRK)

During the year the Company had the following related party transactions which are reflected in the income statement:

<i>(in HRK thousand)</i>	2022	2021
Service revenues (Note 19)	75	75
Rents (Note 22)	(1,847)	(1,778)
Promotion (Note 22)	(4)	(4)
Gross salaries of key management (Note 23)	(2,873)	(2,384)
Service contract (net) (Note 24)	(189)	0
Supervisory Board (Note 24)	(657)	(401)

NOTE 30 – RISK MANAGEMENT

During its regular business operations, the Company is exposed to interest rate, currency, and credit risks. The policy for managing risks connected to short-term and long-term financing of clients, managing funds and debts and liabilities can be summarised as follows:

Interest rate risk

Interest rate risk refers to risk of changes in the value of future cash flows of a financial instrument due to changes in market interest rates.

The Company's exposure to risk of changes on the interest rate market is primarily linked to received loans and granted deposits and loans.

Due to the fact that the Company uses the borrowings with both fixed and, to a lesser extent, variable interest rate, it is subject to minimal risk of variable interest rates.

Credit risk

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

Liquidity risk

The Management Board is responsible for liquidity risk management, as it sets out an appropriate framework for managing the liquidity risk, in order to manage short-term, mid-term, and long-term financing and liquidity requirements.

With regard to the liquidity risk, the Company's policy is to maintain adequate funds or to have funds at its disposal from loans for future liabilities.

As at 31/12/2022

(All amounts are provided in HRK)

The Company uses the following basic models for measuring the liquidity risk and based on the results it implements measures for liquidity risk management:

- Budgetary projections
- Cash flow projections
- Fund source analysis
- Maturity mismatch analysis of the statement of financial position.

Prudent liquidity management implies maintaining a sufficient amount of money in order to settle the Company's liabilities. The Finance Department monitors the level of liquidity on a regular basis. The Company has been carrying out activities to optimise all of its operating costs and minimise them to essential and indispensable costs, and actively cooperates with all significant creditors to settle current liabilities.

Tabular analysis of the liquidity risk

The following tables show the maturity of the Company's liabilities presented in the statement of financial position at the end of the period.

<i>(in HRK thousand)</i>	Weighted average effective interest rate rate %	Up to 1 month	From 1 to 3 mos	From 3 mos to 3 yr	Over 1 yr	Total
2021						
Interest-free	-	14,157	0	0	0	14,157
Interest	3.09%	1,177	3,530	9,411	94,433	108,551
		15,334	3,530	9,411	94,433	122,708
2022						
Interest-free	-	20,842	0	0	0	20,842
Interest	3.09%	1,311	375	11,208	89,014	101,908
		22,153	375	11,208	89,014	122,750

The tables are based on undiscounted cash outflows per financial liability as at their maturity date. The tables show cash flows per principal.

As at 31/12/2022

(All amounts are provided in HRK)

The following tables show the maturity of the Company's financial assets presented in the statement of financial position at the end of the period, confirming the non-existence of the liquidity risk.

<i>(in HRK thousand)</i>	Weighted average effective interest rate rate %	Up to 1 month	From 1 to 3 mos	From 3 mos to 1 yr	From 1 to 5 yrs	Total
2021						
Receivables and cash balances	-	6,794	0	0	0	6,794
Deposits and loans	0.010%	0	11	45,080	0	45,091
		6,794	11	45,080	0	51,885
2022						
Receivables and cash balances	-	6,126	0	0	0	6,126
Deposits and loans	0.010%	0	9	80,535	0	80,544
		6,126	9	80,535	0	86,670

The illiquidity risk, which is considered a financing risk, refers to a risk of difficulties that the Company will face when collecting funds for the timely settlement of liabilities linked to financial instruments. The Company's approach to managing liquidity is to ensure, as much as possible, its liquidity at any given moment in order to be able to timely meet its obligations, both in regular and extraordinary circumstances, without causing unacceptable losses or risking damage to the Company's reputation. The liquidity risk arises from everyday activities. Currently, the Company is not at risk of illiquidity, and current assets exceed current liabilities several times over.

Currency risk

The Company uses Croatian kuna as its business currency. Certain assets and liabilities are denominated in foreign currency, which is converted to Croatian kuna according to the stipulated exchange rate at the date of the statement of financial position. The resulting differences are recorded as profit or loss in the statement of comprehensive income, but they have no effect on short-term cash flows.

Even though most of its revenues are realised in the domestic market, the Company is exposed to currency risk. The prices of accommodation services are linked to foreign currencies, predominantly to the euro, the value fluctuations of which may affect business results. Exposure to the currency risk is also the result of borrowing based on loans, the agreed amounts of which are denominated in Euro. The repayment obligation regarding loans taken out with a currency clause, which the Company uses in proportion to its business load, depends on the movements of the exchange rate of the kuna against the euro. Negative aspects of exchange rate fluctuations with respect to loans are compensated by the fact that the largest portion of the Company's revenues are realised in the same currency (EUR).

As at 31/12/2022

(All amounts are provided in HRK)

The impact of exchange rate change is calculated by using a simulation over the positions in the statement of financial position, which are currency-dependent, such as receivables for operating and financial leasing, received advances, received securities, and foreign currency accounts.

On 12 July 2022, the Council of the European Union adopted the *Decision on the adoption of the euro in Croatia on 1 January 2023*, establishing that the Republic of Croatia fulfils all the requirements for the introduction of the euro as the official currency in the Republic of Croatia, as well as *Council Regulation (EU) of 12 July 2022* regarding the euro conversion rate for Croatia, establishing that the conversion rate shall amount to HRK 7.53450 for one euro. In accordance with the aforementioned Decision and Regulation, the Government of the Republic of Croatia adopted the *Decision on the announcement of the introduction of the euro as the official currency in the Republic of Croatia*, setting out that the euro shall become the official monetary unit and legal tender in the Republic of Croatia on 1 January 2023. The introduction of the euro as the official currency in the Republic of Croatia significantly affects the Company's exposure to currency and price risks.

Currency risk management

The book value of funds and liabilities of the Group and the Company as at 31 December denominated in foreign currency shown in HRK thousand:

	Assets		Liabilities	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
EUR	10,772	6,468	16,357	14,440

Foreign currency sensitivity analysis

The Company is mainly exposed to the euro exchange rate changes and the following table shows the Company's sensitivity to a 10% increase and decrease in the EUR/HRK exchange rate. The sensitivity analysis includes cash balances and non-current liabilities in EUR as at 31 December and adapts their conversion to HRK at the end of the reporting period for a 10% exchange rate change.

10% exchange rate increase analysis

	31/12/2022		Exchange rate		31/12/2021		Exchange rate	
	EUR	HRK	>10% (in HRK)	Effect (in HRK)	EUR	HRK	>10% (in HRK)	Effect (in HRK)
Assets	10,772	81,162	89,278	8,116	6,468	48,623	53,485	4,862
Liabilities	16,357	123,242	135,566	12,324	14,440	108,551	119,407	10,855
Net effect				(4,208)				(5,993)

As at 31/12/2022

(All amounts are provided in HRK)

10% exchange rate decrease analysis

	31/12/2022		Exchange rate		31/12/2021		Exchange rate	
	EUR	HRK	<10% (in HRK)	Effect (in HRK)	EUR	HRK	<10% (in HRK)	Effect (in HRK)
Assets	10,772	81,162	73,046	(8,116)	6,468	48,623	43,761	(4,862)
Liabilities	16,357	123,242	110,918	12,324	14,440	108,551	97,696	10,855
				4,208				5,993

Foreign currency sensitivity analysis indicates a moderate currency risk.

Regulatory risk

The Company is exposed to changes in tax and other regulations within the legal system of the Republic of Croatia. In particular, this applies to the regulations pertaining to the maritime domain and tourist land, in which domain the Company has made significant long-term investments crucial for its business, while not all rights guaranteed by the Constitution from the field of protection of capital investments referred to in Art. 48 and 49 of the Constitution of the Republic of Croatia), of which the Company informs the regulatory and investment public multiple times in its regular annual and quarterly business and financial reports.

NOTE 31 – CONTINGENT LIABILITIES

The Company is a party to several legal proceedings, but the Management Board does not expect losses that would significantly impact property, ownership status and operations of the Company.

Upon order of the Company, a bank guarantee was issued in favour of Hrvatske šume d.o.o., Zagreb, for the amount of HRK 500 thousand with a validity period until 15 July 2024, as well as a bank guarantee in favour of the Ministry of Sea, Transport and Infrastructure of the Republic of Croatia, in the amount of HRK 451,442.06 with a validity period until 09 April 2025.

NOTE 32 – EVENTS FOLLOWING THE REPORTING PERIOD

In accordance with Note 30, on 12 July 2022, the Council of the European Union adopted the Decision on the adoption by Croatia of the euro on 1 January 2023, setting out that the euro shall become the official monetary unit and legal tender in the Republic of Croatia on 1 January 2023.

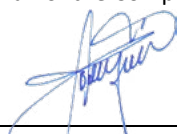
In addition to the aforementioned, after 31 December 2022 until the date of approving the financial statements by the Management Board, no events occurred that would have a significant impact on the financial statements of the Company.

As at 31/12/2022
(All amounts are provided in HRK)

NOTE 33 - FINANCIAL STATEMENTS AUTHORISATION

The Company Management Board adopted the financial statements and authorised their issuing on 24 February 2023.

Signed on behalf of the Company's Management Board



Goran Ražnjević, member of the
Management Board

As at 31/12/2022

(All amounts are provided in HRK)

Based on the Ordinance on the Structure and Content of Annual Financial Statements of 20 October 2016 (OG 95/2016, 144/2020), the following tables show financial in accordance with the mentioned Ordinance (income statement, including the statement of comprehensive income, statement of financial position (balance sheet)

Balance sheet of ILIRIJA d.d.**As at 31 December 2022**

Amounts in HRK

Submitter: Ilirija d.d. TIN: 05951496767				
Item	ADP code	No Notes	Previous year (net)	Current year (net)
1	2	3	4	5
ASSETS				
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002		442,020,422	440,319,964
I INTANGIBLE ASSETS (ADP 004 to 009)	003		195,936	331,164
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		195,936	331,164
II TANGIBLE ASSETS (ADP 011 to 019)	010		441,786,690	439,951,750
1 Land	011		44,409,058	44,409,058
2 Buildings	012		254,354,467	250,501,553
3 Plant and equipment	013		62,368,657	65,787,821
4 Tools, working inventory and transportation assets	014		0	0
5 Biological assets	015		0	0
6 Advances for the purchase of tangible assets	016		941,389	1,388,644
7 Tangible assets in preparation	017		1,519,414	1,200,540
8 Other tangible assets	018		0	0
9 Investment property	019		78,193,705	76,664,134
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020		37,796	37,050
1 Investments in holdings (shares) of undertakings within the group	021		37,796	37,050
2 Investments in other securities of undertakings within the group	022		0	0
3 Loans, deposits, etc. to undertakings within the group	023		0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024		0	0
5 Investment in other securities of companies linked by virtue of participating interests	025		0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interests	026		0	0
7 Investments in securities	027		0	0
8 Loans, deposits, etc. given	028		0	0
9 Other investments accounted for using the equity method	029		0	0
10 Other fixed financial assets	030		0	0
IV RECEIVABLES (ADP 032 to 035)	031		0	0
1 Receivables from undertakings within the group	032		0	0
2 Receivables from companies linked by virtue of participating interests	033		0	0
3 Trade receivables	034		0	0
4 Other receivables	035		0	0

The following notes form an integral part of these financial statements

As at 31/12/2022

(All amounts are provided in HRK)

Balance sheet of ILIRIJA d.d. (continued)**As at 31 December 2022**

Amounts in HRK

Submitter: Ilirija d.d. TIN: 05951496767				
Item	ADP code	No Notes	Previous year (net)	Current year (net)
1	2	3	4	5
V DEFERRED TAX ASSETS	036		0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037		52,882,622	87,960,691
I INVENTORIES (ADP 039 to 045)	038		998,219	1,429,844
1 Raw material and materials	039		998,219	1,429,844
2 Production under construction	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		3,068,267	5,364,969
1 Receivables from undertakings within the group	047		0	0
2 Receivables from companies linked by virtue of participating interests	048		0	0
3 Trade receivables	049		1,570,424	1,964,478
4 Receivables from employees and members of the undertaking	050		10,568	154,928
5 Receivables from government and other institutions	051		1,039,414	1,908,410
6 Other receivables	052		447,861	1,337,153
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053		45,080,000	80,405,051
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. given to companies linked by virtue of participating interests	059		0	0
7 Investments in securities	060		0	0
8 Loans, deposits, etc. given	061		45,080,000	80,405,051
9 Other financial assets	062		0	0
IV CASH AT BANK AND IN HAND	063		3,736,136	760,827
D) PREPAID EXPENSES AND ACCRUED INCOME	064		0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065		494,903,044	528,280,655
F) OFF-BALANCE SHEET ITEMS	066		0	0

The following notes form an integral part of these financial statements

As at 31/12/2022

(All amounts are provided in HRK)

Balance sheet of ILIRIJA d.d. (continued)

As at 31 December 2022

Amounts in HRK

Submitter: Ilirija d.d. TIN: 05951496767				
Item	ADP code	No Notes	Previous year (net)	Current year (net)
1	2	3	4	5
LIABILITIES				
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067		370,244,994	384,759,159
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		37,405,213	36,848,455
1 Legal reserves	071		24,077,986	24,077,986
2 Reserves for own shares	072		6,975,716	6,975,716
3 Treasury shares and holdings (deductible item)	073		1,171,168	1,727,926
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 AND OTHER (ADP 078 to 082)	077		0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078		0	0
2 Cash flow hedge – effective portion	079		0	0
3 Hedge of a net investment in a foreign operation – effective portion	080		0	0
4 Other fair value reserves	081		0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083		78,588,436	92,341,119
1 Retained profit	084		78,588,436	92,341,119
2 Loss brought forward	085		0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086		22,172,476	23,490,716
1 Profit for the business year	087		22,172,476	23,490,716
2 Loss for the business year	088		0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089		0	0
B) PROVISIONS (ADP 091 to 096)	090		0	0
1 Provisions for pensions, termination benefits and similar obligations	091		0	0
2 Provisions for tax liabilities	092		0	0
3 Provisions for ongoing legal cases	093		0	0
4 Provisions for renewal of natural resources	094		0	0
5 Provisions for warranty obligations	095		0	0
6 Other provisions	096		0	0

The following notes form an integral part of these financial statements

As at 31/12/2022

(All amounts are provided in HRK)

Balance sheet of ILIRIJA d.d. (continued)**As at 31 December 2022**

Amounts in HRK

Submitter: Ilirija d.d. TIN: 05951496767				
Item	ADP code	No Notes	Previous year (net)	Current year (net)
1	2	3	4	5
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097		94,433,244	101,908,224
1 Liabilities to undertakings within the group	098		0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	099		0	0
3 Liabilities to companies linked by virtue of participating interests	100		0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101		0	0
5 Liabilities for loans, deposits, etc.	102		0	0
6 Liabilities to banks and other financial institutions	103		94,433,244	101,908,224
7 Payables under advances	104		0	0
8 Trade payables	105		0	0
9 Liabilities for securities	106		0	0
10 Other non-current liabilities	107		0	0
11 Deferred tax liability	108		0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109		28,274,461	39,667,294
1 Liabilities to undertakings within the group	110		0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	111		0	0
3 Liabilities to companies linked by virtue of participating interests	112		0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113		0	0
5 Liabilities for loans, deposits, etc.	114		0	0
6 Liabilities to banks and other financial institutions	115		14,118,155	21,334,978
7 Payables under advances	116		75,031	85,029
8 Trade payables	117		5,670,806	9,856,202
9 Liabilities for securities	118		0	0
10 Employee payables	119		1,746,985	2,481,872
11 Taxes, contributions and similar liabilities	120		5,502,364	4,748,093
12 Liabilities arising from the share in the result	121		0	0
13 Liabilities arising from fixed assets held for sale	122		0	0
14 Other current liabilities	123		1,161,120	1,161,120
E) ACCRUALS AND DEFERRED INCOME	124		1,950,345	1,945,978
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125		494,903,044	528,280,655
G) OFF-BALANCE SHEET ITEMS	126		0	0

The following notes form an integral part of these financial statements

As at 31/12/2022

(All amounts are provided in HRK)

Income statement of ILIRIJA d.d.**for the period from 01/01/2022 to 31/12/2022**

Amounts in HRK

Submitter: Ilirija d.d. TIN: 05951496767				
Item	ADP code	No Notes	Previous year (net)	Current year (net)
1	2	3	4	5
I OPERATING INCOME (ADP 128 to 132)	127		134,470,753	178,803,782
1 Income from sales with undertakings within the group	128		75,354	75,370
2 Sales revenue (outside the group)	129		128,440,586	177,412,146
3 Income from the use of own products, goods and services	130		20,127	21,718
4 Other operating income with undertakings within the group	131		0	0
5 Other operating income (outside the group)	132		5,934,686	1,294,548
II OPERATING EXPENSES (ADP 134+135+139+143 to 145+148+155)	133		105,109,481	146,654,983
1 Changes in inventories of work in progress and finished goods	134		0	0
2 Material costs (ADP 136 to 138)	135		35,610,557	52,428,179
<i>a) Costs of raw materials and materials</i>	136		17,124,369	27,506,736
<i>b) Costs of goods sold</i>	137		0	0
<i>c) Other external costs</i>	138		18,486,188	24,921,443
3 Staff costs (ADP 140 to 142)	139		33,951,602	47,606,989
<i>a) Net salaries and wages</i>	140		20,991,868	28,920,201
<i>b) Costs of taxes and contributions from salaries</i>	141		8,132,403	11,922,091
<i>c) Contributions on salaries</i>	142		4,827,331	6,764,697
4 Depreciation	143		19,068,149	22,331,503
5 Other costs	144		15,172,496	23,209,323
6 Value adjustments (ADP 146+147)	145		0	0
<i>a) fixed assets other than financial assets</i>	146		0	0
<i>b) current assets other than financial assets</i>	147		0	0
7 Provisions (ADP 149 to 154)	148		0	0
<i>a) Provisions for pensions, termination benefits and similar obligations</i>	149		0	0
<i>b) Provisions for tax liabilities</i>	150		0	0
<i>c) Provisions for ongoing legal cases</i>	151		0	0
<i>d) Provisions for renewal of natural resources</i>	152		0	0
<i>e) Provisions for warranty obligations</i>	153		0	0
<i>f) Other provisions</i>	154		0	0
8 Other operating expenses	155		1,306,677	1,078,989

The following notes form an integral part of these financial statements

As at 31/12/2022

(All amounts are provided in HRK)

Income statement of ILIRIJA d.d. (continued)**for the period from 01/01/2022 to 31/12/2022**

Amounts in HRK

Submitter: Ilirija d.d. TIN: 05951496767				
Item	ADP code	No Notes	Previous year (net)	Current year (net)
1	2	3	4	5
III FINANCIAL INCOME (ADP 157 to 166)	156		360,375	355,207
1 Income from investments in holdings (shares) of undertakings within the group	157		0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	158		0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	159		0	0
4 Other interest income from operations with undertakings within the group	160		0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	161		0	0
6 Income from other long-term financial investments and loans	162		0	0
7 Other interest income	163		266	21
8 Exchange rate differences and other financial income	164		360,109	355,186
9 Unrealised gains (income) from financial assets	165		0	0
10 Other financial revenue	166		0	0
IV FINANCIAL EXPENSES (ADP 168 to 174)	167		3,362,161	3,426,883
1 Interest expenses and similar expenses with undertakings within the group	168		0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	169		0	0
3 Interest expenses and similar expenses	170		3,123,657	3,124,332
4 Exchange rate differences and other expenses	171		144,612	272,529
5 Unrealised losses (expenses) from financial assets	172		0	0
6 Value adjustments of financial assets (net)	173		0	0
7 Other financial expenses	174		93,892	30,022
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTERESTS	175		0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	176		0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTERESTS	177		0	0
VIII SHARE IN LOSS OF JOINT VENTURES	178		0	0
IX TOTAL INCOME (ADP 127+156+175+176)	179		134,831,128	179,158,989
X TOTAL EXPENDITURE (ADP 133+167+177+178)	180		108,471,642	150,081,866
XI PRE-TAX PROFIT OR LOSS (ADP 179-180)	181		26,359,486	29,077,123
1 Pre-tax profit (ADP 179-180)	182		26,359,486	29,077,123
2 Pre-tax loss (ADP 180-179)	183		0	0
XII CORPORATE INCOME TAX	184		4,187,010	5,586,407
XII PROFIT OR LOSS FOR THE PERIOD (ADP 181-184)	185		22,172,476	23,490,716
1 Profit for the period (ADP 181-184)	186		22,172,476	23,490,716
2 Loss for the period (ADP 184-181)	187		0	0

The following notes form an integral part of these financial statements

9.8 FINANCIAL REPORT FOR THE YEAR 2022

Annex 1

ISSUER'S GENERAL DATA

Reporting period: 01/01/2022 to 31/12/2022

Year: 2022

Annual financial statements

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

Entity's registration number (MBS): 060032302

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

Institution code: 1271

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

Postcode and town: 23210 BIOGRAD NA MORU

Street and house number: TINA UJEVIĆA 7

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

Web address: www.ilirijabiograd.com

Number of employees (end of the reporting period): 311

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

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

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

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

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

Telephone: 023/383178

E-mail address: zorkas@ilirijabiograd.com

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

Certified auditor: SANDRA MIKIĆ (name and surname)

BALANCE SHEET			
balance as at 31/12/2022 in HRK			in HRK
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Last day of the preceding business year 31/12/2021	At the reporting date of the current period 31/12/2022
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	442.020.422	440.319.964
I INTANGIBLE ASSETS (ADP 004 to 009)	003	195.936	331.164
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	195.936	331.164
II TANGIBLE ASSETS (ADP 011 to 019)	010	441.786.690	439.951.750
1 Land	011	44.409.058	44.409.058
2 Buildings	012	254.354.467	250.501.553
3 Plant and equipment	013	62.368.657	65.787.821
4 Tools, working inventory and transportation assets	014	0	0
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	941.389	1.388.644
7 Tangible assets in preparation	017	1.519.414	1.200.540
8 Other tangible assets	018	0	0
9 Investment property	019	78.193.705	76.664.134
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	37.796	37.050
1 Investments in holdings (shares) of undertakings within the group	021	37.796	37.050
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	52.882.622	87.960.691
I INVENTORIES (ADP 039 to 045)	038	998.219	1.429.844
1 Raw materials and consumables	039	998.219	1.429.844
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	3.068.267	5.364.969
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	1.570.424	1.964.478
4 Receivables from employees and members of the undertaking	050	10.568	154.928
5 Receivables from government and other institutions	051	1.039.414	1.908.410
6 Other receivables	052	447.861	1.337.153
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	45.080.000	80.405.051
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	45.080.000	80.405.051
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	3.736.136	760.827
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065	494.903.044	528.280.655
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	370.244.994	384.759.159
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	37.405.213	36.848.455
1 Legal reserves	071	24.077.986	24.077.986
2 Reserves for treasury shares	072	6.975.716	6.975.716
3 Treasury shares and holdings (deductible item)	073	-1.171.168	-1.727.926
4 Statutory reserves	074	0	0
5 Other reserves	075	7.522.679	7.522.679
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	78.588.436	92.341.119
1 Retained profit	084	78.588.436	92.341.119
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	22.172.476	23.490.716
1 Profit for the business year	087	22.172.476	23.490.716
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	0	0
1 Provisions for pensions, termination benefits and similar obligations	091	0	0
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	0	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	0	0

C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	94.433.244	101.908.224
1 Liabilities towards undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	099	0	0
3 Liabilities towards companies linked by virtue of participating interest	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities towards banks and other financial institutions	103	94.433.244	101.908.224
7 Liabilities for advance payments	104	0	0
8 Liabilities towards suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	0	0
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	28.274.461	39.667.294
1 Liabilities towards undertakings within the group	110	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	111	0	0
3 Liabilities towards companies linked by virtue of participating interest	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities towards banks and other financial institutions	115	14.118.155	21.334.978
7 Liabilities for advance payments	116	75.031	85.029
8 Liabilities towards suppliers	117	5.670.806	9.856.202
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	1.746.985	2.481.872
11 Taxes, contributions and similar liabilities	120	5.502.364	4.748.093
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	1.161.120	1.161.120
E) ACCRUALS AND DEFERRED INCOME	124	1.950.345	1.945.978
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	494.903.044	528.280.655
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS			
for the period 01/01 to 31/12/2022			
Item	ADP code	Same period of the previous year	Current period
		2021	2022
1	2	3	4
I OPERATING INCOME (ADP 128 to 132)	127	134.470.753	178.803.782
1 Income from sales with undertakings within the group	128	75.354	75.370
2 Income from sales (outside group)	129	128.440.586	177.412.146
3 Income from the use of own products, goods and services	130	20.127	21.718
4 Other operating income with undertakings within the group	131	0	0
5 Other operating income (outside the group)	132	5.934.686	1.294.548
II OPERATING EXPENSES (ADP 134+135+139+143+144+145+148+155)	133	105.109.481	146.654.983
1 Changes in inventories of work in progress and finished goods	134	0	0
2 Material costs (ADP 136 to 138)	135	35.610.557	52.428.179
a) Costs of raw material	136	17.124.369	27.506.736
b) Costs of goods sold	137	0	0
c) Other external costs	138	18.486.188	24.921.443
3 Staff costs (ADP 140 to 142)	139	33.951.602	47.606.989
a) Net salaries and wages	140	20.991.868	28.920.201
b) Tax and contributions from salaries expenses	141	8.132.403	11.922.091
c) Contributions on salaries	142	4.827.331	6.764.697
4 Depreciation	143	19.068.149	22.331.503
5 Other expenses	144	15.172.496	23.209.323
6 Value adjustments (ADP 144+145)	145	0	0
a) fixed assets other than financial assets	146	0	0
b) current assets other than financial assets	147	0	0
7 Provisions (ADP 149 to 155)	148	0	0
a) Provisions for pensions, termination benefits and similar obligations	149	0	0
b) Provisions for tax liabilities	150	0	0
c) Provisions for ongoing legal cases	151	0	0
d) Provisions for renewal of natural resources	152	0	0
e) Provisions for warranty obligations	153	0	0
f) Other provisions	154	0	0
8 Other operating expenses	155	1.306.677	1.078.989
III FINANCIAL INCOME (ADP 157 to 166)	156	360.375	355.207
1 Income from investments in holdings (shares) of undertakings within the group	157	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	158	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	159	0	0
4 Other interest income from operations with undertakings within the group	160	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	161	0	0
6 Income from other long-term financial investments and loans	162	0	0
7 Other interest income	163	266	21
8 Exchange rate differences and other financial income	164	360.109	355.186
9 Unrealised gains (income) from financial assets	165	0	0
10 Other financial income	166	0	0
IV FINANCIAL EXPENDITURE (ADP 168 to 174)	167	3.362.161	3.426.883
1 Interest expenses and similar expenses with undertakings within the group	168	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	169	0	0
3 Interest expenses and similar expenses	170	3.123.657	3.124.332
4 Exchange rate differences and other expenses	171	144.612	272.529
5 Unrealised losses (expenses) from financial assets	172	0	0
6 Value adjustments of financial assets (net)	173	0	0
7 Other financial expenses	174	93.892	30.022

V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	176	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	177	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	178	0	0
IX TOTAL INCOME (ADP 127+156+175 + 176)	179	134.831.128	179.158.989
X TOTAL EXPENDITURE (ADP 133+167+177 + 178)	180	108.471.642	150.081.866
XI PRE-TAX PROFIT OR LOSS (ADP 179-180)	181	26.359.486	29.077.123
1 Pre-tax profit (ADP 179-180)	182	26.359.486	29.077.123
2 Pre-tax loss (ADP 180-179)	183	0	0
XII INCOME TAX	184	4.187.010	5.586.407
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 181-184)	185	22.172.476	23.490.716
1 Profit for the period (ADP 181-184)	186	22.172.476	23.490.716
2 Loss for the period (ADP 184-181)	187	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 189-190)	188	0	0
1 Pre-tax profit from discontinued operations	189		
2 Pre-tax loss on discontinued operations	190		
XV INCOME TAX OF DISCONTINUED OPERATIONS	191		
1 Discontinued operations profit for the period (ADP 186-189)	192		
2 Discontinued operations loss for the period (ADP 189-186)	193		
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (ADP 181+188)	194		
1 Pre-tax profit (ADP 194)	195		
2 Pre-tax loss (ADP 194)	196		
XVII INCOME TAX (ADP 184+191)	197		
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 194-197)	198		
1 Profit for the period (ADP 194-197)	199		
2 Loss for the period (ADP 197-194)	200		
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 202+203)	201	0	0
1 Attributable to owners of the parent	202		
2 Attributable to minority (non-controlling) interest	203		
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	204	22.172.476	23.490.716
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 206+ 213)	205	0	0
III Items that will not be reclassified to profit or loss (ADP207 to 211)	206	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	207		
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	208		
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	209		
4 Actuarial gains/losses on the defined benefit obligation	210		
5 Other items that will not be reclassified	211		
6 Income tax relating to items that will not be reclassified	212		
IV Items that may be reclassified to profit or loss (ADP 214 to 221)	213	0	0
1 Exchange rate differences from translation of foreign operations	214		
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	215		
3 Profit or loss arising from effective cash flow hedging	216		
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	217		
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	218		
6 Changes in fair value of the time value of option	219		

7 Changes in fair value of forward elements of forward contracts	220		
8 Other items that may be reclassified to profit or loss	221		
9 Income tax relating to items that may be reclassified to profit or loss	222		
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 206+213- 212 - 222)	223	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 204+223)	224	22.172.476	23.490.716
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 225+226)	225	0	0
1 Attributable to owners of the parent	226		
2 Attributable to minority (non-controlling) interest	227		

STATEMENT OF CASH FLOWS - indirect method			
for the period 01/01/2022 to 31/12/2022			in HRK
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Same period of the previous year 2021	Current period 2022.
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	26.359.486	29.077.123
2 Adjustments (ADP 003 to 010):	002	22.237.934	26.231.402
a) Depreciation	003	19.068.148	22.331.503
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	78.611	746.297
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	-266	-21
e) Interest expenses	007	3.123.657	3.124.331
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	-285.275	33.659
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	253.059	-4.367
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	48.597.420	55.308.525
3 Changes in the working capital (ADP 013 to 016)	012	-1.375.848	2.382.590
a) Increase or decrease in short-term liabilities	013	-1.653.405	3.751.004
b) Increase or decrease in short-term receivables	014	216.263	-888.418
c) Increase or decrease in inventories	015	61.294	-431.625
d) Other increase or decrease in working capital	016	0	-48.371
II Cash from operations (ADP 011+012)	017	47.221.572	57.691.115
4 Interest paid	018	-3.123.657	-2.699.326
5 Income tax paid	019	0	-6.978.350
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	44.097.915	48.013.439
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	266	21
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	3.000	0
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	3.266	21
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-12.265.561	-21.378.088
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-45.080.000	-35.375.051
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-57.345.561	-56.753.139
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-57.342.295	-56.753.118
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	2.677.025	31.063.358
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	2.677.025	31.063.358
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-5.003.867	-9.085.252
2 Cash payments for dividends	041	0	-8.370.675
3 Cash payments for finance lease	042	-4.049.372	-7.286.303
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	-556.758

5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-9.053.239	-25.298.988
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-6.376.214	5.764.370
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	-19.620.594	-2.975.309
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	23.356.730	3.736.136
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	3.736.136	760.827

STATEMENT OF CASH FLOWS - Direct method			
for the period 01/01/2022 to 31/12/2022			in HRK
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Same period of the previous year 2021	Current period 2022
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			
Cash receipts from the increase of initial (subscribed) capital	027	0	0
2 Cash receipts 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 01/01/2022 to 31/12/2022																			
Item	ADP	in HRK																	
	code	Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 do 6 - 7 + 8 do 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	229.146.480	2.932.389	24.077.986	6.975.716	1.171.168	0	7.522.679	0	0	0	0	0	0	77.566.557	1.021.879	348.072.518	0	348.072.518
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	229.146.480	2.932.389	24.077.986	6.975.716	1.171.168	0	7.522.679	0	0	0	0	0	0	77.566.557	1.021.879	348.072.518	0	348.072.518
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	22.172.476	22.172.476	0	22.172.476
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined benefit plans	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 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	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payments from members/shareholders	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	0	0	0	0	0	0	0	0	1.021.879	-1.021.879	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	229.146.480	2.932.389	24.077.986	6.975.716	1.171.168	0	7.522.679	0	0	0	0	0	0	78.588.436	22.172.476	370.244.994	0	370.244.994
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	22.172.476	22.172.476	0	22.172.476
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	0	0	0	0	0	0	0	0	0	1.021.879	-1.021.879	0	0	0

Current period																			
1 Balance on the first day of the current business year	28	229.146.480	2.932.389	24.077.986	6.975.716	1.171.168	0	7.522.679	0	0	0	0	0	0	78.588.436	22.172.476	370.244.994	0	370.244.994
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (AOP 28 to 30)	31	229.146.480	2.932.389	24.077.986	6.975.716	1.171.168	0	7.522.679	0	0	0	0	0	0	78.588.436	22.172.476	370.244.994	0	370.244.994
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23.490.716	23.490.716	0	23.490.716
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined remuneration plans	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	0	556.758	0	0	0	0	0	0	0	0	0	0	-556.758	0	-556.758
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-8.419.793	-8.419.793	0	-8.419.793
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22 Carryforward per annual plan	49	0	0	0	0	0	0	0	0	0	0	0	0	0	13.752.684	-13.752.684	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	229.146.480	2.932.389	24.077.986	6.975.716	1.727.926	0	7.522.679	0	0	0	0	0	0	92.341.120	23.490.715	384.759.159	0	384.759.159
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)	53	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23.490.716	23.490.716	0	23.490.716
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	556.758	0	0	0	0	0	0	0	0	13.752.684	-22.172.477	-8.976.551	0	-8.976.551

9.9 REPRESENTATION LETTER

ILIRIJA d.d.

BIOGRAD NA MORU

Biograd na Moru, 04/02/2023

Statement made by the persons responsible for the preparation of the financial statements for the period from 01/01/2022–31/12/2022

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 - December of 2022 have been prepared in accordance with International Financial Reporting Standards and Croatian Accounting Act.

The financial statements give a true and fair view of the financial position of the Company as at 31/12/2022, operating results and cash flows of the Company in accordance with International Financial Reporting Standards.

The Management's Report gives a true overview of operating results and position of the Company as at 31/12/2022

Financial statements for the period from 01/1/2022 - 31/12/2022 are audited.

Accounting Manager::

Zorka Strpić



Management Board:

Goran Ražnjević



ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru

9.10 DECISION ON CREATING THE ANNUAL FINANCIAL STATEMENTS



Ilirija d.d.
BIOGRAD NA MORU

Tel: Centrala ++385 23 383 165; Fax: ++385 23 384 564; Prodaja: ++385 23 383 556; sales@ilirijabiograd.com;
www.ilirijabiograd.com

MANAGEMENT BOARD

Number: 18/2023

In Biograd na Moru, 24 February 2023

Pursuant to Articles 250a, 300a and 300b of the Companies Act ("Official Gazette" No 152/11 consolidated text, 111/12, 68/13, 110/15, 40/19 34/22 and 114/22), Articles 462 and 463 of the Capital Market Act, the Management Board of ILIRIJA d.d. Biograd na Moru, Tina Ujevića 7, Biograd na Moru, PIN: 05951496767 (hereinafter: the Company) on 24 February 2023 adopted the following:

DECISION ON CREATING THE ANNUAL FINANCIAL STATEMENTS AND DECISION ON PROPOSED PROFIT ALLOCATION

- I. The Company's Management Board hereby creates the Annual Financial Statements of the Company for 2022 (non-consolidated) consisting of the following:
 - Statement of Financial Position (balance sheet);
 - Income Statement;
 - Statement of Comprehensive Income;
 - Cash Flow Statement;
 - Statement of Changes in Equity; and
 - Notes to the Financial Statements.
- II. The 2022 Annual Financial Statements of the Company were reviewed by the selected audit company UHY Rudan d.o.o., Ilica 213, Zagreb (hereinafter: the Auditor) and the Auditor's Report forms an integral part of the 2022 Annual Financial Statements of the Company.
- III. The Company's Management Board hereby creates the 2022 Annual Statement of the Company (non-consolidated) consisting of the following:
 1. 2022 Annual Financial Statements of the Company (non-consolidated);
 2. Statement on the Application of Corporate Governance Code
 3. Management Report / Management Board Annual Report on the Company's Status
 4. Statements by the Company Representation;
 5. Company's auditor report for 2022.



Ilirija d.d.
BIOGRAD NA MORU

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IV. The Company Management Board hereby defines the Decision on Proposed

Profit Allocation for 2022 in the total amount of: HRK 23.490.715,74 which amount using the fixed conversion rate (7.53450) corresponds to the amount of EUR 3.117.753,76 so the profit shall be allocated as follows:

- EUR 1.794.045,66 into the retained profit;
- EUR 1.323.708,10 for dividend distribution;

V. This Decision, along with the 2022 Annual Financial Statement of the Company (non- consolidated), shall be referred to the Supervisory Board of the Company for consideration, i.e. approval.

VI. The Company Management Board shall convene the General Assembly of the Company following the approval of the 2022 Annual Financial Statements of the Company and adoption of related corresponding decisions by its Supervisory Board.

ILIRIJA d.d.
Management Board: Goran Ražnjević

9.11 DECISION ON APPROVING THE ANNUAL FINANCIAL STATEMENTS



Ilirija d.d.
BIOGRAD NA MORU

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SUPERVISORY BOARD

Number: 19/2023

In Biograd na Moru, 24 February 2023

Pursuant to Articles 300c and 300d of the Companies Act ("Official Gazette" No 152/11 — consolidated text, 111A2, 68/13, 110/15, 40/19, 34/22 and 114/22) and the Management Board Decision No 18/2023, of 24 February 2023, the Supervisory Board of ILIRIJA d.d. at its session held on 24 February 2023, adopted the following:

DECISION ON APPROVING THE ANNUAL FINANCIAL STATEMENTS AND DECISION ON PROPOSED PROFIT ALLOCATION

- I. The Company Supervisory Board hereby approves the 2022 Annual Statement of the Company (non-consolidated) consisting of the following:
 1. 2022 Annual Financial Statements of the Company (non-consolidated); that is, of the statement of financial position (balance sheet), income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes to the financial statements.
 2. Statement on the Application of Corporate Governance Code
 3. Management Report / Management Board Annual Report on the Company's Status
 4. Statements by the Company Representation
 5. Company's auditor report for 2022
- II. Following the approval by the 2022 Annual Statement of the Company (unconsolidated) it is considered that the Annual Financial Statements of the Company for 2022 were created by the Company Management Board and the Company Supervisory Board.
- III. The Company Supervisory Board agrees with the proposal of the Company Management Board that the General Assembly of the Company adopt the decision on the allocation of the profit generated in 2022 in the total amount of: HRK 23.490.715,74 which amount using the fixed conversion rate (7.53450) corresponds to the amount of EUR 3.117.753,76 as follows:
 - EUR 1.794.045,66 into the retained profit;
 - EUR 1.323.708,10 for dividend distribution;

President of the Supervisory's Board
Goran Medić



ILIRIJA D.D.

TINA UJEVIĆA 7, BIOGRAD NA MORU, REPUBLIC OF CROATIA
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