



 *Ilinija d.d.*

ANNUAL REPORT FOR THE YEAR 2023

Biograd na Moru, February 2024



TABLE OF CONTENTS:

Introduction by the President of the Management Board	4	6.5 Ilirija Travel	118
Overview of key performance indicators in 2023	6	7 FINANCIAL RESULTS OF THE COMPANY	122
Key information for 2023	12	7.1 Financial operating results of the Company by sectors:	122
1 ABOUT ILIRIJA d.d.	18	7.1.1 Hotel sector	122
1.1 Basic information	18	7.1.2 Nautical sector	125
1.2 Chronological overview of the Company's development	19	7.1.3 Camping sector	129
1.3 Company's bodies	23	7.1.4 City Galleria Business and Shopping Centre	132
1.4 Affiliated companies	24	7.1.5. Financial operating results at Company level	134
1.5 Ownership structure of the Company and overview of trading in Company's shares at Zagreb Stock Exchange	25	7.2 Financial results at Company level:	135
1.6 Company business model	29	7.2.1 Financial performance of the Company	135
1.7 Brands of the Company	30	7.2.2 Financial position of the Company	145
1.8 Quality – standards and certificates	31	7.2.3 Company cash flow	159
1.9 Awards and acknowledgements	33	8 ADDITIONAL INFORMATION ON THE STATUS AND BUSINESS OPERATIONS OF THE COMPANY	160
2 CORPORATE STRATEGY AND GOVERNANCE	35	8.1 Significant events	160
2.1 Vision, mission and fundamental values	35	8.2 Legal matters	161
2.2 Organizational structure	37	8.3 Investments in 2023	164
3 STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE CODE	38	8.4 Non-operating assets	165
4 2023 COMPANY MANAGEMENT REPORT	40	8.5 Employment, labour costs and salaries	166
4.1 Business expectations in 2024	40	8.6 Occupational health and safety	168
4.2 Information on acquisition of own shares	42	8.7 Other	173
4.3 Subsidiaries	42	8.8 Notes	174
4.4 Financial instruments	42	9 THE MANAGEMENT BOARD'S REPORT AND THE 2023 ANNUAL FINANCIAL STATEMENT, INCLUDING THE INDEPENDENT AUDITOR'S REPORT	173
4.5 Risks and risk management	43	9.1 Statement on the accountability of the Management Board	175
4.6 Sustainable development and corporate social responsibility	52	9.2 Independent auditor's report	176
5 BUSINESS CAPACITIES OF THE COMPANY AND ADDITIONAL FACILITIES	56	9.3 Statement of financial position	185
5.1 Hotel sector	58	9.4 Statement of comprehensive income	186
5.2 Nautical sector	61	9.5 Report on the cash flows	187
5.3 Camping sector	63	9.6 Statements of changes in equity	188
5.4 Ilirija Travel	65	9.7 Notes	189
5.5 Hospitality	67	9.8 Financial statements for the year 2023	227
5.6 Additional facilities	69	9.9 Representation Letter	239
5.7 City Galleria Business and Shopping Centre	72	9.10 Decision on Creating the Annual Financial Statements and proposal for the Decision on the Allocation of Profit	241
6 KEY PHYSICAL PERFORMANCE INDICATORS OF THE COMPANY	73	9.11 Decision on Approving the Annual Financial Statements and proposal for the Decision on the Allocation of Profit	242
6.1 Hotel sector	75		
6.2 Nautical sector – Marina Kornati	86		
6.3 Camping sector – "Park Soline" campsite	100		
6.4 City Galleria Business and Shopping Centre	113		

This PDF document is not the official format for publication of the annual report. The official version of the annual report is compiled and is publicly available in ESEF format.



INTRODUCTION BY THE PRESIDENT OF THE MANAGEMENT BOARD



Goran Ražnjević, President of the Management Board

Dear shareholders,

in the business year 2023, we achieved all of our planned business objectives, with an increase in business activities at the level of all sectors, obtaining results that ensured the best performance of the Company so far in terms of operating revenue, followed by an increase in profitability with further strengthening of the balance sheet and capital position, a reduction in total liabilities and a record low net debt. The business year was marked by a challenging and difficult macroeconomic environment, mostly reflected in strong inflation pressures, a deficit in the labour market and the expansion of geopolitical instability. For this reason, the company deems the performance results achieved in these market circumstances to be successful – there was a persistent increase in key performance indicators from the previous year that simultaneously contributed to the preserved stability, the strengthening of the company's economic sustainability and its competitiveness.

All sectors saw an increase in business activities, reflected in the increase in operating revenue and the increase in key physical and market indicators, achieving the best results so far, especially in terms of revenue. The hotel sector saw a strong increase of demand with a 29% increase in financial indicators, i.e. revenue, accounting for the biggest share

of the Company's increase in revenue compared to the previous year. The hotel sector's increase of business activities along with a double-digit growth of all other sectors resulted in the biggest achievement of the Company so far in terms of revenue, i.e. the overall revenue amounted to EUR 28,286,740.07, representing an increase of 18.96% compared to 2022, when it amounted to EUR 23,778,484.20, while the operating revenue recorded a total of EUR 28,047,808.67 and increased by 18.19%.

An increase was recorded in all key profitability indicators, despite the strong influence of inflation and labour costs, as a result of a labour shortage and continuous improvement of the financial position of employees – primarily net salaries – with an increase of all other expenses resulting from an increase in turnover. The increase in profitability followed from a strong increase of demand in the Company's tourist sectors and the growth of their profitability compared to the previous year. The Company realised an operating profit in the amount of EUR 7,556,885.16, marking a 4.51% increase compared to 2022, when it amounted to EUR 7,230,778.62, while the profit before tax amounted to EUR 4,070,417.58 and increased by 5.47% compared to the EUR 3,859,197.39 recorded the previous year. EBITDA was realised in the amount of EUR 7,795,816.56, a 7.12% increase, and the adjusted (comparable) EBITDA amounted

to EUR 8,248,456.98, constituting an increase of 12.30%. In the reporting period, EBIT was realised in the amount of EUR 4,556,531.43, constituting an increase of 5.62%. The Company's realised a net profit in the amount of EUR 3,279,530.22, constituting an increase of 5.19% compared to 2022, when it amounted to EUR 3,117,753.76.

Furthermore, the generated increase of revenue and profitability is simultaneously accompanied by a growth of financial position indicators, i.e. the value of assets, realised in the amount of EUR 71,560,190.12 that increased by EUR 1,445,297.94, or 2.06% compared to 2022, while capital amounted to EUR 53,114,266.63 and increased by 4.01%. Moreover, the total liabilities for the reporting period amounted to EUR 18,445,923.49, representing a decrease of 3.16% compared to the EUR 19,048,576.06 from 2022, while the net debt was lower and amounted to EUR 3,195,369.06, constituting a 42.69% decrease compared to the previous year.

As a Company, we aim to strike a balance between the rights and interests of all participants in the business processes, and as a result, in 2023 we distributed to our shareholders a dividend for 2022 in the amount of EUR 1.323.708,10, i.e. EUR 0.55 per dividend, which is a 18.45% increase compared to the dividend distributed to the Company's shareholders in

the previous year. In the meantime, we were continuously mindful of the financial position of our employees through our human resources policy, ensuring not only optimum personnel structure, but also greater material rights than the industry average.

In 2023, the achieved performance results represent the Company's best performance in terms of revenue (total and operating), profitability (operating profit, EBITDA and EBIT), value of assets, capital and net debt, and ultimately, the planned operating results were also achieved, displaying the capability to maintain a high level of resilience, competitiveness, quality and standards of service in this challenging and demanding business environment, while strengthening the capital and balance sheet position and balancing the interests of all participants in the business process.

Goran Ražnjević, President of
the Management Board



OVERVIEW OF KEY PERFORMANCE INDICATORS IN 2023

28,3M

TOTAL
REVENUE (EUR)
+18,96%

4,1M

PROFIT
BEFORE TAX
(EUR)
+5,47%

3,3M

NET PROFIT
(EUR)
+5,19%

7,8M

EBITDA
(EUR)
+7,12%

71,6M

VALUE OF
ASSETS (EUR)
+2,06%

53,1M

CAPITAL
(EUR)
+4,01%

18,4M

TOTAL
LIABILITIES (EUR)
-3,16%

3,2M

NET DEBT
(EUR)
-42,69%

62,3M

MARKET
CAPITALISATION
(EUR)
+2,30%

OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE YEAR 2023

(in EUR)	2023	2022	Index 2023/2022
Financial indicators			
Total revenues	28.286.740,07	23.778.484,20	118,96
Operating revenues	28.047.808,67	23.731.340,15	118,19
<i>Hotel sector</i>	9.021.921,78	6.978.065,58	129,29
<i>Nautics</i>	8.383.126,66	7.301.504,27	114,81
<i>Camping</i>	7.485.683,10	6.656.058,48	112,46
<i>Ilirija Travel</i>	1.059.999,02	941.768,30	112,55
<i>Real-estate</i>	2.056.050,86	1.830.354,47	112,33
<i>Revenues from other profit centers</i>	41.027,25	23.589,05	173,92
Revenues from sales	27.848.262,58	23.556.641,63	118,22
EBITDA	7.795.816,56	7.277.922,67	107,12
EBITDA margin	27,79%	30,67%	90,63
Adjusted EBITDA	8.248.456,98	7.344.798,93	112,30
Adjusted EBITDA margin	29,41%	30,95%	95,02
EBIT	4.556.531,43	4.314.022,87	105,62
Adjusted EBIT	5.009.171,85	4.380.899,13	114,34
Earnings before taxes	4.070.417,58	3.859.197,39	105,47
Profit	3.279.530,22	3.117.753,76	105,19
Profit margin	11,69%	13,14%	89,00

(in EUR)	31/12/2023	31/12/2022	Index 2023/2022
Balance sheet indicators			
Net debt	3.195.369,06	5.575.375,89	57,31
Net debt / EBITDA	0,41	0,77	53,50
Net debt /Adjusted EBITDA	0,39	0,76	51,03
Interest coverage	8,38	8,61	97,33
Capital investments	3.230.079,01	2.753.510,13	117,31
ROE	6,18%	6,11%	101,15
ROA	4,59%	4,45%	103,15
Adjusted ROCE	8,91%	7,75%	114,97

(in EUR)	31/12/2023	31/12/2022	Index 2023/2022
Indicators of the financial position			
Value of assets	71.560.190,12	70.114.892,18	102,06
Capital	53.114.266,63	51.066.316,12	104,01
Total liabilities	18.445.923,49	19.048.576,06	96,84

(in EUR)	31/12/2023	31/12/2022	Index 2023/2022
Achievements on the capital market			
Market capitalization	62.267.990,40	60.868.167,36	102,30
EV	59.072.621,34	66.437.107,92	88,92
EV / EBITDA	7,58	9,13	83,01
EV / Adjusted EBITDA	7,16	9,05	79,17
P / E	18,84	19,43	96,96
EPS	1,37	1,30	105,38
DPS	0,55	0,47	117,02

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

Physical indicators	2023	2022	Index 2023/2022
Hotel sector			
Number of accommodation units	435	435	100,00
Overnight stays of tourists	118.680	100.551	118,03
Occupancy days	135	115	117,39
Annual occupancy	36,95%	31,46%	117,45
Nautics			
Number of berths	805	805	100,00
Contracted vessel	747	726	102,89
Transith berth, overnight stays of vessels	8.127	9.208	88,26
Transith berth, inbound sail of vessels	3.094	3.117	99,26
Port service - number of operations	3.817	3.666	104,12
Days of work	365	365	100,00
Camping			
Number of accommodation units	1.130	1.208	93,54
Days od work	198	198	100,00
Occupancy days	120,62	106,65	113,10
<i>Mobile homes</i>	89,35	98,96	90,29
<i>Individuals</i>	56,75	43,06	131,79
<i>Fixed lease</i>	198,00	198,00	100,00
<i>Lump sum</i>	198,00	198,00	100,00
Occupancy	60,92%	53,86%	113,11
<i>Mobile homes</i>	45,13%	49,98%	90,30
<i>Individuals</i>	28,66%	21,75%	131,77
<i>Fixed lease</i>	100,00%	100,00%	100,00
<i>Lump sum</i>	100,00%	100,00%	100,00
Overnight stays of tourists	329.010	312.057	105,43

Physical indicators	2023	2022	Index 2023/2022
Ilijia Travel			
Number of events	234	297	78,79
Number of participants (events)	30.560	29.830	102,45
Real-estate sector			
Number of leesses	35	37	94,59
Common expenses	33	35	94,29
Common areas	26	27	96,30
Advertising space	8	8	100,00
Garage - number of parking spaces	410	410	100,00
Rented area (m ²)	9.445,32	9.464,72	99,80
Number of vehicle in garage	729.225	703.511	103,66



KEY INFORMATION FOR 2023

1) The business year 2023 was marked by continuous business growth across all sectors (hotel, nautical, camping, destination management and real-estate sectors), as well as at Company level, in the field of operating and financial performance indicators, profitability indicators and financial position indicators. Furthermore, the Company generated the largest total and operating revenues so far and strengthened the balance and capital position through assets value, capital and net profit growth, all while lowering total liabilities and achieving the lowest net debt to date with a high self-financing rate.

A robust growth in business activities was achieved across all sectors, but especially in the hotel sector, whose operations were marked by significant growth in the field of operating and financial performance indicators, which generated the largest increase in revenue at a rate of 29% and the largest contribution to the increase in revenue across the Company, followed by increased demand in nautical, camping and destination management sectors as well. By strengthening demand in the pre-season and post-season, along with a further increase in turnover in the peak season as well as year-round activities in the nautical and real-estate sectors, all sectors of the Company generated the best results, especially in the field of key market and financial performance indicators, with further strengthening of profitability.

Despite the fact that the business year was still marked by unfavourable macroeconomic performance conditions, primarily due to a high inflation rate, not only in the Republic of Croatia but also across the European Union, followed by the general price increase, labour market challenges and finally, the widening of geopolitical instability at the global level, **the Company was able to realise its operating goals in 2023, secure growth in the field of key operating performance indicators, invest in the improvement of quality and facility, product and service standards and continue to enhance the material status of its employees, thereby also enhancing the Company's financial situation, resilience and market competitiveness.**

2) The Company's total revenue amounted to EUR 28,286,740.07, recording an increase of EUR 4,508,255.87, or 18.96% compared to EUR 23,778,484.20 in 2022, the growth of which in absolute terms is the result of an 18.19% increase in operating revenue.

Operating revenue in the amount of EUR 28,047,808.67 grew by 18.19%, or EUR 4,316,468.52 compared to 2022, when it amounted to EUR 23,731,340.15, as a result of double-digit growth across all sectors of the Company. The most significant revenue growth was generated by the tourism sector, wherein the highest growth at the 29% rate was achieved by the hotel sector, while the nautical sector revenue grew by 15%, the destination ma-

management company revenue by 13%, the camping and real-estate sectors generated revenue growth of 12%. The increase in the revenue is the result of significant growth in tourism sector demand, key operating indicators growth (arrivals, overnight stays, number of vessels at contracted berth), stronger growth in year-round business activities, i.e. pre-season and post-season, compared to the previous year, growth in the share of more lucrative markets, and further growth in the individual sales channel.

The hotel sector generated EUR 9,021,921.78 in revenue, which grew by 29%, or EUR 2,043,856.20 compared to the previous year, when EUR 6,978,065.58 were generated. In the reporting period, the hotel sector generated the highest growth in revenue, not only in relative but also in absolute terms, which accounted for 47% of the total revenue growth of the Company. The robust revenue growth was the result of a significant increase in demand expressed through the realisation of 37,500 arrivals and 118,680 overnight stays, constituting a growth of 18% in overnight stays and by 38% in arrivals, with a 135-day occupancy. Furthermore, revenue growth is the result of growth in the share of the individual sales segment along with the strengthening of business activities in pre-season and post-season, which resulted in the best revenue generated by the hotel sector so far with a strong contribution to the overall results of the Company's operations.

The nautical sector generated EUR 8,383,126.66 in revenue, which accounts for a growth by 15%, or EUR 1,081,622.39 compared to the previous year, when EUR 7,301,504.27 were generated. Revenue growth in nautical sector is the result of revenue growth in all of its profit centres, i.e. in the field of accommodation, namely in Marina Kornati by 14%, nautical fair by 30% and hospitality by 10%, ultimately resulting in the best nautical sector revenue results so far. In the reporting period, nautical sector revenue continually grew as the result of growth of all revenue items of Marina Kornati, apart from other services, and the largest contribution to total revenue growth was made in the contracted berth item. In 2023, 747 contracts for individual and charter vessels were signed, which is a 3% growth in the number of vessels and a 15% growth in revenue.

The camping sector operating revenue of EUR 7,485,683.10 grew by 12%, i.e. EUR 829,624.62 compared to the previous year when the same revenue amounted to EUR 6,656,058.48. Revenue growth is the result of revenue growth in both of its profit centres, i.e. in Park Soline Campsite by 13% and in hospitality by 8%, which in absolute terms was largely generated as a result of growth in tourism turnover in the field of accommodation. In the reporting period, 49,729 arrivals and 329,010 overnight stays were realised, accounting for a 10% growth in arrivals and a 5% growth in overnight stays, as a result of which the campsite revenue grew by 13%, i.e. it was re-

ported at EUR 6,741,340.71. In addition to the growth in operating indicators, growth in all income items at rates from 4% to 26% was reported, as well as a growth in occupancy days of the campsite to 120.62 days and 60.92% occupancy, additionally followed by growth in catering revenue, which lead to the camping sector achieving the best results in the field of revenue so far.

Through the implementation of 234 events with 30,560 participants, destination management company Ilirija Travel, as an integrated and complementary product of the Company's tourism sectors, generated revenue in the amount of EUR 1,059,999.02, accounting for a 13% growth compared to EUR 941,768.30 in revenue generated in the previous year. Although the number of events is lower, revenue grew based on the growth in the number of participants and the organisation of higher-value events with a range of additional services, a stronger return in the MICE segment and cultural and entertainment events that generated revenue in the last quarter of the year.

The real-estate sector, i.e. the City Galleria Business and Shopping Centre, with EUR 2,056,050.86 in revenue, generated a 12% growth, or EUR 225,696.39 compared to EUR 1,830,354.47 of revenue generated in 2022. The revenue recorded an increase due to the growth of all revenue items, apart from the other revenue item, while maintaining a high occupancy rate of the Centre's capacity in the amount of 99.07%.

3) Total expenses in the reporting period amounted to EUR 24,216,322.49, recording an increase of 21.57%, or EUR 4,297,035.68 compared to 2022, when they amounted to EUR 19,919,286.81, the growth of which is the result of an increase in operating expenses by 24.18%, depreciation by 9.29% and financial expenses by 6.88%.

Operating expenses for the reporting period amounted to EUR 20,490,923.51 and were 24.18%, or EUR 3,990,361.98 higher compared to the EUR 16,500,561.53 generated in 2022, and in absolute terms they generated the most growth in total expenses. The growth in operating expenses at a rate higher than the growth in operating revenue is a consequence of the general increase in the prices of goods and services and the related strong inflation across all European countries, as well as the increase in costs of salary as a consequence of the improvement of material employee rights and the lack of qualified labour on the labour market, in addition to the increase in the volume of business activities, which resulted in the growth in operating expenses.

The growth in operating expenses is mostly a consequence of increase in the following costs:

I) increase in the cost of gross salaries, which was 25%, or EUR 1,574,666.36 higher compared to the previous year, as a consequence of the Company's continuous decision to improve the material status of employees,

earlier hiring of employees in order to ensure the optimal number of employees for uninterrupted operation of business processes and maintenance of the achieved level of quality and standards, as well as the growth of the average number of employees due to the increase in the volume of business activities and the extension of business activities in the pre-season and post-season;

II) increase in other employment benefits, which were 44%, or EUR 364,628.63 higher, as a direct consequence of the continuous improvement of the material rights of employees;

III) increase in the cost of raw materials (food and beverages) by 17.41%, or EUR 259,377.15 compared to the previous year as a result of the higher volume of business activities in the tourism sectors and the increase in the prices of food and beverages that were under the strong influence of inflation;

IV) increase in costs related to various types of rental fees by 35%, or EUR 243,539.49.

V) increase in marketing and promotion costs by 49% in the reporting period, i.e. by EUR 226,007.04, due to the strengthening of marketing activities of the Company's tourism sectors;

VI) increase in municipal utility services by 21% or EUR 195,653.04, which is a consequence of a significant incre-

ase in the prices of municipal utility fees by 55% and waste collection fees by 114% compared to the previous year,

VII) increase in the cost of services from agency commissions and bank card commissions, which were 38%, or EUR 208,933.77 higher, while entertainment programme service costs increased by 78%, or EUR 101,381.57, resulting in an overall increase of EUR 310,315.34;

VIII) increase in other expenses by 186%, or EUR 393,259.91, mostly resulting from the increase in one-time expenses related to the allocation of own shares to the Company's employees, without compensation, for their contribution to the achievement of the Company's operating results.

The foregoing operating expense items (I-VIII) are 30.74%, or EUR 3,567,446.97 higher compared to the previous year and account for 89.40% of operating expense growth.

4) In 2023, in the field of operating profitability, growth was reported across all indicators, i.e. in the fields of operating profit, profit before tax, net profit, EBITDA and EBIT compared to the previous year.

Strengthening of operating profitability, taking into account the macroeconomic circumstances of the business year with pronounced inflationary pressures on almost all key emitting markets of Croatian tourism, rising prices of municipal utility services, rising labour and labour-related

costs as a direct consequence of a deficient labour market, especially prominent in hospitality-tourism operations, and followed by the growth of other expenses, resulted in a strong growth of total expenses at a rate higher than revenue growth. Considering the foregoing business circumstances, the Company expresses its satisfaction with the achieved results in the field of profitability, which are higher compared to the previous year, while in some indicators (operating profit, EBITDA and EBIT) they are the best so far, and these achievements are far more significant taking into account the circumstances of the business year.

Operating profit was generated in the amount of EUR 7,556,885.16 and was 4.51% higher compared to the previous year, when it amounted to EUR 7,230,778.62.

Profit before tax amounted to EUR 4,070,417.58 and was 5.47% higher compared to the previous year when it amounted to EUR 3,859,197.39.

Net profit was realised in the amount of EUR 3,279,530.22, constituting an increase of 5.19% compared to 2022, when it amounted to EUR 3,117,753.76.

EBITDA amounted to EUR 7,795,816.56 and was 7.12 % higher compared to the previous year when it amounted to EUR 7,277,922.67.

Adjusted EBITDA amounted to EUR 8,248,456.98 and was 12.30% higher compared to the previous year when it amounted to EUR 7,344,798.93, which is the result of total revenue growth by 18.96% and growth in other extraordinary one-time expenses, mainly in relation to the Company's targeted decision on the allocation of own shares to the Company's employees for the achieved business results during the previous period.

EBIT was realised in the amount of EUR 4,556,531.43, increasing by 5.62% compared to EUR 4,314,022.87 realised in 2022.

Adjusted EBIT amounted to EUR 5,009,171.85 and was 14.34% higher compared to the previous year when it amounted to EUR 4,380,899.13, which was the result of total revenue growth by 18.96% and growth in other extraordinary one-time expenses, mainly in relation to the Company's targeted decision on the allocation of own shares to the Company's employees for the achieved business results during the previous period.

5) Value of assets in the reporting period amounted to EUR 71,560,190.12 which was 2.06%, or EUR 1,445,297.94 higher compared to the previous year, when it amounted to EUR 70,114,892.18.

The growth in the value of assets was the result of the growth in short-term assets, which amounted to EUR 13,071,915.27, constituting an increase by 11.97%, i.e. EUR 1,397,525.37, while long-term assets were generated in the amount of EUR 58,488,274.85, on the same level as the previous year.

6) Capital and reserves amounted to EUR 53,114,266.63 and were 4.01%, or EUR 2,047,950.51 higher compared to 2022, when they amounted to EUR 51,066,316.12, and their growth was the result of the increase in profit compared to the previous years by 14.64% and the increase in generated net profit in the reporting period by 5.19%.

7) Total liabilities of the Company amounted to EUR 18,445,923.49 and were 3.16%, or EUR 602,652.57 lower compared to 2022 when they amounted to EUR 19,048,576.06. The decrease in total liabilities was generated by the decrease in long-term liabilities by 11.19%, which for the reporting period amounted to EUR 12,011,844.97, as a result of the decrease in long-term loan liabilities.

8) Net debt, which includes both current and non-current liabilities towards banks, minus cash in hand and deposits, amounted to EUR 3,195,369.06 in the reporting period, representing a decrease by 42.69%, or EUR 2,380,006.83 compared to the previous year

when it amounted to EUR 5,575,375.89. In 2023, the Company continued its decrease of net debt, which resulted in the lowest net debt so far, and despite difficult macroeconomic circumstances, the Company managed not only to preserve its liquidity and financial stability, but also to strengthen it.

9) Own sources of funds (capital and reserves) made up 74.22%, while the share from other sources they finance amounted to 25.78% as of 31 December 2023. In the reporting period, the Company continued to strengthen its balance sheet position through continuous growth of capital and reserves, mostly generated through growth in net profit and profit from previous years, growth in the value of assets, decrease in liabilities and growth of the self-financing rate, i.e. the strengthening of the balance sheet and capital position, which enables the Company to preserve a stable and sustainable financial position and strengthen its liquidity.

10) The Company's ILRA share was traded in the amount of EUR 479,167.00, constituting an increase by 78.09% compared to the previous year, when trading amounted to EUR 269,064.04. At the same time, an increase by 132.88% was recorded in the average turnover per transaction, amounting to EUR 7,371.80, while the average daily turnover amounted to EUR 16,523.00 with a growth rate of 133.35%.

Moreover, the average share price amounted to EUR 24.83,

representing an increase of 6.89 % compared to the previous year, when the average share price amounted to EUR 23.23. The last share price was achieved in the amount of EUR 25.80, representing an increase of 2.30% compared to the previous year when it amounted to EUR 25.22. The last share price grew in proportion to market capitalisation, calculated by multiplying the number of shares and the last achieved share price, to EUR 62,267,990.40 compared to EUR 60,868,167.36 generated in the previous year.

11) The General Assembly, held on April 21 2023 adopted the Decision on the Approval of the 2022 Report on the Remuneration of Management Board and Supervisory Board Members, the Decision on Granting Discharge to the Company's Management Board for the financial year 2022, Decision on Granting Discharge to the Members of the Supervisory Board for the financial year 2022, and the Decision on the Appointment of the authorised auditing company "UHY RUDAN d.o.o.", Ilica 213, Zagreb, PIN: 717995390000 as the Company's Auditor for 2023 (717995390000). Moreover, the Decision on the Adjustment of the Share Capital of the Company was adopted by increasing the share capital from the Company's assets and amending the Articles of Association of the Company for the purpose of aligning the share capital with the Act of the introduction of the euro as the official currency in the Republic Croatia and Companies Act and rounding off the amount of capital to a whole number on the basis of the established and audited 2022 Annual Financial Statements.

The General Assembly also adopted the Decision Amending the Decision on the Remuneration of Supervisory Board Members. Also, the Decision on the Use of Company Profit for the 2022 Financial Year was adopted, according to which the achieved net profit in the 2022 financial year (after tax) in the amount of EUR 3,117,753.76, is distributed as follows:

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

The General Assembly of the Company took note of the Annual Report for 2022 together with the Audit Report for 2022, Report of the Supervisory Board on the Performed Supervision of the Company's Operations for 2022, and the Management Board' Report on the Acquisition of Own Shares.

12) Pursuant to the Decision of the General Assembly of 21 April 2023, the Company paid to the shareholders a dividend in the total amount of EUR 1,323,708.10, i.e. EUR 0.55 per share. The dividend paid in 2023 is larger by EUR 206,209.59, or 18.45% compared to the dividend paid in 2022, which amounted to EUR 1,117,498.51.

13) In the reporting period, the investments made by the Company amounted to EUR 3,230,079.01 and related to the key tourism sectors, i.e. the hotel, camping, and nautical sector as well as Ilirija Travel, in order to preserve competitiveness, and further invest in improving

the quality and standards of service, and in changing the structure by segments of service provision. The largest portion of the investments related to the camping sector, where a significant renovation of the campsite was carried out, including all of the infrastructure and landscaping work in a part of the campsite and the construction of the main roads in the campsite extra zone, as well as additional refurbishing and adaptation of amenities for children, and investments in changing the structure by segments of service provision with the aim raising the overall quality and amenities of the campsite. In the hotel sector, investments are continuously focused on improving and expanding services and raising the level of quality through additional arrangement and furnishing of accommodation units, expansion of wellness services through the development of capacities for health tourism, refurbishment of hotel catering facilities by purchasing new catering equipment and other common hotel amenities. In the nautical sector, investments related to the refurbishing of the common facilities at the marina, the largest part of which referred to the complete reconstruction of the largest sanitary facility, while investments in Ilirija Travel were related to the "Nada" event boat.

14) The Company successfully completed the recertification process for the "Company – Friend of Health" certificate, a project launched by the Croatian Institute of Public Health with the aim of promoting health in the

workplace and working environment, adopting healthy lifestyle habits and showing concern for the health of employees. The Company was awarded the "Company – Friend of Health" certificate for the first time in 2018 as part of the "Living Healthy" project, and today it is one of only 25 business entities holding the certificate in the Republic of Croatia.

15) The Zadar County Tourist Board awarded the Company the annual award "for contribution to nautical tourism and the organisation of 25 years of Biograd Boat Show", i.e. for creating and developing additional destination offers and for contributing to its branding through the development of nautical tourism. Furthermore, the award was given for the organisation of the largest Croatian international nautical fair, Biograd Boat Show, which grew from a small regional nautical event into one of the 36 leading nautical fairs in the world. What's more, the twenty-fifth edition of the fair was ranked among the five leading European nautical fairs.



1 ABOUT ILIRIJA D.D.

1.1 BASIC INFORMATION

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

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

AD 1307, event boat “Nada”), **sports-recreational and entertainment center** (Tennis center Ilirija with 20 tennis courts and Aquatic center with hospitality facilities), and since the month of December 2016, the Company’s portfolio includes the **Commercial-Shopping Center City Galleria** in Zadar with more than 28.500m² gross area in total six floors and total 9.445,32m² net rented floor area.

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

1.2 CHRONOLOGICAL OVERVIEW OF THE COMPANY'S DEVELOPMENT

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

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

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

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

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

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

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

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

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

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

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

Year 2000 - 2023 | During this period, i.e. as at 31 December 2023, the Company invested EUR 91.169.307,79 in construction, reconstruction, extension, upgrading, renovation and adaptation of accommodation facilities and establishments of the Company in order to enhance the quality, improve the overall service and standards in all sectors of the Company, develop new products, improve and increase the categorization of the accommodation facilities and nautical capacities, expand hospitality facilities with an aim to create a high-quality, recognizable and competitive tourism product and enhance the quality of the offer of the destination itself together with the purchase of the City Galleria Business and Shopping Centre, which resulted in a growth in total revenue and newly created value in the mentioned period in the amount of EUR 165.984.644,34.

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 of Zadar, CRN: 060014554; the share capital is HRK 21,027,500.00, which corresponds to EUR 2,790,828.85, using the fixed conversion rate (7,53450).

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



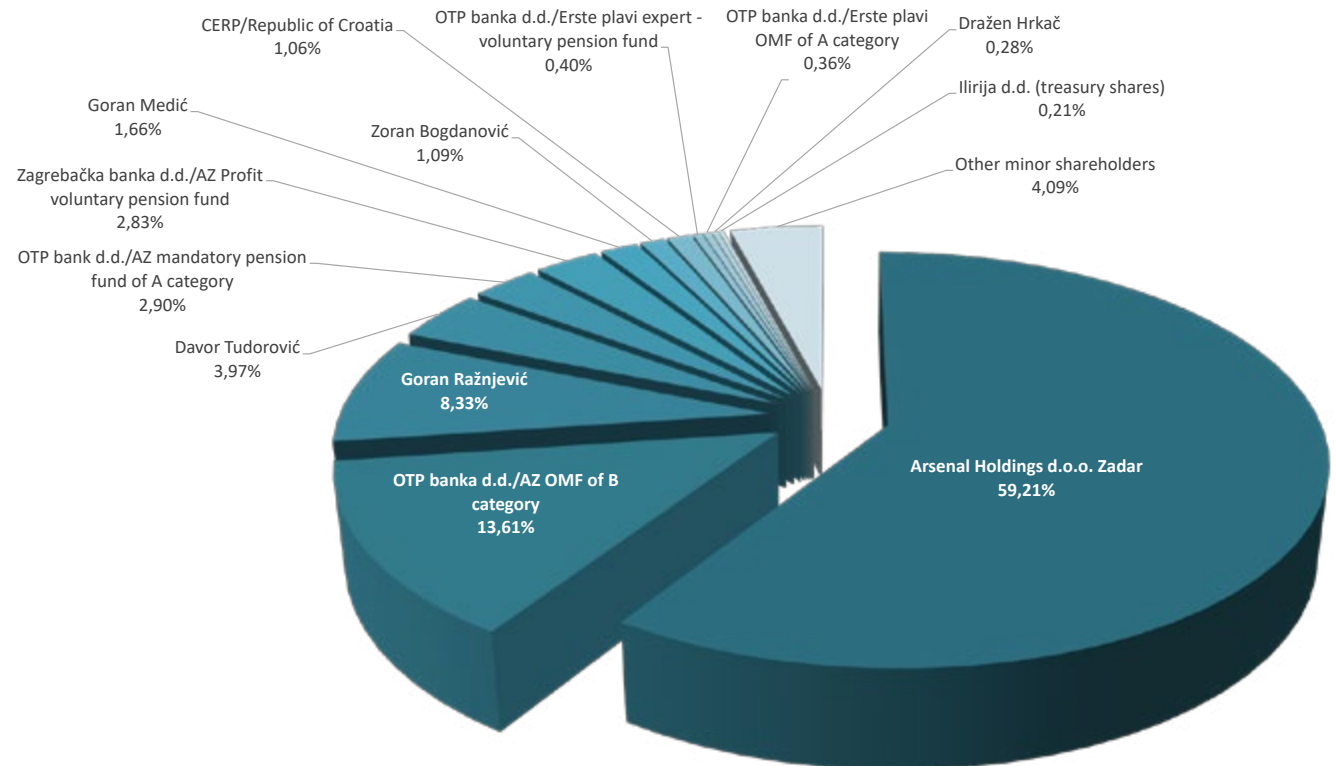
1.5 OWNERSHIP STRUCTURE OF THE COMPANY AND TRADING IN THE COMPANY'S SHARES AT THE ZAGREB STOCK EXCHANGE

The share capital of the Company amounted to EUR 30,420,000.00, and it is divided into 2,413,488 no-par-value ordinary shares.

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

Owners - shareholders	Number of shares	Share in %
Arsenal Holdings d.o.o. Zadar	1.429.032	59,21
OTP banka d.d./AZ OMF of B category	328.506	13,61
Goran Ražnjević	201.120	8,33
Davor Tudorović	95.744	3,97
OTP banka d.d./AZ mandatory pension fund of A category	69.898	2,90
Zagrebačka banka d.d./AZ Profit voluntary pension fund	68.200	2,83
Goran Medić	40.000	1,66
Zoran Bogdanović	26.216	1,09
CERP/Republic of Croatia	25.642	1,06
OTP banka d.d./Erste plavi expert - voluntary pension fund	9.726	0,40
OTP banka d.d./Erste plavi OMF of A category	8.631	0,36
Dražen Hrkač	6.727	0,28
Ilirija d.d. (treasury shares)	5.043	0,21
Other minor shareholders	99.003	4,09
TOTAL	2.413.488	100,00

OWNERSHIP STRUCTURE OF THE COMPANY AS AT 31/12/2023



TRADING IN COMPANY'S SHARES ON THE CROATIAN CAP- ITAL MARKET IN 2023

(amounts in EUR)	2023	2022	% of change
Total turnover	479.167,00	269.064,04	78,09%
Average share price	24,83	23,23	6,89%
Average turnover per transaction	7.371,80	3.165,46	132,88%
Average daily turnover	16.523,00	7.080,63	133,35%
Last share price	25,80	25,22	2,30%
Market capitalization*	62.267.990,40	60.868.167,36	2,30%
Market capitalization**	59.926.907,04	56.065.326,24	6,89%
Number of shares:	2.413.488	2.413.488	

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

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

In the reporting period, the share designated as ILRA generated a revenue of EUR 479,167.00, representing a 78.09% increase compared to the 2022 revenue that amounted to EUR 269,064.04. At the same time, a total of 19,299 shares were traded, which is 66.58% more than the previous year when 11,585 shares were traded. The average turnover per transaction amounted to EUR 7,371.80, constituting an increase of 132.88% compared to the previous year, with the average daily turnover amounting to EUR 16,523.00, representing an increase of 133.35%.

Furthermore, the Company also generated an increase in terms of share price indicators. The average share price was achieved in the amount of EUR 24.83, representing an increase of 6.89% compared to the average share price in 2022 that amounted to EUR 23.23. Also, the last share price was EUR 25.80, representing an increase of 2.30% compared to the last share price in 2022, which amounted to EUR 25.22. In proportion to the increase in share prices, the market capitalization of the Company increased, which, expressed by the last share price in the observed period, amounted to EUR 62,267,990.40, compared to EUR 60,868,167.36 in the previous year. The highest share price in 2023 amounted to EUR 30.00 per share. This constitutes an increase of 15.92% compared to the highest share price of EUR 25.88 in 2022.

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** – 1,130 pitches, 3,390 persons
- **Destination management company/DMC Ilirija Travel** – through which 234 special events for 30,560 persons were organised in 2023
- **Real-estate segment** – City Galleria Business and Shopping Centre in Zadar, one of the two largest shopping centres in the wider 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, nautical and camping sectors), additionally strengthened by the destination management company Ilirija Travel and the real-estate sector. With regards to such a di-

verse portfolio, it is worth noting that the Company manages all business processes (management and operations) within the sector or facility.

Diverse tourism and real-estate portfolios are based on the resources of the region and on a continuous investment in the improvement of the existing contents and products as well as the development of new ones, which is also the foundation of the Company's business and development policy. The presence on the market spanning more than six decades as well as knowledge and experience gained, enable the Company to maximize its economic, financial, market and human resources potential. By developing a complementary and integrated product through the destination management company, the Company strives for achieving one of its strategic goals – year-round business operations of its tourism sectors, with an emphasis on the hotel and camping sectors, 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, or the wider community. Through the destination management company, the Company also contributes to the development and recognizability of the destination by organizing 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, care for the safety and health of guests and employees, meeting customer needs and expectations, competitiveness and sustainability of products, continuous improvement of operational processes and continuous employee education, environmental protection and preservation of biodiversity are the main directions of the Company and they are achieved through the implementation of domestic and international standards and certificates into its operations:

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, the Company confirms its main focus on long-term business stability based on responsible and sustainable business operations. During 2023, a regular control audits were 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 preparation and distribution of food products.

The Company uses “green” electricity and holds a ZelEn certificate guaranteeing that the electricity we use comes from renewable sources.

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 Company successfully completed the recertification process for the “Company – Friend of Health” certificate, which it was awarded for the first time in 2018, as part of the “Healthy Living” project launched by the Croatian Institute of Public Health with the aim of promoting health in the workplace and working environment, enabling the employees to adopt healthy lifestyle habits and show concern for the health of employees.



1.9 AWARDS AND ACKNOWLEDGEMENTS

The Company won the Zadar County Tourist Board annual award “For its contribution to nautical tourism and for having been organising the Biograd Boat Show for 25 years”, which was awarded for the creation and development of the destination’s additional offer and the contribution to its branding through the growth of nautical tourism and long-term organising of the Biograd Boat Show, the biggest nautical fair in Croatia and Central Europe.

The international company Dun&Bradstreet, specialized in business information, analytics and certification of company creditworthiness, awarded the Company a Platinum Creditworthiness Certificate of Excellence. The platinum certificate is awarded to companies that have achieved the highest “Gold AAA” Creditworthiness Certificate of Excellence for three consecutive years, based on accounting records and other dynamic indicators. The companies that are holders of the platinum creditworthiness certificate of excellence are ranked as the most renowned, reliable, low-risk companies and potential clients in terms of its solvency assessment, creditworthiness, indebtedness, profit and other risks of conducting business with a company.





2 CORPORATE STRATEGY AND GOVERNANCE

2.1 VISION, MISSION AND FUNDAMENTAL VALUES

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

According to the foregoing, **the mission** is: increasing the assets and achieving the financial results of the business operations, which will ensure long-term business and financial stability, establish an optimal level of quality and competitiveness in business at the level of the overall Croatian tourist offer, with continuous investment in human resources and ensuring optimal employment level, ensuring and complying with sustainable development principle which is manifested in recognizing and satisfying the needs of tourists, protecting and restoring natural and cultural heritage and preserving the environment, i.e. creating a responsible and sustainable tourism offer.

Fundamental values:

Respect and integrity – equal treatment of all of our stakeholders is the fundamental value of our company's business.

Quality – a top-quality product, professional service and individual approach to clients are the basis of the relation to the guest which is at the heart of the company's service.

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

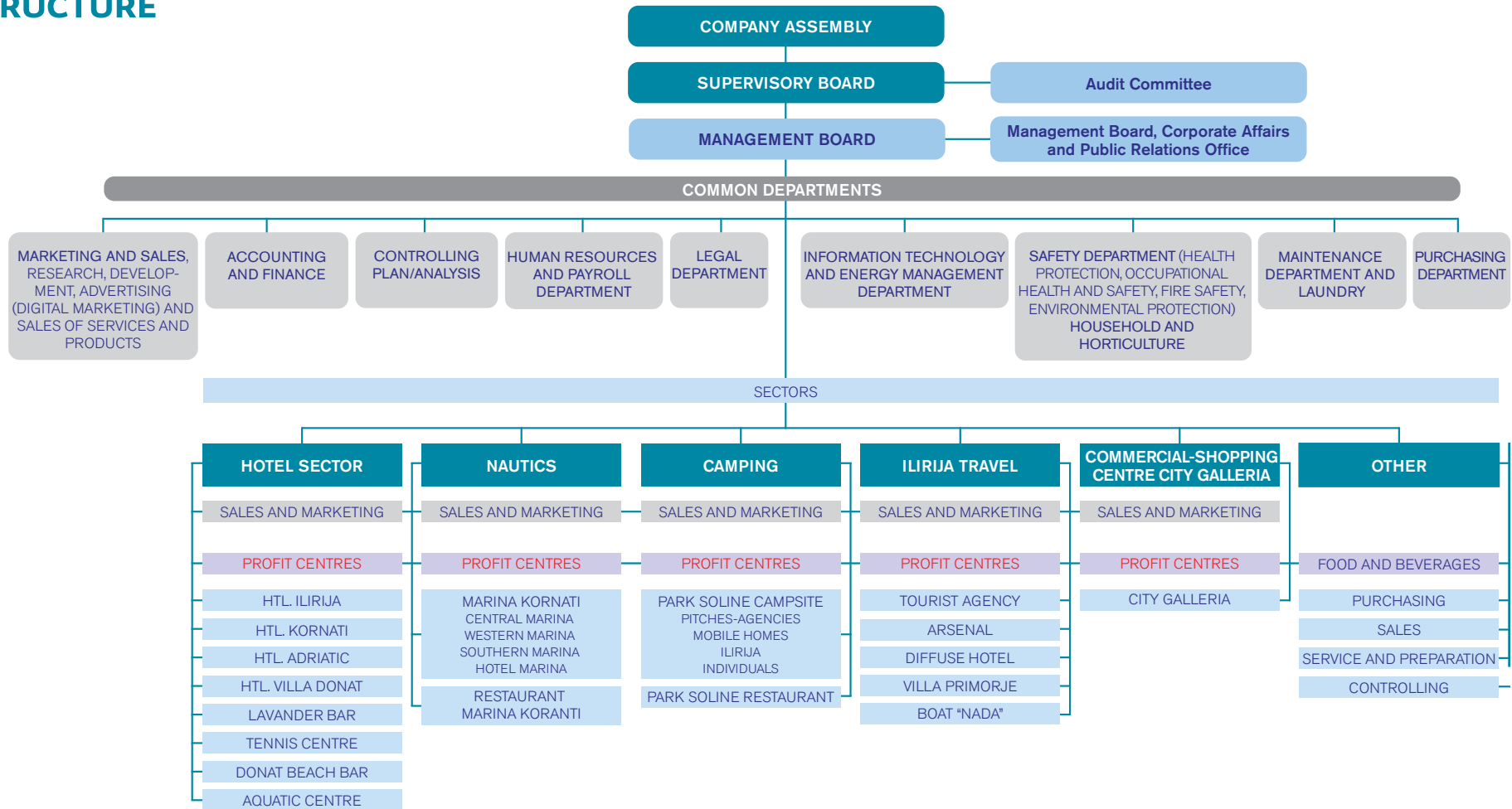
Sustainability and responsibility – in business, investment, relationship with its employees, business partners, clients (guests), local, regional and regional community, shareholders and day-to-day operations by integrating the economic, social aspects and environmental protection aspects into decision-making processes and corporate strategy of the Company. Harmonization of these aspects is the foundation of success and sustainable development of the Company.

Transparency – in business and communication with all stakeholders of the company while complying with the principles of timely and accurate information provision as a prerequisite for further strengthening the Company's market position and its further growth.

Corporate social responsibility and sustainable development - In 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 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 HAN-FA, 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 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 2023, the Company had a total of 266 shareholders, who held a total of 2,413,488 shares. 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.

On 21 April 2023, 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".

The Company is allowed to acquire own shares based on the authorisation of the General Assembly of 24 May 2019. In 2023, the Company acquired 7,841 own shares designated as ILRA, which constitute 0.33% of the share capital, and released for the benefit of its employees, free of charge, a total of 13,679 own shares constituting 0.57% of the share capital, for their contribution to the realisation of the Company's operating results. As at 31 December 2023, The Company holds 5043 own shares, constituting 0.209% of its share capital.

The Commissioners for Employee Dignity Protection, who are responsible for receiving and handling employee complaints, are Mrs Jasmina Kulaš Stojanov, Head of CEO's Office, Corporate Communications and Public Relations and Mr Ante Mikulić, Hotel Operations Manager and Technical Manager of the campsite.

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 Sweden.

Of the total number of employees as at 31 December 2023, women make up 52% 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 2023

4.1 BUSINESS EXPECTATIONS IN 2024

In 2023, the first year of normalised travel conditions after the pandemic, tourism was characterised by the recovery and full opening of tourist markets paired with a high demand for travel, as well as strong resiliency, considering the geopolitical instabilities and macroeconomic circumstances. In Europe, the world's largest tourist region, there was a continuation of the trend of growing demand and the recovery of key European tourist destinations, especially in holiday tourism, accompanied with the growth of international tourist arrivals from long-haul markets.

Mediterranean destinations facilitated the recovery of the European tourist market, generating a powerful increase compared to the previous year – some of them also achieving an increase compared to 2019. As a result, it is expected that despite the complex geopolitical situation, the slowdown in inflation and the slight economic recovery, European tourism will also see an increase in tourist demand in 2024. Considering the fact that in 2023, Croatian tourism came closer to the achievements from 2019, the best Croatian business year in terms of tourism, this means that 2024 is met with a positive outlook and expectations of persistent growth in tourist demand at the level of the entire business year.

Based on the expected positive tourist trends in 2024, rooted in the still-present desire for travel in key Croatian tourist markets, the increase of demand from distant markets, which are significant for the pre- and post-season, and the expected lowering of inflation at the European Union level, i.e. the consequent growth of personal consumption, the Company bases its business expectations on the lack of limiting circumstances for conducting year-round business at the level of all sectors and profit centres, i.e. the hotel, nautical and camping sectors, Ilirija Travel and the real-estate sector.

The main determinants of the 2024 Business Plan are aimed at:

- preservation of the Company's long-term economic viability, security and sustainability,
- 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, and
- enhancing the Company's competitiveness, improving and developing products and services.

Also, the Company is aiming to ensure and carry out activities and actions in 2024 that are essential for maintaining the current status and operations of the Company, as follows:

- preservation and improvement of the achieved level of facility development and equipment mainly at the 4-star level ensuring market competitiveness,
- development of new products, services and content with the aim of increasing the competitiveness of the Company and further developing its year-round business activities,
- ensuring the optimal number of employees for the smooth running of business activities and the quality of service in high season,
- preservation of the achieved financial position from employee labour corresponding to the average net salary in the Republic of Croatia in order to ensure the competitiveness of the Company on the labour market while facing a labour shortage,
- fulfilment of obligations towards Company's creditors, i.e. suppliers, payment of tax liabilities and contributions, as well as regular fulfilment of its liabilities towards the bank in respect of the principal of loans and interest

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 2024:

- 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).

By achieving the stated business goals that are considered as the maximum business limit, and under the assumption of a year-round business activity in its full scope, i.e. at the level of all sectors and profit centres, as well as providing for the absence of limiting factors, we believe that the Company has ensured long-term economic sustainability and security, a stable financial position, fixed assets and capital, as well as ensured its business activity in 2024.

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 2024, including the existing global geopolitical instability as a direct consequence of the Russian invasion of Ukraine and the spreading of instabilities to the area of Eastern Mediterranean, the continuation of an unfavourable macroeconomic environment, labour shortage, and an intense increase in labour costs, as well as food, beverage, and energy costs as the main generators of inflation. 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 2023, the Company acquired 7,841 own shares designated as ILRA, which constitute 0.33% of the share capital, and released for the benefit of its employees, free of charge, a total of 13,679 own shares constituting 0.57% of the share capital, for their contribution to the realisation of the Company's operating results.

As at 31 December 2023, the Company owns 5,043 own shares, constituting 0.209% 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 risks for the Company;
- 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 risks of 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. an optimal 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 unfavourable macroeconomic environment is to maintain its current liquidity. The Company is, therefore, undertaking activities to diversify its existing and secure new financing sources (if necessary), it is trying to minimize and optimize all of its operating costs, and is willing to and capable of actively cooperating with all significant creditors by settling the liabilities they had at the time when challenging business conditions materialised.

The significant and unpredictable growth of strong inflationary pressures caused by increases in the prices of primary energy products (oil, gas, electricity), which subsequently spread to consumer goods and services (especially food and beverages), led to geopolitical instability and to strong inflation impacts not only on business entities of European Union countries, but also on their society in general. If they remain strong, inflationary pressures could affect purchasing power and new demand generation, and slow down economic activities in the euro area. In the Republic of Croatia, the average annual inflation rate, measured by the Consumer Price Index, was on average 4.5% higher in December 2023 compared to December 2022, while the annual average was 8.0% higher. The Company is mostly exposed to inflationary pressures through the increase in food and beverage prices and the purchase of other goods. As for the increase in energy costs (primarily the cost of electricity as the primary energy product), the Company managed to protect itself from significant increases in electricity prices in time, namely with a multi-year contract, which mitigated the impact of the increase in electricity prices on total operating costs. The very intense increase in food and beverage costs constitutes a strong generator of inflation growth and at the same time accounts for a significant share of the operating expenses and significantly affects the prices of services in the hospitality and tourism industry. Therefore,

by actively monitoring food and beverage prices and cooperating with key suppliers, the Company strives to minimize such prices as much as possible, i.e. ensure stability and security of the supply along with the highest possible procurement cost control. On the other hand, through dynamic daily management of accommodation unit prices, it aims to achieve the maximum level of competitiveness possible, as well as intense and systematic demand monitoring, and a quick and strong response to market trends, while at the same time striving for a timely response to potentially negative challenges and impacts such as inflation.

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

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 pro-

vides 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 of the uniqueness and sustainability of the “Park Soline” campsite in Biograd na Moru as an economic and functional-technological unit 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

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 (Official Gazette Nos 153/2003, 100/04, 141/06, 38/09, 123/11 and 56/16, hereinafter referred to as: 2003 AMDSP) on October 17, 2017 the Company submitted to the Government of the Republic of Croatia, through the competent Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia, a request for modification and amendment of the Decision on Concession and the Concession Agreement, that is, for extending the term of the concession by a period of 50 years, i.e. until the year 2049 (extension of the concession term if new investments are economically feasible for it), primarily considering the same or similar cases from the recent Croatian practice where, 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.

As no meritorious decision was made on the said request, on 11 July 2018, Ilirija d.d. delivered to the Ministry of Maritime Affairs, Transport and Infra-

structure a letter informing them of having procured an amendment to the construction permit for the reconstruction of the marina, as part of the new investment included in the application for an extension of the concession licence validity. Moreover, on 6 October 2021, the Company delivered a letter to the Ministry of Maritime Affairs, Transport and Infrastructure and the Ministry of Finance of the Republic of Croatia, so as to initiate the adoption of the decision regarding an extension of the concession licence validity.

In the meantime, on 02 November 2021, 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.

Considering the statement of the competent authorities and the expressed views, in order to successfully complete the procedure for extending the concession licence for Marina Kornati, Ilirija d.d. sent a supplement of the existing request for extension of the concession licence validity for Marina Kornati to the Ministry of the Sea, Transport and Infrastructure on 28 December 2023, in which it essentially offered: a new increased amount of investment in the maritime domain, new increased investments in the green transition, including the decarbonization and digital transformation in accordance with Regulation (EU) 2020/852 of the European Parliament and Council of 18 June 2020, on establishing a framework for facilitating sustainable investments and amending Regulation (EU) 2019/2088 EU OJ, L 198/13, suggested new amounts of concession fees with reference to the previously revalued investments in Marina Kornati with the end of 2023, in order to express the real, absolute value of investments so far, and also explained the legal matters that are important for making a positive decision, all in accordance with transitional and final provisions of the new Maritime Domain and Seaports Act (Official Gazette No.: 83/2023, hereinafter: ZPDML23), which entered into force on 29 July 2023, so that the procedures for granting and modifying concessions that were started according to the provisions of ZPDML03 have to be completed in accordance with the provisions

of that Act. No decision has been rendered yet on the alleged supplemented request for an extension of the concession licence validity for Marina Kornati.

As regards the Ilirija-Kornati Hotel Port in Biograd na Moru, the Company delivered to the Republic of Croatia (Zadar County) on 19 January 2011 a request with detailed explanations for an extension of the concession licence validity for a period of 20 years, but the competent authority of the regional self-government unit has not reached a decision on this Request by Ilirija d.d. Furthermore and with regard to the above, in February 2015, the Company once again, pursuant to Article 22 of the Maritime Domain and Seaports Act (new investment), submitted a request to the Zadar County regarding an extension of the concession licence validity for the Ilirija-Kornati Hotel Port, for a period of 30 years in total, but this decision has also not been made regarding this request by Ilirija d.d.

As regards a beach facility with an outdoor swimming pool in Biograd na Moru, the Company submitted to the concession licence grantor, Zadar County, a request for an extension of the concession licence validity for a total of 30 years (until 2028) with all the necessary documentation, back on 20 October 2008 (before the expiry of the concession licence validity). The competent au-

thority still has not decided on this request. The company has been paying the concession fee in the agreed amount for all of the aforementioned facilities this whole time.

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 of the maritime domain for an indefinite period as well as for a limited period for as long as economic activity is being carried out"*, 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 leg-

islation 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.

On 14 July 2023, the Croatian Parliament adopted a new Maritime Domain and Seaport Act, which entered into force on 29 July 2023. It is evident that the new Act has a series of new provisions, and a certain amount of time will need to pass before we are able to fully assess its affect on complex matters in the area of legal investments in the maritime domain before and after the conversion, evaluation and entering in the share capital of former social enterprises, as well as on acquired legal and legitimate expectations of companies who perform legal activities in maritime domains.

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 also in 2023 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 risks of 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. The Company continuously monitors its impact on the climate, i.e. its greenhouse gas emissions and other environmental impacts, namely in accordance with all applicable legal regulations and prescribed limit values.

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

Climate change, which has a significant impact on the tourism industry globally, also poses a potential risk to the Company in terms of significant-

ly 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.

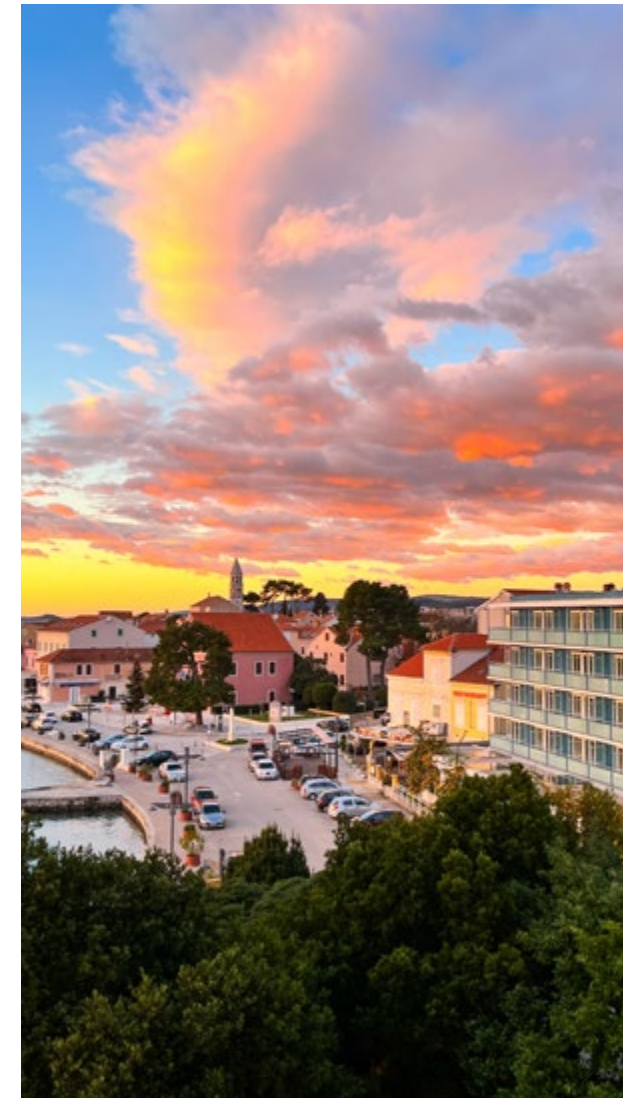
The Company pays maximum attention to overcoming such sudden and extreme climate and weather conditions by ensuring preventive, technical and spatial, as well as functional and organisational elimination of sudden and accidental risks of any nature to the highest degree possible. Other business risks, such as large-scale fires, , accidental pollution of the coastal and marine aquarium, which are all beyond the Company's control but may potentially jeopardise the Company's business safety, are the circumstances which the Company attends to insofar as it can actively contribute to lowering their impact on the Company's long-term business viability as much as possible, being aware of the fact that the

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

Macroeconomic environment

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

tal, and preservation of the Company's business operations and activities), as it did in previous years, namely based on: (I) commercial 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

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. For the purpose of providing a complete overview of its activities and business transparency, the Company draws up a separate 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 management.

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 2023 on its website (<https://ilirijabiograd.com/ot-nama/izvjesca-o-poslovanju>).

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

The Company's business operations are anchored in the principles of sustainable development, which presuppose that economic development does not endanger the existing natural resources, the cultural, historic and natural heritage. This approach of

responsible and sustainable tourism, which harmonises all present and future economic, social, managerial and ecological demands of all participants in the business process, ensures the long-term viability of the Company as a business entity, tourism as an industry and a future for generations to come.

Likewise, the Company focuses on continuous economic growth and development, maintaining competitiveness in the tourism industry with the aim of contributing to the well-being of the local community and way of life of the tourist destination through its operations, but also to harmonising the interests of all participants of the business process – starting from shareholders, employees, customers, suppliers, other creditors, the local and broader social community, without jeopardising the preservation of nature and the natural resources used by the Company.

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 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.

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

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

- 1) Responsible and sustainable business activity
- 2) Corporate social responsibility,
- 3) Environmental protection, and
- 4) Responsible and ethical management.

1 Responsible and sustainable business activity

In terms of responsible and sustainable business activity, 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 Corporate social responsibility

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,
- 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 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.

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, protecting biodiversity, 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. Additionally, the Company has internal ordinances and manuals pertaining to environmental and quality management as part of its integrated management system ISO 9001:2015 and ISO14001:2015 and implements international environmental brand criteria into its operations.

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,

- continuous improvement of 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

The Company 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,
- respect for legal regulations, 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, IZ by the Croatian Chamber of Commerce and Croatian Radiotelevision, it ranked 2nd in the category of large marinas. 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. In 2023, the Company won the Zadar County Tourist Board annual award "For its contribution to nautical tourism and for having been organising the Biograd Boat Show for 25 years".

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 25 years in a row.



5.3 CAMPING SECTOR

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

The campsite covers an area of 20.00 ha and includes 1,130 accommodation units with a total capacity for up to 3,390 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 2023 amounted to approximately EUR 31.7 million and owing to these investments the number of overnight stays increased from 4,556 in 1996 to 329,010 in 2023. The value of own works 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 amounted to approximately EUR 41.21 million.



Nada

Nada d.d.

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 organization 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 organizing 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 categorized 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.).



ANGELIN

ANGELIN

ANGELIN

50530
94312 BG

ANGELIN

BENEILAU

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, Turkey, 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 (activity) congress in the Republic of Croatia. From its early beginnings the event has brought together all representatives of the nautical industry and tourism, government institutions, major organizations in tourism and nautics as well as professional associations.

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

In 2023, the fair, which marked its twenty-fifth anniversary, was attended by over 400 registered exhibitors, with 400 vessels at sea and on land and over 40 premier vessels, while over 150 registered charter companies, agencies and brokers actively participated in the charter fair, with over 500 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, 9,445,32 m² of net rentable area, as well as ancillary rooms and corridors. As at 31 December 2023, the occupancy of the centre amounted to 99.07% 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 Company achieved exceptional business result in terms of physical performance indicators in all sectors, except for the destination management company, which also resulted in the best financial operating results so far. The year was marked by a continued increase of business activities in all its key tourist sectors, including the real-estate sector, as a result of the strengthening of activities in the pre-season and the post-season, accompanied by a constant increase of turnover in the high season, then the return of guests from long haul markets, further strengthening of activities on the MICE market and a strong growth of business activities in the hotel sector. All of the above resulted in the best financial operating results of the sector so far, and ultimately in the best financial achievements at the Company level.

Among the physical and financial operating results recorded in the reporting period, the hotel sector especially stands out with the realised 118,680 overnight stays and 37,500 arrivals, constituting a growth of 18% in overnight stays and 38% in arrivals compared to the previous year. A strong increase in physical performance indicators stems from a considerable increase in business activities, the strengthening of activities in the pre- and post-season with growth in the third quarter of the year, growth in more lucrative market segments, primarily the individual and MICE sectors, and the return of long haul markets, whereby the hotel sector realised its best financial operating results so far. The business year

ended with a revenue of EUR 9,021,921.78, including the revenue from profit centres operating within the hotel sector, which grew by 29.29% compared to the previous year when they amounted to EUR 6,978,065.57. At the same time, revenue per room increased by 10.05%, amounting to EUR 153.79 in the reporting period, compared to EUR 139.75 of the revenue per room achieved in 2022, resulting from the strengthening of the share of the individual segment, i.e. direct booking. Furthermore, the occupancy of hotel capacities increased from 115 days of occupancy in the previous year to 135 days in 2023, while the utilisation increased to 36.95% and to 56.30% with regard to days of availability.

In 2023, the accommodation segment of the camping sector, i.e. the "Park Soline" camp, was once again marked by a continued increase of demand, resulting in the best financial and physical achievements of the camping sector. A total of 49,729 arrivals were recorded in the reporting period, as well as 329,010 overnight stays, which means that there was a 10.43% increase in arrivals and a 5.43% increase in overnight stays compared to the previous year. The growth of physical indicators is accompanied by the realisation of the best revenue achieved so far, in the amount of EUR 6,741,340.71, having increased by 13% compared to the EUR 5,969,915.31 realised in the previous year. The best financial achievements of the camp were facilitated by the increase in revenue in all market segments, at a rate

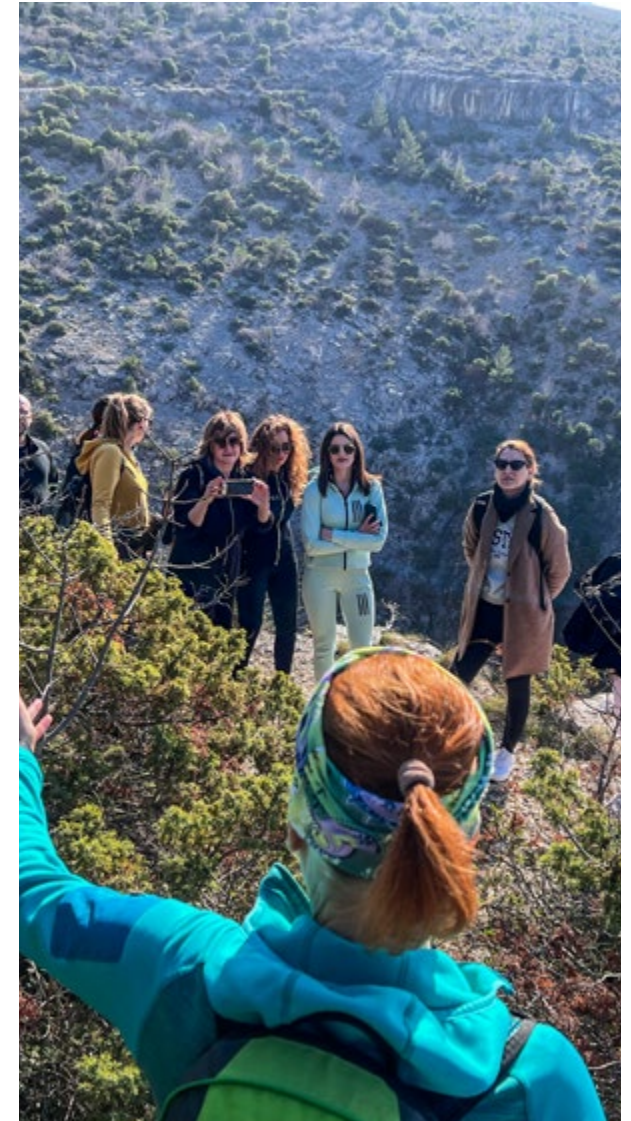
of 4% up to 26%, while in absolute figures, the increase in revenue was mostly effectuated by the lump sum and mobile house revenue. The occupancy of campsite accommodation units based on availability amounts to 60.76% compared to 53.86% in the previous year, which is an increase of 12.80%, while 120.62 occupancy days were realised compared to 112.55 days in the previous year.

Likewise, the best operating results in key physical and financial performance indicators were also achieved in the nautical sector, i.e. Marina Kornati. In the reporting period, the contractual berths item, the most significant physical performance indicator of the marina, achieved a 3% increase with a total of 747 concluded contracts for individual and charter vessels, compared to the previous year when 726 vessels moored at contracted berths were recorded, which ultimately also resulted in the increase in revenue, both in the contracted berths item as well as in the overall Marina Kornati revenue. A revenue of EUR 6,897,469.00 was realised in the reporting period, marking a 14% increase compared to the previous year when it amounted to 6,064,862.00 EUR. This increase was largely generated through the contractual berths revenue comprising 74% of the share of the revenue of the marina, but also through the growth of all revenue items of the marina, except for the 'other services' item, which has an insignificant share in the overall revenue. Moreover, with a recorded 3,094 vessel arrivals and 8,127 vessel overnight stays, daily berths re-

alised a revenue in the amount of EUR 443,345.00 and an increase rate of 16%, despite the fact that both items are lower compared to 2022 due to the extended stay of the vessels at the sea. With a total of 3,817 performed operations, i.e. 4% more than in the previous year, when 3,666 operations were realised, the port service generated a revenue of EUR 463,160.00 or 9% more.

Through the destination management company Ilirija Trave, an integrated and complementary product of the Company's tourist sector, a total of 234 events for 30,560 participants were realised. Although the number of events dropped by 21% compared to the previous year, the number of participants simultaneously increased by 2%. Despite having organised a smaller number of events, revenue increased by 22%, i.e. it amounted to EUR 1,456,273.18 – its realisation being partially facilitated through other profit centres of the Company. The growth in revenue is a result of organising higher-value events with an array of complementary services and a larger average number of people per event, which depreciated the reduction in the number of events.

Just like other sectors of the Company, the real-estate sector, i.e. the City Galleria Business and Shopping Centre, generated a 12.33% increase in revenue or a revenue of EUR 2.056.050,86 while maintaining a high capacity occupancy of the centre and an increase of the average lease per square metre of the business premises.



6.1 HOTEL SECTOR

Business year 2023 was marked by the complete lifting of the epidemiological measures in the context of the COVID-19 pandemic, allowing for business to run fully and without limitations, which was reflected in the achieved results – especially in the improved activities that were absent in the previous pre-season.

In such conditions, out of the four hotels, the largest hotel Ilirija operated constantly, and the remaining two hotels in Biograd na Moru (Kornati and Adriatic) were open from the end of March / beginning of April, and closed in November, while Villa Donat Hotel in Sveti Filip i Jakov opened on 1 July and closed at the end of October, thus approaching the usual number of the days of availability. All three hotels in Biograd na Moru were open during the Christmas and New Year season.

In 2023, the hotel sector recorded 37,500 guest arrivals, or 38% more than in 2022, when it recorded 27,111 arrivals. The recorded 118,680 overnight stays marked an 18% increase compared to the 100,551 overnight stays in 2022. At the same time, an increase in the physical indicators also resulted in an increase in revenue at a rate of 29.81% in comparison with 2022, which indicates a substantial increase in revenue on the basis of physical growth of business activity due to activities extending into the pre- and post-season. In the reporting period, the hotel

sector generated a revenue of EUR 9,021,921.78, representing an increase of 29.29% compared to the revenue of EUR 6,978,065.57 generated in 2022.

As in the previous years, the hotel sector had the most significant share of domestic guests, currently at 24.85% compared to 23.78% in 2022. This increase in the domestic share compared to 2022 is a result of the increase in business activities achieved in the pre-season, which was absent in the previous year, and in which domestic groups had a significant share. Ultimately, the Austrian market came in second with a share of 10.40% (an 11% increase), the German market in third place with a share of 10.06% and a slight decrease of 3% (following last year's 45% increase), while the Slovenian market is now at fourth place with a share of 9.79%. The Slovak market is still in fifth place with a share of 5.52% in overall overnight stays.

The Company's hotel sector experienced an encouraging growth and saw a trend of strengthening in various foreign markets, not just the "long haul" markets, with the exception of the Korean market, 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

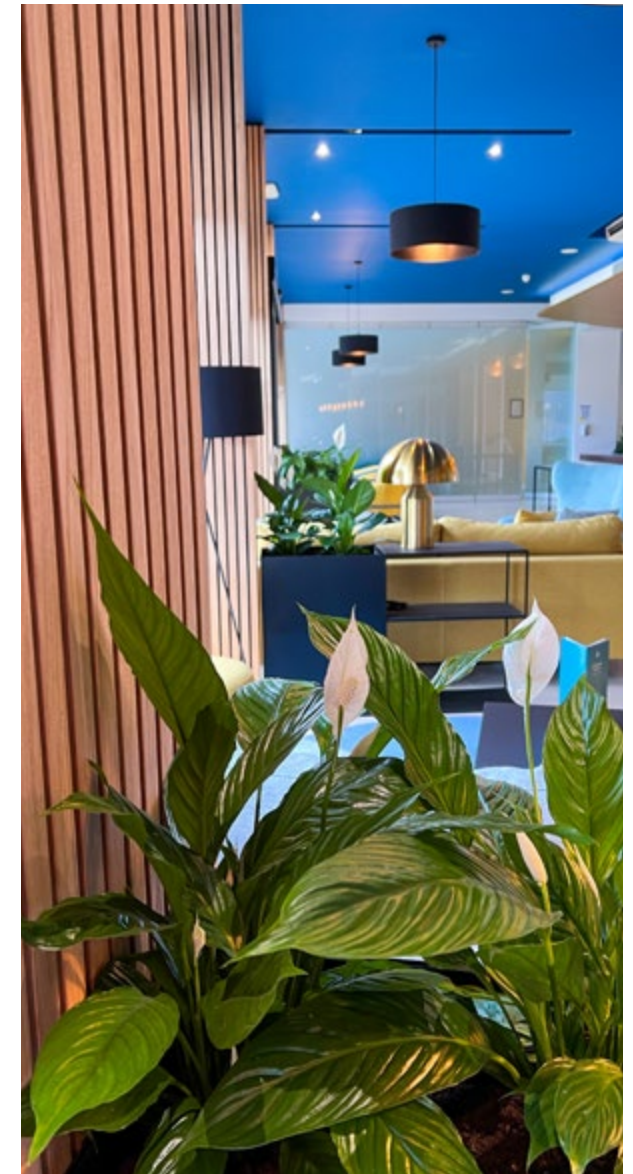
of markets. There was also a pronounced 69% increase of the share held by Italy, 11% increase of the share held by Sweden, and a continuation of the slight growth of the Belgian market at a rate of 4%. A significant increase was recorded from Bosnia and Herzegovina (+46%), France (+29%), the Netherlands (+26%), Switzerland (as much as 113%) and many other counties marked as “other” recording an increase of 132%. The first five countries account for 60% of the turnover, while a total of 20 countries, including long-haul markets, recorded a substantial increase in the number of overnight stays. 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 can be seen, namely in favour of air traffic.

The sales channels continued the previous trend of strengthening their own sales with the individual sales segment reaching 48% (34% in 2022), while the strengthening of business activities in the pre-season and post-season also strengthened the group sales segment – now at a share of 35.2%, also through direct sales to partners, which means that almost 85% of the sales is a result of our contact with individual and group customers. The allotment share continued decreasing to a current 14.1%, which is a significant decrease compared

to the previous year when the allotment accounted for 29.8% of the share of overall overnight stays, while the fixed lease remains at a symbolic 2.7% of the share.

In absolute figures, the group segment continued increasing significantly, reaching 100,000 overnight stays together with the individual segment. The return of the post-season and a powerful accumulation of demand in high season, the return of events as well as congress and seminar activities, i.e. leisure groups, were key for the group channel. Compared to the pre-pandemic period, the most significant changes in sales channels were still 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.

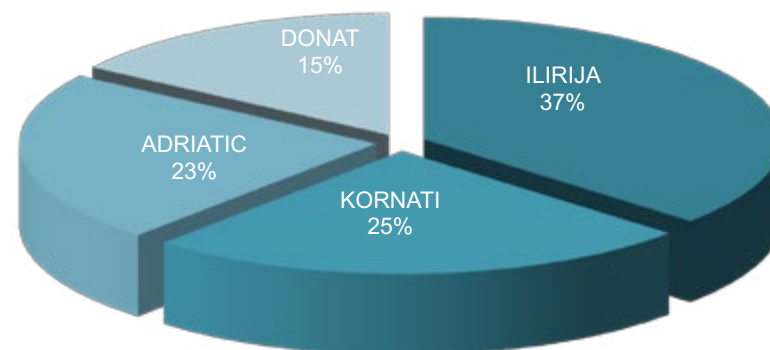
The average monthly occupancy of hotels in 2023 amounted to 135 days compared to 115 in the previous year. The utilisation of capacities with regard to days of availability is now at 54%. All hotel capacities reached over 90% of occupancy in August, while the largest hotel Ilirija, which is always open, reached over 70% from the beginning of June and until the end of September. An average stay amounted to 3.16 days and is shorter compared to 3.71 days in 2022, which is a result of the extension of the season into the pre-season and post-season when shorter stays are predominant.



Hotel sector capacities

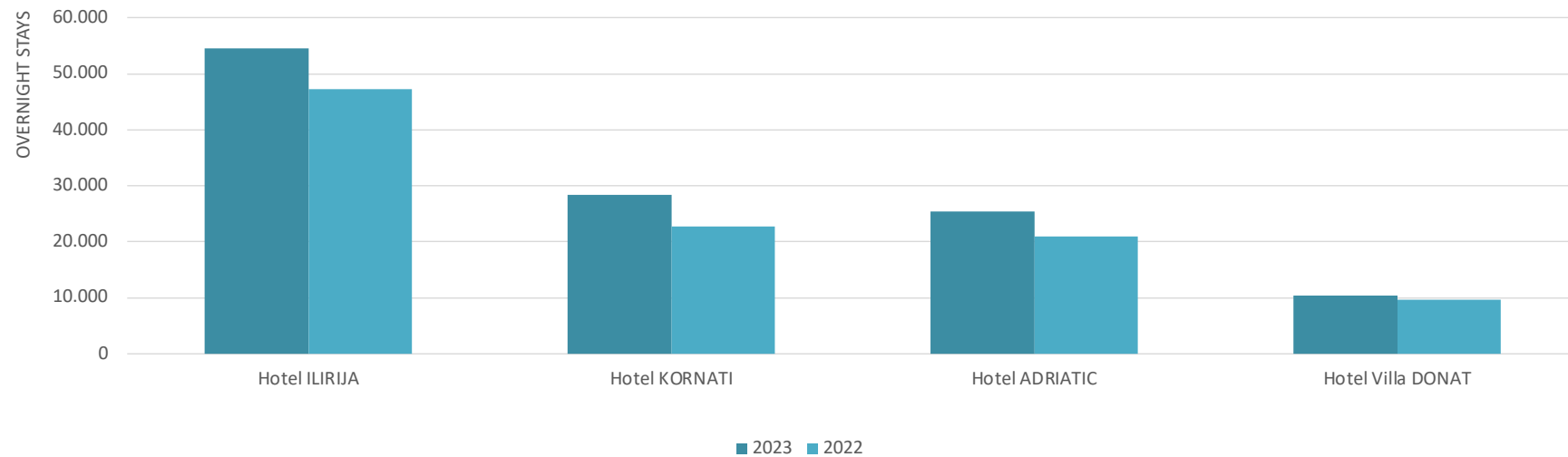
ILIRIJA D.D.	NUMBER OF ROOMS			NUMBER OF BEDS		
	2023	2022	INDEX 2023/2022	2023	2022	INDEX 2023/2022
ILIRIJA	157	157	1,00	326	326	1,00
KORNATI	106	106	1,00	230	230	1,00
ADRIATIC	100	100	1,00	210	210	1,00
DONAT	72	72	1,00	144	144	1,00
TOTAL	435	435	1,00	910	910	1,00

% Share of individual hotel (number of beds)

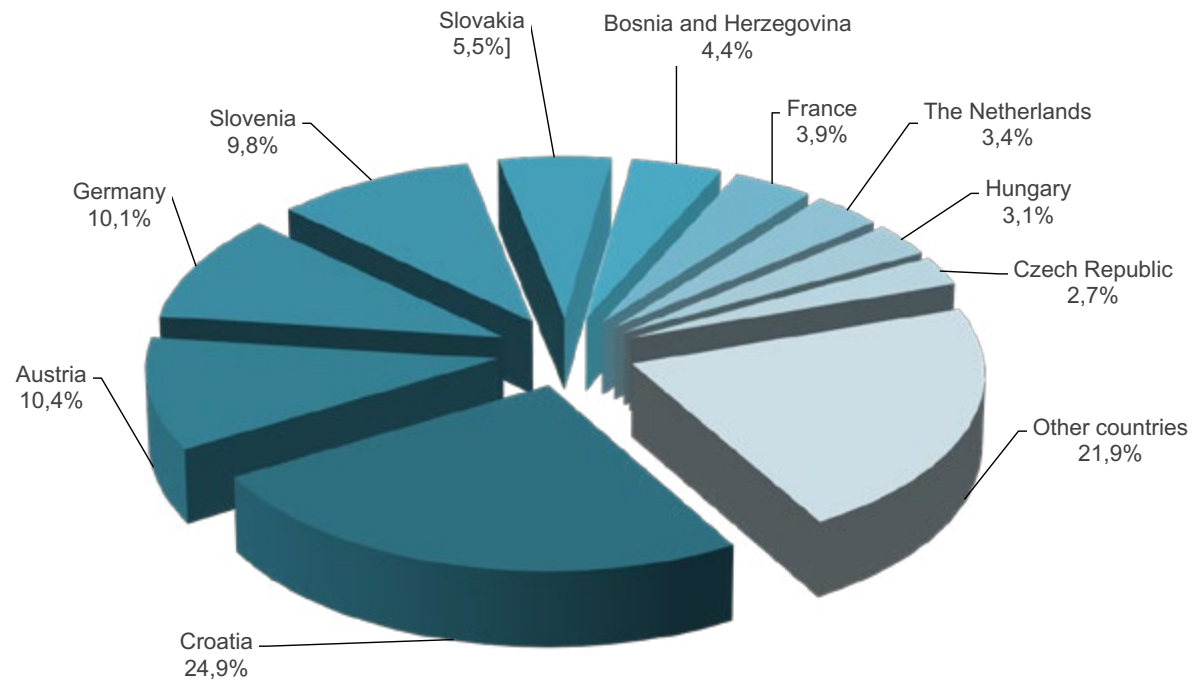


Overview and comparison of realised arrivals and overnight stays in 2023 and 2022

HOTEL SECTOR						
PROFIT CENTER	ARRIVALS		INDEX	OVERNIGHT STAYS		INDEX
	2023	2022	2023/2022	2023	2022	2023/2022
Hotel ILIRIJA	18.797	13.770	137	54.605	47.207	116
Hotel KORNATI	9.678	6.930	140	28.366	22.731	125
Hotel ADRIATIC	6.600	4.466	148	25.329	20.999	121
Hotel Villa DONAT	2.425	1.945	125	10.380	9.614	108
TOTAL	37.500	27.111	138	118.680	100.551	118



Graph of the realized overnight stays for the year 2023



Occupancy rate in 2023 and a comparison with 2022

Percentage share

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRAND TOTAL				
	Room total	2023	%	2022	%	Room total	2023	%	2022	%	Room total	2023	%	2022	%	Room total	2023	%	2022	%	Room total	2023	%	2022	%
JANUARY (I)	4.867	333	6,84%	107	2,20%	3.286	253	7,70%	226	6,88%	3.100	55	1,77%	0	0,00%	2.232	0	0,00%	0	0,00%	13.485	641	4,75%	333	2,47%
FEBRUARY (II)	4.396	0	0,00%	0	0,00%	2.968	344	11,59%	250	8,42%	2.800	0	0,00%	0	0,00%	2.016	0	0,00%	0	0,00%	12.180	344	2,82%	250	2,05%
MARCH (III)	4.867	1.266	26,01%	532	10,93%	3.286	39	1,19%	16	0,49%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.485	1.305	9,68%	548	4,06%
APRIL (IV)	4.710	2.938	62,38%	2.393	50,81%	3.180	948	29,81%	467	14,69%	3.000	31	1,03%	0	0,00%	2.160	0	0,00%	0	0,00%	13.050	3.917	30,02%	2.860	21,92%
MAY (V)	4.867	2.572	52,85%	2.160	44,38%	3.286	1.369	41,66%	1.249	38,01%	3.100	1.244	40,13%	511	16,48%	2.232	0	0,00%	71	3,18%	13.485	5.185	38,45%	3.991	29,60%
JUNE (VI)	4.710	3.432	72,87%	2.517	53,44%	3.180	1.880	59,12%	1.230	38,68%	3.000	1.508	50,27%	1.253	41,77%	2.160	0	0,00%	515	23,84%	13.050	6.820	52,26%	5.515	42,26%
JULY (VII)	4.867	4.179	85,86%	3.489	71,69%	3.286	2.747	83,60%	2.227	67,77%	3.100	2.650	85,48%	2.484	80,13%	2.232	1.689	75,67%	1.424	63,80%	13.485	11.265	83,54%	9.624	71,37%
AUGUST (VIII)	4.867	4.380	89,99%	4.058	83,38%	3.286	2.913	88,65%	2.358	71,76%	3.100	2.915	94,03%	2.773	89,45%	2.232	2.068	92,65%	1.675	75,04%	13.485	12.276	91,03%	10.864	80,56%
SEPTEMBER (IX)	4.710	3.491	74,12%	3.437	72,97%	3.180	2.544	80,00%	2.423	76,19%	3.000	2.010	67,00%	2.092	69,73%	2.160	1.447	66,99%	1.204	55,74%	13.050	9.492	72,74%	9.156	70,16%
OCTOBER (X)	4.867	2.911	59,81%	2.920	60,00%	3.286	1.396	42,48%	962	29,28%	3.100	1.121	36,16%	240	7,74%	2.232	60	2,69%	10	0,45%	13.485	5.488	40,70%	4.132	30,64%
NOVEMBER (XI)	4.710	634	13,46%	1.419	30,13%	3.180	0	0,00%	48	1,51%	3.000	0	0,00%	0	0,00%	2.160	0	0,00%	0	0,00%	13.050	634	4,86%	1.467	11,24%
DECEMBER (XII)	4.867	844	17,34%	854	17,55%	3.286	190	5,78%	202	6,15%	3.100	262	8,45%	158	5,10%	2.232	0	0,00%	0	0,00%	13.485	1.296	9,61%	1.214	9,00%
TOTAL	57.305	26.980	47,08%	23.886	41,68%	38.690	14.623	37,80%	11.658	30,13%	36.500	11.796	32,32%	9.511	26,06%	26.280	5.264	20,03%	4.899	18,64%	158.775	58.663	36,95%	49.954	31,46%

Occupancy rate in 2023 and a comparison with 2022

Occupancy days

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRAND TOTAL				
	Room total	2023	Days in 2023	2022	Days in 2022	Room total	2023	Days in 2023	2022	Days in 2022	Room total	2023	Days in 2023	2022	Days in 2022	Room total	2023	Days in 2023	2022	Days in 2022	Room total	2023	Days in 2023	2022	Days in 2022
JANUARY (I)	4.867	333	2	107	1	3.286	253	2	226	2	3.100	55	1	0	0	2.232	0	0	0	0	13.485	641	1	333	1
FEBRUARY (II)	4.396	0	0	0	0	2.968	344	3	250	2	2.800	0	0	0	0	2.016	0	0	0	0	12.180	344	1	250	1
MARCH (III)	4.867	1.266	8	532	3	3.286	39	0	16	0	3.100	0	0	0	0	2.232	0	0	0	0	13.485	1.305	3	548	1
APRIL (IV)	4.710	2.938	19	2.393	15	3.180	948	9	467	4	3.000	31	0	0	0	2.160	0	0	0	0	13.050	3.917	9	2.860	7
MAY (V)	4.867	2.572	16	2.160	14	3.286	1.369	13	1.249	12	3.100	1.244	12	511	5	2.232	0	0	71	1	13.485	5.185	12	3.991	9
JUNE (VI)	4.710	3.432	22	2.517	16	3.180	1.880	18	1.230	12	3.000	1.508	15	1.253	13	2.160	0	0	515	7	13.050	6.820	16	5.515	13
JULY (VII)	4.867	4.179	27	3.489	22	3.286	2.747	26	2.227	21	3.100	2.650	27	2.484	25	2.232	1.689	23	1.424	20	13.485	11.265	26	9.624	22
AUGUST (VIII)	4.867	4.380	28	4.058	26	3.286	2.913	27	2.358	22	3.100	2.915	29	2.773	28	2.232	2.068	29	1.675	23	13.485	12.276	28	10.864	25
SEPTEMBER (IX)	4.710	3.491	22	3.437	22	3.180	2.544	24	2.423	23	3.000	2.010	20	2.092	21	2.160	1.447	20	1.204	17	13.050	9.492	22	9.156	21
OCTOBER (X)	4.867	2.911	19	2.920	19	3.286	1.396	13	962	9	3.100	1.121	11	240	2	2.232	60	1	10	0	13.485	5.488	13	4.132	9
NOVEMBER (XI)	4.710	634	4	1.419	9	3.180	0	0	48	0	3.000	0	0	0	0	2.160	0	0	0	0	13.050	634	1	1.467	3
DECEMBER (XII)	4.867	844	5	854	5	3.286	190	2	202	2	3.100	262	3	158	2	2.232	0	0	0	0	13.485	1.296	3	1.214	3
TOTAL	57.305	26.980	172	23.886	152	38.690	14.623	138	11.658	110	36.500	11.796	118	9.511	95	26.280	5.264	73	4.899	68	158.775	58.663	135	49.954	115

Monthly comparison of revenue/overnight stays of Ilirija Resort hotels in 2023 and a comparison with 2022

MONTH	GENERATED REVENUES			OVERNIGHT STAYS			AVERAGE PRICE (EUR)		
	2023	2022	INDEX 2023/2022	2023	2022	INDEX 2023/2022	2023	2022	INDEX 2023/2022
JANUARY	157.466,87	81.186,18	193,96	1.027	559	183,72	153,33	145,23	105,57
FEBRUARY	42.029,48	21.659,45	194,05	544	430	126,51	77,26	50,37	153,38
MARCH	145.561,19	44.341,48	328,27	2.476	937	264,25	58,79	47,32	124,23
APRIL	370.845,42	196.454,94	188,77	7.419	5.597	132,55	49,99	35,10	142,41
MAY	574.451,97	392.268,96	146,44	9.048	6.466	139,93	63,49	60,67	104,65
JUNE	882.651,20	635.418,78	138,91	13.024	10.867	119,85	67,77	58,47	115,90
JULY	1.885.976,52	1.491.435,65	126,45	27.132	23.184	117,03	69,51	64,33	108,05
AUGUST	2.261.789,96	1.992.069,06	113,54	28.712	26.239	109,42	78,78	75,92	103,76
SEPTEMBER	1.299.311,12	940.991,04	138,08	17.167	15.217	112,81	75,69	61,84	122,39
OCTOBER	614.405,69	427.738,94	143,64	8.792	6.772	129,83	69,88	63,16	110,64
NOVEMBER	112.713,72	168.684,99	66,82	1.095	2.336	46,88	102,93	72,21	142,55
DECEMBER	61.775,82	85.483,88	72,27	2.244	1.947	115,25	27,53	43,91	62,70
TOTAL	8.408.978,96	6.477.733,35	129,81	118.680	100.551	118,03	70,85	64,42	109,98
31/12	8.408.978,96	6.477.733,35	129,81	118.680	100.551	118,03	70,85	64,42	109,98

Revenue per sold room by 31/12/23 - hotels	143,34 €
Revenue per sold room by 31/12/22 - hotels	129,73 €

Revenue per sold room - 2023 - hotel sector	153,79 €
Revenue per sold room - 2022 - hotel sector	139,75 €

Selected profit centers within the hotel sector

Lavender	2023	2022	
31/12		164.500,69	INDEX 2023/2022
31/12	191.367,43	164.500,69	116,33

Aquatic center	2023	2022	
31/12		251.483,50	INDEX 2023/2022
31/12	334.148,22	251.483,50	132,87

Tennis center	2023	2022	
31/12		75.907,30	INDEX 2023/2022
31/12	76.893,04	75.907,30	101,30

Beach bar "Donat"	2023	2022	
31/12		8.440,73	INDEX 2023/2022
31/12	10.534,13	8.440,73	124,80

Hotel sector total

TOTAL	2023	2022	
31/12		6.978.065,57	INDEX 2023/2022
31/12	9.021.921,78	6.978.065,57	129,29

REVENUES BY ACTIVITIES

Revenues from hotel services amounted to EUR 8,408,978.96 and is 129.81% higher than in 2022, when it totalled EUR 6,477,733.35.

Other revenue of the hotel sector amounted to EUR 612,942.82, representing an increase of 22.51% as compared to EUR 500,332.22 realised in 2022.

The total revenue of the hotel sector amounted to EUR 9,021,921.78 and was 29.29% higher than the revenue generated in 2022 in the amount of EUR 6,978,065.57.



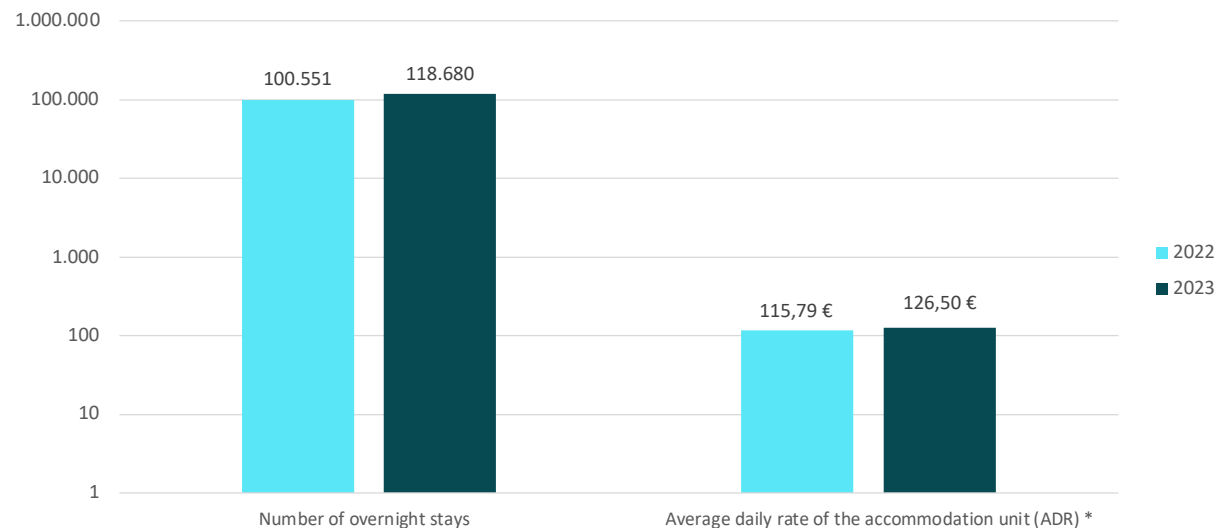
Summary of key operating market indicators for hotel sector of Ilirija d.d.

In 2023, the hotel sector recorded a continuation of the growth in key market business indicators compared to the previous business year. The further lifting of travel bans, including parts of South and South-east Asian markets, followed by increased volumes of business activities and their substantial expansion into the pre-season and post-season, facilitated an increase in the volume of physical demand and an increase in capacity occupancy.

Compared to the previous business year, the sales of accommodation units increased by 17.42%, as well as the occupancy of accommodation units that amounted to 56.30% with regard to days of availability. The average daily rate per accommodation unit amounted to EUR 126.50 and increased by 9.25% relative to 2022, namely due to the increase in sales prices and changes in the sales channel, with a more pronounced share of sales to individual customers and

groups. Revenue per accommodation unit (RevPAR) on the basis of the total number of days in the period in question increased by an additional 28.3%, while the board services revenue per accommodation unit (RevPAR) increased by 10.98%.

Overnight stays and the average daily rate per accommodation unit (ADR) in Ilirija d.d. hotels in 2023 and 2022



* 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.

	2023	2022	2023/2022
HOTELS IN BIOGRAD			
Accommodation capacities:			
Number of hotels	3	3	0,00%
Number of accommodation units	363	363	0,00%
Number of beds	766	766	0,00%
Physical turnover			
Number of overnight stays	108.300	90.937	19,09%
Number of accommodation units sold	53.399	45.055	18,52%
The occupancy of accommodation units based on a total number of days in a period (%)	40,30%	34,01%	18,52%
Occupancy rate of the accommodation units on an open days basis (%)	54,97%	54,71%	0,48%
Financial results (in EUR):			
Average daily rate of the accommodation unit (ADR) *	128,21 €	117,61 €	9,02%
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	51,67 €	39,99 €	29,21%
Revenue per accommodation unit (RevPAR) on an open days basis **	70,48 €	64,35 €	9,54%
HOTEL IN SV. FILIP I JAKOV			
Accommodation capacities:			
Number of hotels	1	1	0,00%
Number of accommodation units	72	72	0,00%
Number of beds	144	144	0,00%
Physical turnover			
Number of overnight stays	10.380	9.614	7,97%
Number of accommodation units sold	5.264	4.899	7,45%
The occupancy of accommodation units based on a total number of days in a period (%)	20,03%	18,64%	7,45%
Occupancy rate of the accommodation units on an open days basis (%)	74,60%	63,00%	18,41%
Financial results (in EUR):			
Average daily rate of the accommodation unit (ADR) *	109,08 €	99,01 €	10,17%
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	21,85 €	18,46 €	18,37%
Revenue per accommodation unit (RevPAR) on an open days basis **	81,38 €	62,38 €	30,45%
HOTELS - TOTAL ILIRIJA d.d.			
Accommodation capacities:			
Number of hotels	4	4	0,00%
Number of accommodation units	435	435	0,00%
Number of beds	910	910	0,00%
Physical turnover			
Number of overnight stays	118.680	100.551	18,03%
Number of accommodation units sold	58.663	49.954	17,43%
The occupancy of accommodation units based on a total number of days in a period (%)	36,95%	31,46%	17,43%
Occupancy rate of the accommodation units on an open days basis (%)	56,30%	55,43%	1,58%
Financial results (in EUR):			
Average daily rate of the accommodation unit (ADR) *	126,50 €	115,79 €	9,25%
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	46,74 €	36,43 €	28,30%
Revenue per accommodation unit (RevPAR) on an open days basis **	71,22 €	64,18 €	10,98%

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 NAUTICAL SECTOR – MARINA KORNATI

In the business year 2023, Marina Kornati achieved the best financial operating results to date, generating revenue in the amount of EUR 6,897,469.00, i.e. 14% higher compared to the same period in 2022, when revenue amounted to EUR 6,064,862.00. In the reporting period of 2023, all of its revenue items saw an increase. The largest part of the revenue was generated in the contracted berths, amounting to EUR 5,109,242.00, with a 15% growth rate compared to the same period of 2022, when it amounted to EUR 4,456,334.00, while revenue from daily berths increased by 16%, i.e. from EUR 381,897.00 EUR generated in the previous year to EUR 443,345.00 in the reporting period. The port service generated a revenue of EUR 463,160.00, marking a 9% increase compared to 2022, when it amounted to EUR 426,720.00, while the generated parking revenue amounted to 446,193.00, marking a 19% growth compared to the 2022 parking revenue of EUR 376,043.00. Revenue from business cooperation generated in the amount of EUR 390,084.00 increased by 13%. A significant increase of revenue was achieved under the item concerning the nautical fair and events, having generated a 30% increase, i.e. a revenue of EUR 835,777.00 compared to EUR 644,618.00 generated in the previous year. The only decrease of revenue was recorded in the “other revenue” item, which amounted to

EUR 45,208.00 in 2023 compared to EUR 77,388.00 in 2022. The reason is the decrease in the revenue of various services that are included in the revenue from the “other services” group (commission fee on ticket sales for Kornati National Park, the exchange office commission fee, transfers, fee for external services, contract jobs...). The revenue from the “other services” item accounted for 1% of the total Marina Kornati revenue, making it insignificant.

Marina Kornati partly owes its best business and financial performance so far to price list adjustments; however, this result was undoubtedly directly facilitated by the organisation of business activities and processes, which primarily contributed to the preservation and stability of existing business activities and their further growth, especially in terms of key physical performance indicators, i.e. contracted berths.

Marina Kornati’s best business and financial performance so far is a result of the improved organisation of business activities and processes, which primarily contributed to the preservation and stability of the existing business activities and their continued growth, especially in terms of key physical performance indicators, i.e. contracted berths.

Marina Kornati performed business activities in the following segments:

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

In 2023, in the part of the vessels at contracted berths, the most significant physical performance indicators of Marina Kornati, a total of 747 contracts on the use of berths were concluded, of which 432 for individual vessels and 315 for charter vessels, which is an increase of 3% compared to the same period of the previous year when 726 berths were contracted. Both contracted berth vessel items marked an increase, i.e. individual vessels increased at a rate of 2%, while charter vessels grew by 5%. This significantly affected the generated contracted berth revenue, a key market segment, which amounted to EUR 5,109,242.00 and is higher by 15% compared to 2022, accounting for 66% of the total revenue of Marina Kornati. Other than being a result of the increase in the price of individual vessels, the revenue growth is partly due to the better organization of the port, where the technical and operational sector coordinates berths with the aim of utilising them to the fullest extent.

A total of 3,094 arrivals of transit vessels was recorded in the reporting period, which is at the same level as in the previous year. Furthermore, 8,127 overnight stays were recorded, which is slightly less compared to 2022, which recorded 9,208 overnight stays. A smaller number of overnight stays is due to the fact that the 2023 season was exceptionally dry, with no precipitation nor significant seaside storms, which has a strong impact on the number of transit overnight stays in the marina, while also changing the structure of the crews arriving to the marina as transit. Transit charter vessels mostly rarely stay in the marina for longer than a day, while owners of individual vessels spend several days in the marina. As a result, transit vessels recorded 8,127 overnight stays, which is less than the 9,208 overnight stays in 2022 due to the aforementioned reasons. In the reporting period, 3,817 port service operations were carried out (vessel lifting, lowering and washing), representing an increase by 5% compared to 2022, when 3,666 port service operations were carried out.

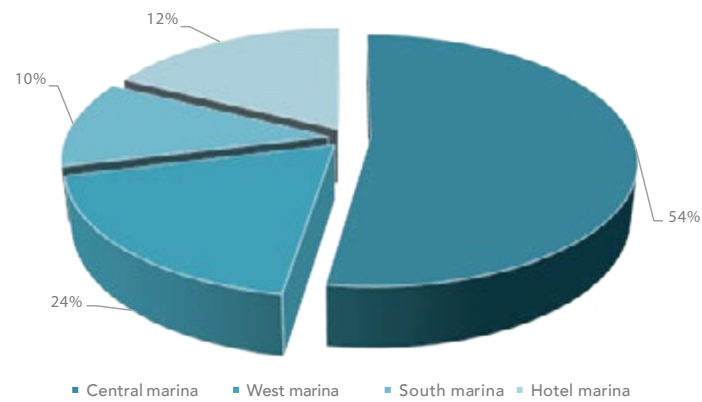
Considering the limited space, i.e. the waters and the capacity of the marina as well as the commercial and market business conditions, Marina Kornati maintained its continued growth of business, primarily the financial results and key physical indicators, i.e. vessels moored at contracted berths, making 2023 another year of stable business due to an increase of business activities, achieving the best financial operating results so far.



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 2023 and a comparison with 2022

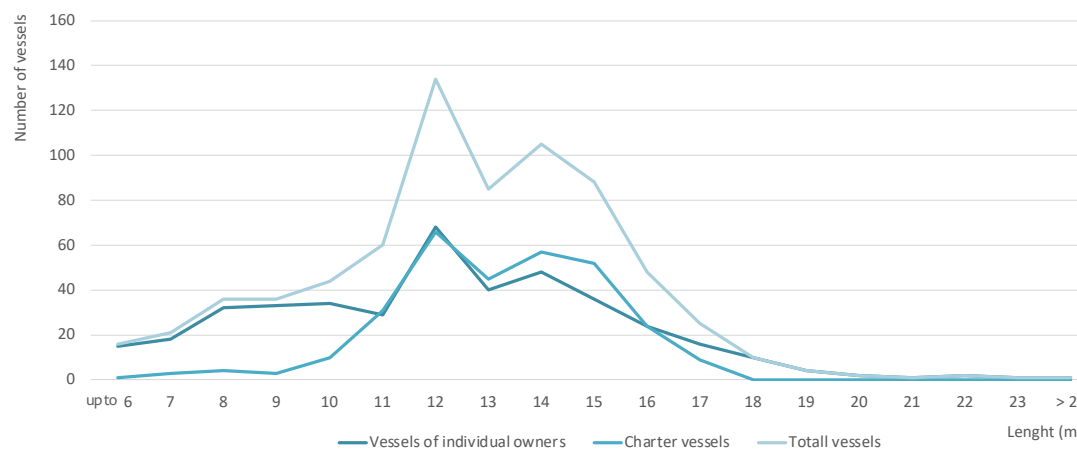
		2023 by month											
Name of position	Measurement unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth-individual	Contracted vessel	98	254	312	359	382	395	404	411	417	421	432	432
Contract-based berth-charter	Contracted vessel	0	0	5	282	298	308	312	314	315	215	315	315
TOTAL Contract-based berth	Contracted vessel	98	254	317	641	680	703	716	725	732	736	747	747
Transit berth-sailing in port	Sailing in port	5	19	40	217	551	1.047	1.721	2.531	2.929	3.081	3.090	3.094
Transit berth-overnight stay of vessels	Boat/day	117	218	392	1.047	1.878	2.973	4.684	6.609	7.446	7.922	8.050	8.127
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	127	375	719	1.094	1.493	1.939	2.394	2.867	3.198	3.377	3.641	3.817

		2022 by month											
Name of position	Measurement unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth-individual	Contracted vessel	104	259	296	348	387	402	409	412	417	425	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

Vessels on berth contract in 2023 and comparison with 2022

Purpose	Type of berth	Position of berth	01/01-31/12	% Total	01/01-31/12	% Total	Index
			2023	Vessels	2022	Vessels	2023/2022
Vessel of individual owners	Annual berth in the sea	Central aquatorium	273	37	285	39	96
		South aquatorium	38	5	38	5	100
		Western aquatorium	2	0	1	0	200
	Annual berth on the land	Hotel port	36	5	29	4	124
		Marina land	6	1	8	1	75
	Seasonal berth in the sea	Marina aquatorium	40	5	40	6	100
		Hotel port	37	5	24	3	154
Total individual vessels:			432	58	425	59	102
Charter vessels	Annual berth in the sea	Central aquatorium	117	16	118	16	99
		South aquatorium	0	0	0	0	#DIV/0!
		Western aquatorium	198	27	183	25	108
		Hotel port	0	0	0	0	#DIV/0!
	Total charter vessels:			315	42	301	41
Total vessels			747	100	726	100	103

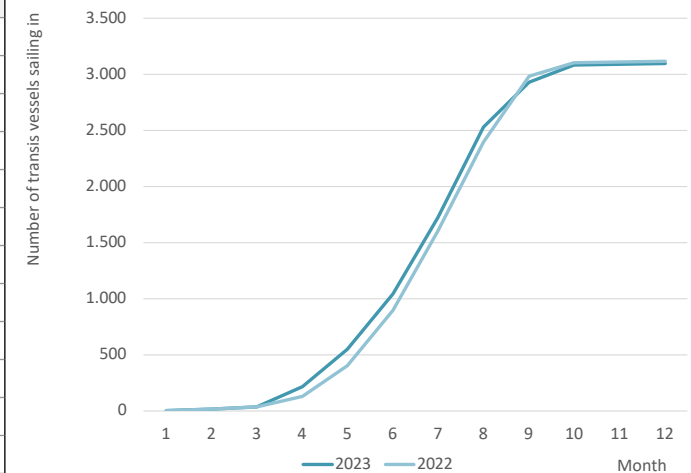
Vessels on berth contract in 2023



Transit berth-inbound vessels in 2023 and a comparison with 2022

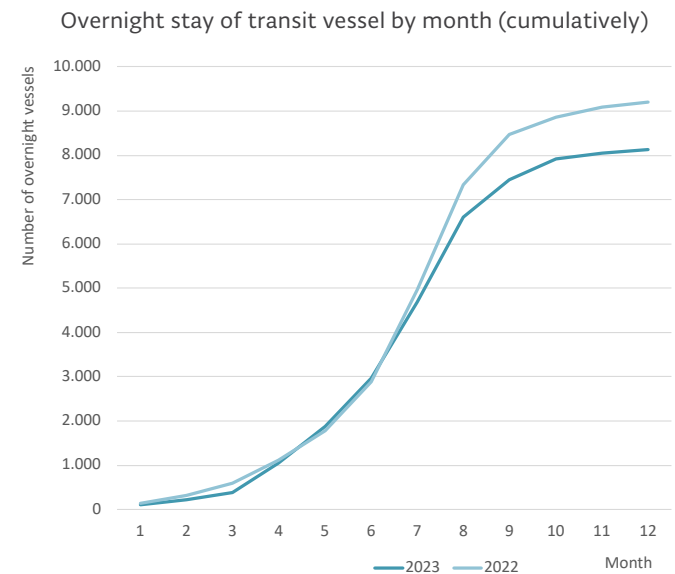
2023	Individually monthly			Cumulatively monthly		
	2023	2022	INDEX	2023	2022	INDEX
Month	2023/2022			2023/2022		
1	5	8	63	5	8	63
2	14	11	127	19	19	100
3	21	22	95	40	41	98
4	177	93	190	217	134	162
5	334	269	124	551	403	137
6	496	495	100	1.047	898	117
7	674	706	95	1.721	1.604	107
8	810	794	102	2.531	2.398	106
9	398	584	68	2.929	2.982	98
10	152	120	127	3.081	3.102	99
11	9	10	90	3.090	3.112	99
12	4	5	80	3.094	3.117	99
Total:	2023	3.094				
Total:	2022	3.117				
Index	2023/2022	99				

Sailing in of transit vessels by months (cumulatively)



Transit berth - overnight stay of vessel in 2023 and comparison with 2022

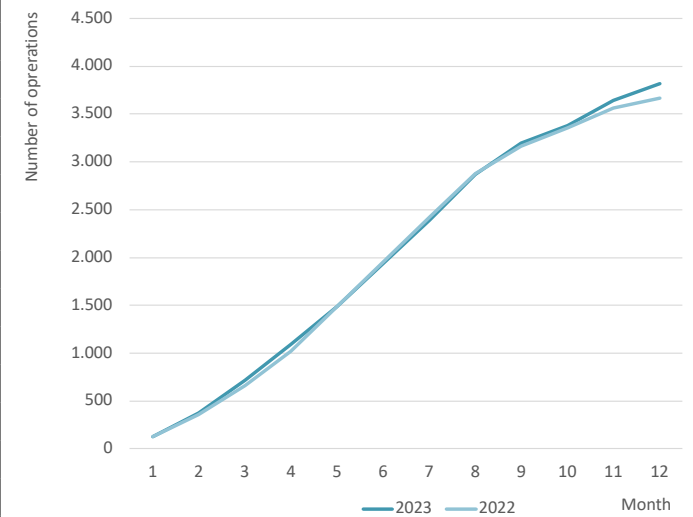
2023	Individually monthly			Cumulatively monthly		
	2023	2022	INDEX	2023	2022	INDEX
Month	2023/2022			2023/2022		
1	117	141	83	117	141	83
2	101	187	54	218	328	66
3	174	275	63	392	603	65
4	655	519	126	1.047	1.122	93
5	831	654	127	1.878	1.776	106
6	1.095	1.109	99	2.973	2.885	103
7	1.711	2.086	82	4.684	4.971	94
8	1.925	2.357	82	6.609	7.328	90
9	837	1.139	73	7.446	8.467	88
10	476	401	119	7.922	8.868	89
11	128	228	56	8.050	9.096	89
12	77	112	69	8.127	9.208	88
Total:	2023	8.127				
Total:	2022	9.208				
Index	2023/2022	88				



Activities of port service in 2023 and comparison with 2022

2023	Individually monthly			Cumulatively monthly		
	2023	2022	INDEX	2023	2022	INDEX
Month	2023/2022			2023/2022		
1	127	124	102	127	124	102
2	248	233	106	375	357	105
3	344	302	114	719	659	109
4	375	364	103	1.094	1.023	107
5	399	470	85	1.493	1.493	100
6	446	457	98	1.939	1.950	99
7	455	472	96	2.394	2.422	99
8	473	454	104	2.867	2.876	100
9	331	291	114	3.198	3.167	101
10	179	185	97	3.377	3.352	101
11	264	213	124	3.641	3.565	102
12	176	101	174	3.817	3.666	104
Total:	2023	3.817				
Total:	2022	3.666				
Index	2023/2022	104				

Activity of port service by month (cumulatively)



Revenue generated by Marina Kornati in 2023 separate by months and a comparison with 2022

REVENUES OF MARINA KORNATI 2023 SEPARATE BY MONTHS (in EUR)																
Revenue positions		Months 2023												2023	2022	Index
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.	TOTAL	2023/2022
I	Daily berths	2.250	3.707	7.415	20.227	54.457	82.918	91.835	106.061	46.740	18.024	7.218	2.493	443.345	381.897	116
II	Contracted berth with accessories	684.442	911.451	286.049	1.402.679	166.009	105.431	1.418.514	65.744	21.201	32.289	9.618	5.816	5.109.242	4.456.334	115
III	Port service	14.231	42.319	48.986	60.214	58.775	52.585	40.227	35.555	22.971	18.826	36.532	31.939	463.160	426.720	109
IV	Vehicle parking	200	642	1.341	20.959	48.336	71.725	93.095	84.442	85.613	38.377	1.123	341	446.193	376.043	119
V	Other services	184	436	1.117	4.856	14.186	3.911	3.813	6.216	5.194	4.030	752	749	45.444	77.589	59
VI	Business cooperation				194.485	2.200		193.399						390.084	346.250	113
VII	Boat fair and events					1.580	11.129	37.114	73.004	164.545	545.202	3.703	-500	835.777	644.618	130
	TOTAL :	701.307	958.555	344.907	1.703.420	345.543	327.699	1.877.997	371.022	346.264	656.748	58.946	40.838	7.733.246	6.709.480	115

REVENUES OF MARINA KORNATI 2022 SEPARATE BY MONTHS (in EUR)																
Revenue positions		Months 2022												2022		
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.		
I	Daily berths	4.253	5.029	11.314	16.379	29.532	62.194	76.669	91.824	66.886	12.188	1.967	3.662	381.897		
II	Contracted berth with accessories	603.686	904.909	223.067	1.201.915	152.354	77.993	1.172.132	57.127	17.756	22.873	13.929	8.593	4.456.334		
III	Port service	11.489	36.628	43.515	52.458	66.737	53.790	42.870	33.186	21.451	13.592	30.502	20.502	426.720		
IV	Vehicle parking	274	307	1.448	17.931	43.659	58.346	80.100	66.704	64.953	40.901	1.132	288	376.043		
V	Other services	588	1.675	9.221	5.903	5.196	7.408	10.524	11.565	16.735	4.253	1.304	3.217	77.589		
VI	Business cooperation	0	0	0	172.603			173.647	0	0	0			346.250		
VII	Boat fair and events	0	0	0	1.499	741	896	23.290	83.976	104.018	426.548	3.650	0	644.618		
	TOTAL :	620.290	948.548	288.565	1.468.688	298.219	260.627	1.579.231	344.381	291.830	520.355	52.484	36.262	6.709.480		

Revenue generated by Marina Kornati in 2023 cumulative by months and a comparison with 2022

REVENUES OF MARINA KORNATI 2023 CUMULATIVE BY MONTHS (in EUR)														
Revenue positions		Months 2023											% of total	
		1	2	3	4	5	6	7	8	9	10	11	12	revenues
I	Daily berths	2.250	5.957	13.372	33.599	88.056	170.974	262.809	368.870	415.610	433.634	440.852	443.345	5
II	Contracted berth with accessories	684.442	1.595.893	1.881.941	3.284.620	3.450.629	3.556.060	4.974.574	5.040.318	5.061.519	5.093.808	5.103.426	5.109.242	66
III	Port service	14.231	56.550	105.536	165.750	224.525	277.110	317.337	352.892	375.863	394.689	431.221	463.160	6
IV	Vehicle parking	200	842	2.182	23.141	71.477	143.202	236.297	320.739	406.352	444.729	445.852	446.193	6
V	Other services	184	620	1.737	6.593	20.779	24.690	28.503	34.719	39.913	43.943	44.695	45.444	1
VI	Business cooperation		0	0	194.485	196.685	196.685	390.084	390.084	390.084	390.084	390.084	390.084	5
VII	Boat fair and events		0	0	0	1.580	12.709	49.823	122.827	287.372	832.574	836.277	835.777	11
TOTAL :		701.307	1.659.862	2.004.769	3.708.189	4.053.732	4.381.431	6.259.428	6.630.450	6.976.714	7.633.462	7.692.408	7.733.246	100

REVENUES OF MARINA KORNATI 2022 CUMULATIVE BY MONTHS (in EUR)														
Revenue positions		Months 2022											% of total	
		1	2	3	4	5	6	7	8	9	10	11	12	revenues
I	Daily berths	4.253	9.282	20.596	36.975	66.507	128.701	205.370	297.194	364.080	376.268	378.235	381.897	6
II	Contracted berth with accessories	603.686	1.508.595	1.731.662	2.933.577	3.085.931	3.163.924	4.336.056	4.393.183	4.410.939	4.433.812	4.447.741	4.456.334	66
III	Port service	11.489	48.117	91.632	144.090	210.827	264.617	307.487	340.673	362.124	375.716	406.218	426.720	6
IV	Vehicle parking	274	581	2.029	19.960	63.619	121.965	202.065	268.769	333.722	374.623	375.755	376.043	6
V	Other services	588	2.263	11.484	17.387	22.583	29.991	40.515	52.080	68.815	73.068	74.372	77.589	1
VI	Business cooperation	0	0	0	172.603	172.603	172.603	346.250	346.250	346.250	346.250	346.250	346.250	5
VII	Boat fair and events	0	0	0	1.499	2.240	3.136	26.426	110.402	214.420	640.968	644.618	644.618	10
TOTAL :		620.290	1.568.838	1.857.403	3.326.091	3.624.310	3.884.937	5.464.168	5.808.549	6.100.379	6.620.734	6.673.218	6.709.480	100

Summary of key market indicators of Marina Kornati performance

In 2023, the Company's nautical sector, i.e. Marina Kornati, achieved its best business result so far through an increase in revenue in all market business segments and retained the continuity of growth in business and financial performance.

The key physical performance results, vessels moored at contracted berths, constituting 66% of the revenue of Marina Kornati, generated a 3% increase compared to 2022, i.e. 747 vessels moored at contracted berths were recorded in the reporting period. At the same time, the generated financial performance result, i.e. the revenue from contracted berths, amounted to EUR 5,109,242.00 with a 14.65% increase compared to the previous year when it amounted to EUR 4,456,334.00.

Furthermore, it should be noted that other market segments also recorded a significant increase in operating revenue compared to the previous year. Parking services with a generated revenue of EUR 446,193.00 increased by 18.65%, while transit berths recorded a 16% increase with a revenue of EUR 443,345. Moreover, the generated business cooperation revenue in the amount of EUR 390,084.00 increased by 13%, accompanied by a growth in service revenue at a rate of 8.54%, amounting to EUR 463,193.00.



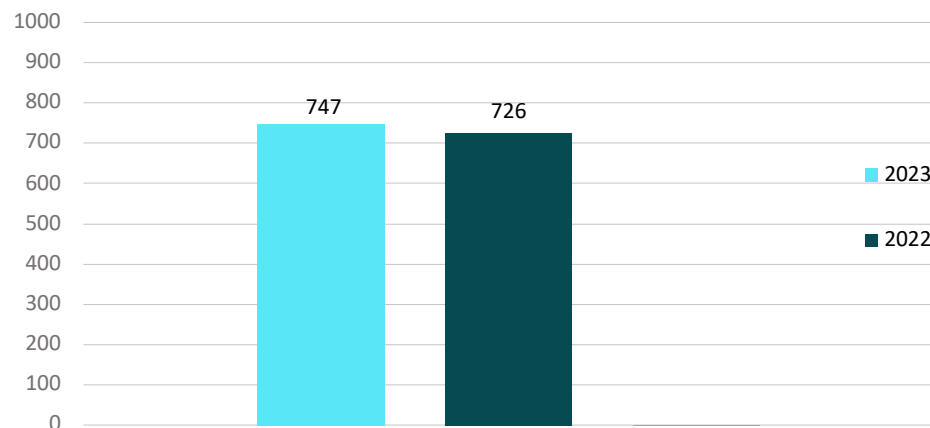
Key market indicators of Marina Kornati

	2023	2022	2023/2022
Capacity(number of berths): *			
Central marina	435	435	0,00%
Western marina	190	190	0,00%
Southern marina	80	80	0,00%
Hotel marina	100	100	0,00%
Total number of berths	805	805	0,00%
Physical turnover:			
Vessel on berth contract	747	726	2,89%
Number of overnight stays (vessels having tranzit berth)	8.127	9.208	-11,74%
Number of service operations executed	3.817	3.666	4,12%
Number of parking places	500	500	0,00%
Number of business cooperation agreements	49	49	0,00%
Financial results			
Total operating revenue of the marina (in EUR):	6.897.469,00	6.064.862,00	13,73%
Berth contract:			
Revenue from berth contracts	5.109.242,00 €	4.456.334,00 €	14,65%
Aver. revenue per berth contract	6.839,68 €	6.138,20 €	11,43%
Share in the total operating revenue of the marina	74,08	73,48	0,81%
Transit berth:			
Revenue from the transit berth	443.345,00 €	381.897,00 €	16,09%
Aver. revenue per overnight stay (transit berth)	54,55 €	41,47 €	31,53%
Share in the total operating revenue of the marina	6,4%	6,3%	2,08%
Servicing:			
Revenue from servicing	463.160,00 €	426.720,00 €	8,54%
Aver. revenue per serv. operation	121,34 €	116,40 €	4,25%
Share in the total operating revenue of the marina	6,7%	7,0%	-4,56%
Parking:			
Revenue from parking	446.193,00 €	376.043,00 €	18,65%
Aver. revenue per parking space	892,39 €	752,09 €	18,65%
Share in the total operating revenue of the marina	6,5%	6,2%	4,33%
Business cooperation:			
Revenue from business cooperation	390.084,00 €	346.250,00 €	12,66%
Aver. revenue from business cooperation	7.960,90 €	7.066,33 €	12,66%
Share in the total operating revenue of the marina	5,7%	5,7%	-0,94%

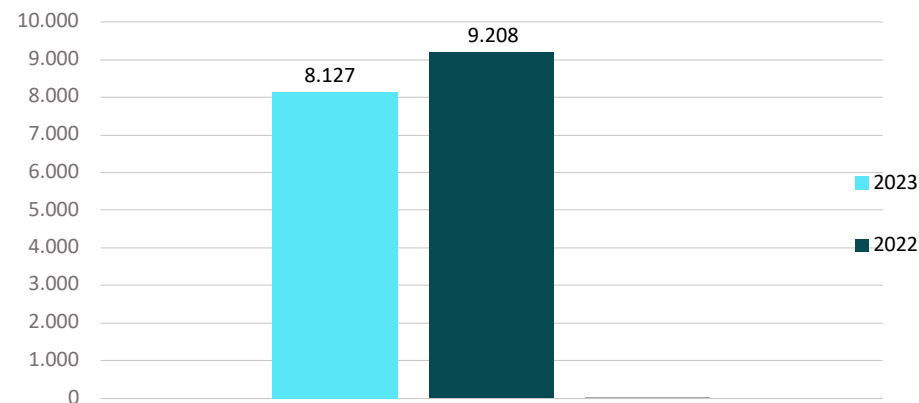
Notes:

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

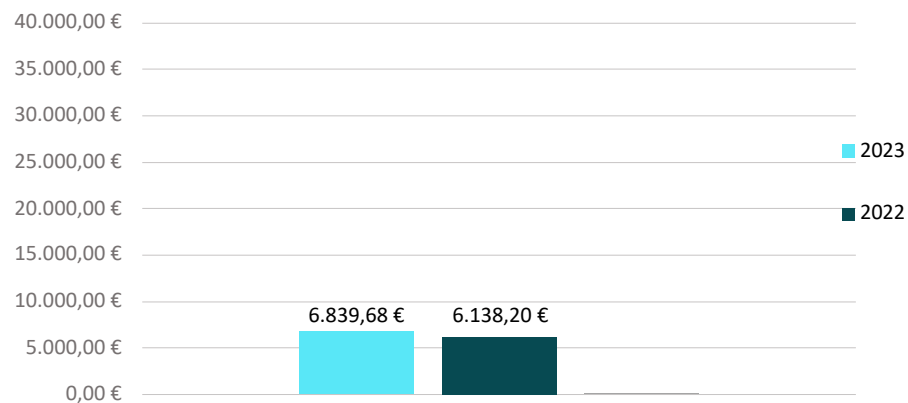
No. of vessels per berth contract in the Marina Kornati
in 2023 and 2022



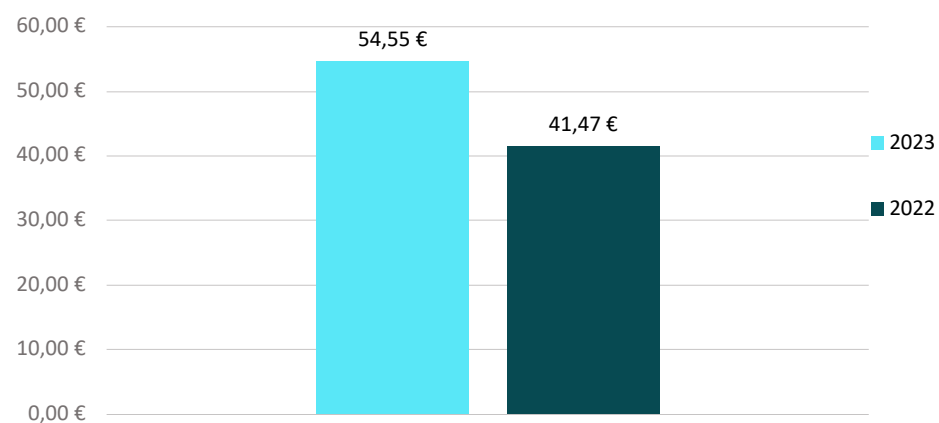
No. of overnight stay of transit vessels in Marina Kornati
in 2023 and 2022



Average revenues earned per berth contract in Marina Kornati
in 2023 and 2022



Average revenue earned per overnight stay of transit vessel in Marina Kornati
in 2023 and 2022





6.3 CAMPING – “PARK SOLINE” CAMPSITE

In 2023, the camping sector recorded 49,729 arrivals, which marked a 10.43% increase compared to the previous year that saw 45,034 guest arrivals. In line with the above, an increased number of arrivals also resulted in an increase in the number of overnight stays. A total of 329,010 overnight stays were recorded, representing a 5.43% increase relative to 2022, when 312,057 overnight stays were realised.

Three segments of campsite operations (lump sum guests, allotment and mobile homes) recorded an increase in arrivals and overnight stays. The allotment market segment recorded an increase in arrivals by 2.38%, while overnight stays were at the same level as in the previous year, as a result of which agency guests stayed in the campsite for an average of 7.94 days in the reporting period. The lump sum market segment realized an increase of 23.16% in arrivals and of 18.86% in overnight stays as compared to the previous year. The aforementioned increase is mostly a consequence of 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 mobile homes segment also recorded an increase of 10.30% in arrivals and 3.23% in overnight stays in

comparison to the previous year. Most of the increase was generated in June due to the Slovenian and the Croatian market, and during the peak season. Individuals as a market segment realised 98.95% in arrivals and 93.94% in overnight stays compared to the arrivals and overnight stays realised in 2022.

The camping sector, i.e. the “Park Soline” campsite, recorded a growth in physical turnover, as well as in operating revenue, where generated revenue amounted to EUR 6,741,340.71, a 13% increase compared to 2022, when they amounted to EUR 5,969,915.31. Revenue growth was generated by the growth of all market segment revenue, among which mobile home revenue grew by 11%, while individual stay revenue increased by 4% compared to the previous year. Lump sum guests recorded an increase of 26% in contractual revenue, which is the result of a higher number of leased lump sum pitches compared to the previous year, of which most of the lump sum refers to mobile homes that bring higher revenue, while revenue from agencies is higher by 9%.

In the structure of recorded overnight stays, the five leading markets are: (I) the Slovenian market with a 23% share of overnight stays, (II) the Czech market with a 19% share, (III) the German market

with a 14% share, (IV) the Croatian market with a 12% share, and (V) the Dutch market with a 7% share. In the mobile homes segment, guests from France, Bosnia and Herzegovina and Croatia had a strong increase in the number of overnight stays. Moreover, in the business segment of camping units, the biggest increase was recorded for guests from the Danish market, the French market and the Croatian market. 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 34% and 28% in total overnight stays respectively.

The increase in overnight stays, arrivals and revenue in 2023 is the result of investments in the quality of facilities and services in the campsite and in marketing and sales activities. A large part of the investment relates to accommodation capacities, so in 2022, new luxury mobile homes were installed and the pitch division of the campsite was completely concluded in order to raise the level of accommodation for guests who arrive with tents, caravans and campers. Intensified marketing activities and strategically planned investments in key sales channels certainly contributed to the increase in the number of overnight stays and delivery of higher financial operating results.

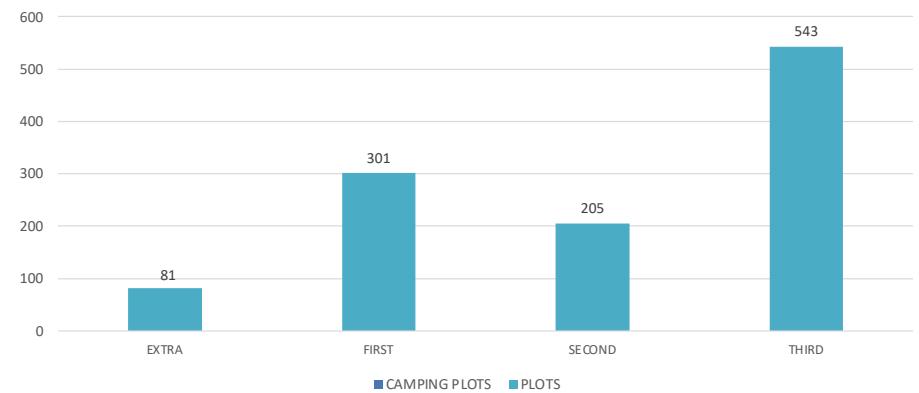
In 2023, the sales and marketing activities were aimed at the most important offline (print media ADAC, DCC and Karavaning vodnik) and online campaigns (social media, website, Google Ad campaign). In the last year, marketing strategies and campaigns have been strongly focused on digital and online media campaigns, thus influencing an individualized approach to each guest and achieving better quality of service by continuously adapting to trends, standards and market demands.

The focus of sales and marketing activities is on the increase of direct booking via Google Adwords campaigns and other digital marketing campaigns. In order to achieve continuous business growth, we defined an advertising strategy, set up campaigns and analytics with continuous measuring, analyses and optimisation of campaign parameters according to the maximum return on investment. In 2023, the campsite introduced the following digital innovations, such as: a new website, an interactive map of the campsite and a revenue management system, which resulted in an increase in ADR of 8% for mobile homes and 8% for individual pitches.



Capacities of the Campsite „Park Soline“

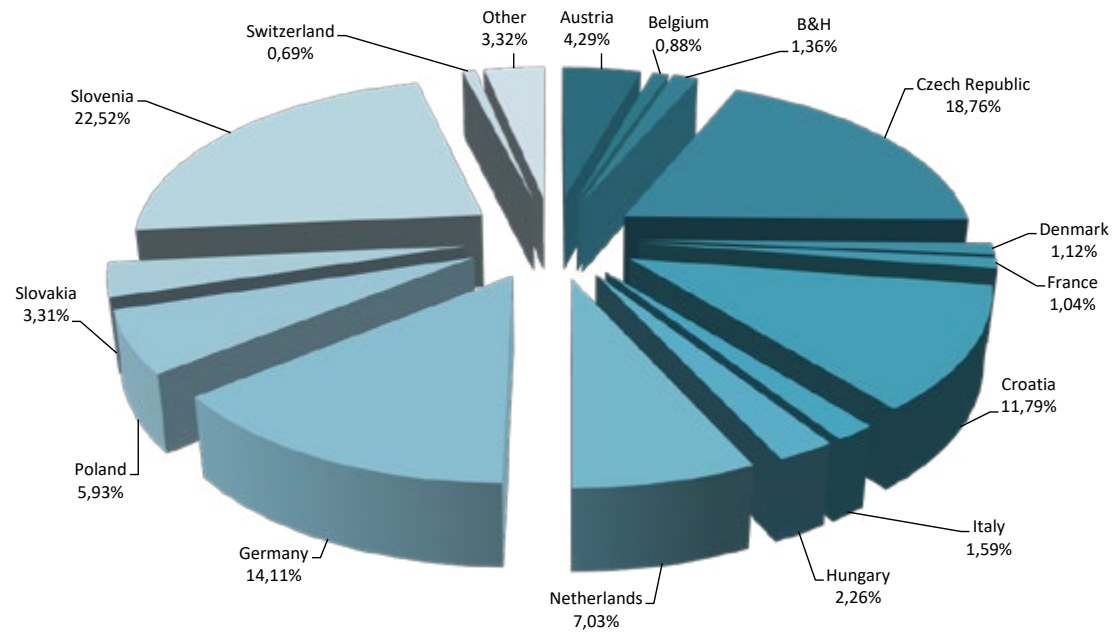
		2020	2021	2022	2023
I	EXTRA ZONE				
	CAMPING PITCHES	81	81	81	81
	CAMPING PLOTS	0	0	0	0
	TOTAL	81	81	81	81
II	FIRST ZONE				
	CAMPING PITCHES	303	303	303	301
	CAMPING PLOTS	0	0	0	0
	TOTAL	303	303	303	301
III	SECOND ZONE				
	CAMPING PITCHES	198	208	208	205
	CAMPING PLOTS	0	0	0	0
	TOTAL	198	208	208	205
IV	THIRD ZONE				
	CAMPING PITCHES	638	616	616	543
	CAMPING PLOTS	0	0	0	0
	TOTAL	628	616	616	543
Σ	GRANDTOTAL				
	CAMPING PITCHES	1220	1208	1208	1130
	CAMPING PLOTS	0	0	0	0
	GRANDTOTAL	1220	1208	1208	1130



Arrivals and overnight stays by outbound market and average days of stay in 2023 and a comparison with 2022

Country	2023		2022		INDEX 2023/2022		AVERAGE STAY (DAYS)	
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	2023	2022
Austria	2.331	14.112	2.435	15.255	95,73	92,51	6,05	6,26
Belgium	430	2.881	379	2.621	113,46	109,92	6,70	6,92
B&H	909	4.441	554	2.728	164,08	162,79	4,89	4,92
Czech Republic	8.335	61.820	7.763	59.207	107,37	104,41	7,42	7,63
Denmark	487	3.650	348	2.904	139,94	125,69	7,49	8,34
France	567	3.404	412	2.420	137,62	140,66	6,00	5,87
Croatia	7.161	39.223	5.180	29.909	138,24	131,14	5,48	5,77
Italy	891	5.201	857	5.824	103,97	89,30	5,84	6,80
Hungary	1.324	7.404	1.297	7.720	102,08	95,91	5,59	5,95
Netherlands	2.806	22.967	2.554	21.497	109,87	106,84	8,18	8,42
Germany	6.210	46.607	6.472	50.866	95,95	91,63	7,51	7,86
Poland	2.809	19.485	2.353	16.463	119,38	118,36	6,94	7,00
Slovakia	1.708	10.910	1.271	8.379	134,38	130,21	6,39	6,59
Slovenia	11.409	73.786	11.257	75.430	101,35	97,82	6,47	6,70
Switzerland	443	2.255	509	2.835	87,03	79,54	5,09	5,57
Other	1.909	10.864	1.393	7.999	137,04	135,82	5,69	5,74
TOTAL	49.729	329.010	45.034	312.057	110,43	105,43	6,62	6,93

Overnight stays by source markets for the year 2023



Arrivals, overnight stays and plot numbers by market segment in 2023 and a comparison with 2022

MARKET SEGMENT	2023			2022			INDEX 2023/2022			AVERAGE DAYS OF STAY	
	Arrivals	Overnight stays	Pitch	Arrivals	Overnight stays	Pitch	Arrivals	Overnight stays	Pitch	2023	2022
Allotment	6.894	54.732	147	6.734	54.446	147	102,38	100,53	100,00	7,94	8,09
Lump sum	17.747	114.334	301	14.410	96.196	264	123,16	118,86	114,02	6,44	6,68
Individuals	11.003	67.550	412	11.120	71.909	562	98,95	93,94	73,31	6,14	6,47
Mobile homes	14.085	92.394	270	12.770	89.506	235	110,30	103,23	114,89	6,56	7,01
TOTAL	49.729	329.010	1.130	45.034	312.057	1.208	110,43	105,43	93,54	6,62	6,93

Overview of overnight stays by outbound market and by market segment in 2023 and a comparison with 2022

	MOBILE HOMES			AGENCIES			LUMP SUM			INDIVIDUALS			TOTAL		
	2022	2023	Index	2022	2023	Index	2022	2023	Index	2022	2023	Index	2022	2023	Index
Austria	5.631	5.401	95,92	327	213	65,14	4.067	4.409	108,41	5.230	4.089	78,18	15.255	14.112	92,51
Belgium	785	721	91,85	110	339	308,18	253	129	50,99	1.473	1.692	114,87	2.621	2.881	109,92
Bosnia and Herzegovina	871	1.359	156,03	20	124	620,00	1.449	2.744	189,37	388	214	55,15	2.728	4.441	162,79
The Czech Republic	8.127	9.821	120,84	38.064	37.711	99,07	8.821	10.929	123,90	4.195	3.359	80,07	59.207	61.820	104,41
Denmark	1.275	1.385	108,63	448	551	122,99	175	239	136,57	1.006	1.475	146,62	2.904	3.650	125,69
France	268	769	286,94	1.129	1.083	95,93	107	200	186,92	916	1.340	146,29	2.420	3.392	140,17
Croatia	6.657	9.558	143,58	588	438	74,49	19.431	25.550	131,49	3.133	3.677	117,36	29.809	39.223	131,58
Italy	2.093	1.992	95,17	335	219	65,37	488	743	152,25	2.908	2.247	77,27	5.824	5.201	89,30
Hungary	4.000	3.191	79,78	314	220	70,06	2.014	2.608	129,49	1.392	1.385	99,50	7.720	7.404	95,91
Netherlands	7.393	7.617	103,03	3.865	4.731	122,41	1.259	887	70,45	8.980	9.732	108,37	21.497	22.967	106,84
Germany	16.720	15.728	94,07	2.300	2.202	95,74	9.112	8.525	93,56	22.734	20.152	88,64	50.866	46.607	91,63
Poland	5.002	5.026	100,48	1.050	1.360	129,52	5.134	8.996	175,22	5.277	4.103	77,75	16.463	19.485	118,36
Slovakia	2.788	2.539	91,07	400	301	75,25	4.301	7.081	164,64	890	989	111,12	8.379	10.910	130,21
Slovenia	23.099	21.900	94,81	4.886	4.462	91,32	36.825	37.332	101,38	10.620	10.092	95,03	75.430	73.786	97,82
Switzerland	1.324	958	72,36	37	113	305,41	594	506	85,19	880	678	77,05	2.835	2.255	79,54
Others	3.473	4.429	127,53	573	665	116,06	2.166	3.456	159,56	1.887	2.326	123,26	8.099	10.876	134,29
TOTAL	89.506	92.394	103,23	54.446	54.732	100,53	96.196	114.334	118,86	71.909	67.550	93,94	312.057	329.010	105,43

Cumulative overview of daily and monthly occupancy of campsite accommodation units in 2023 and comparison with 2022

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	8.010	490	6,12%	1,84	8.277	654	7,90%	2,45	8.010	3.671	45,83%	13,75
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	9.030	9.030	100,00%	30,00	9.331	9.331	100,00%	31,00	9.030	9.030	100,00%	30,00
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	10.380	717	6,91%	2,07	10.726	940	8,76%	2,72	10.380	2.833	27,29%	8,19
INDIVIDUALS CAMPING STANDARD IV ZONE	1.980	6	0,30%	0,09	2.046	5	0,24%	0,08	1.980	135	6,82%	2,05
INDIVIDUALS TOTAL	12.360	723	5,85%	1,75	12.772	945	7,40%	2,29	12.360	2.968	24,01%	7,20
TOTAL	33.810	14.653	43,34%	13,00	34.937	15.487	44,33%	13,74	33.810	20.079	59,39%	17,82

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	8.277	6.673	80,62%	24,99	8.277	7.988	96,51%	29,92	8.010	4.264	53,23%	15,97
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	9.331	9.331	100,00%	31,00	9.331	9.331	100,00%	31,00	9.030	9.030	100,00%	30,00
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	10.726	6.064	56,54%	17,53	10.726	7.403	69,02%	21,40	10.380	2.614	25,18%	7,55
INDIVIDUALS CAMPING STANDARD IV ZONE	2.046	1.057	51,66%	16,02	2.046	1.220	59,63%	18,48	1.980	179	9,04%	2,71
INDIVIDUALS TOTAL	12.772	7.121	55,75%	17,28	12.772	8.623	67,51%	20,93	12.360	2.793	22,60%	6,78
TOTAL	34.937	27.682	79,23%	24,56	34.937	30.499	87,30%	27,06	33.810	20.497	60,62%	18,19

MONTH	OCTOBER				TOTAL 2023					TOTAL 2022				
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	4.005	117	2,92%	0,44	270	52.866	23.857	45,13%	89,35	235	76.233	23.860	51,28%	101,53
AGENCIES	2.205	2.205	100,00%	15,00	147	29.106	29.106	100,00%	198,00	147	53.802	29.112	100,02%	198,04
LUMP SUM	4.515	4.515	100,00%	15,00	301	59.598	59.598	100,00%	198,00	264	110.166	59.604	114,03%	225,77
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	5.190	207	3,99%	0,60	346	68.508	20.778	30,33%	60,05	383	88.569	20.780	27,40%	54,26
INDIVIDUALS CAMPING STANDARD IV ZONE	990	0	0,00%	0,00	66	13.068	2.602	19,91%	39,42	179	15.664	2.603	7,35%	14,54
INDIVIDUALS TOTAL	6.180	207	3,35%	0,50	412	81.576	23.380	28,66%	56,75	562	104.233	23.382	21,01%	41,60
TOTAL	16.905	7.044	41,67%	6,25	1130	223.146	135.941	60,92%	120,62	1208	344.434	135.958	56,84%	112,55

MONTH	INDEX 2023/2022				
SEGMENT	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY
MOBILE HOMES ILIRIJA	114,89	69	100	88,00%	88,00
AGENCIES	100	54	100	99,98%	99,98
LUMP SUM	114,01	54	100	87,70%	87,70
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	90,33	77	100	110,68%	110,68
INDIVIDUALS CAMPING STANDARD IV ZONE	36,87	83	100	271,08%	271,08
INDIVIDUALS TOTAL	73,30	78	100	136,40%	136,40
TOTAL	93,54	65	100	107,17%	107,17

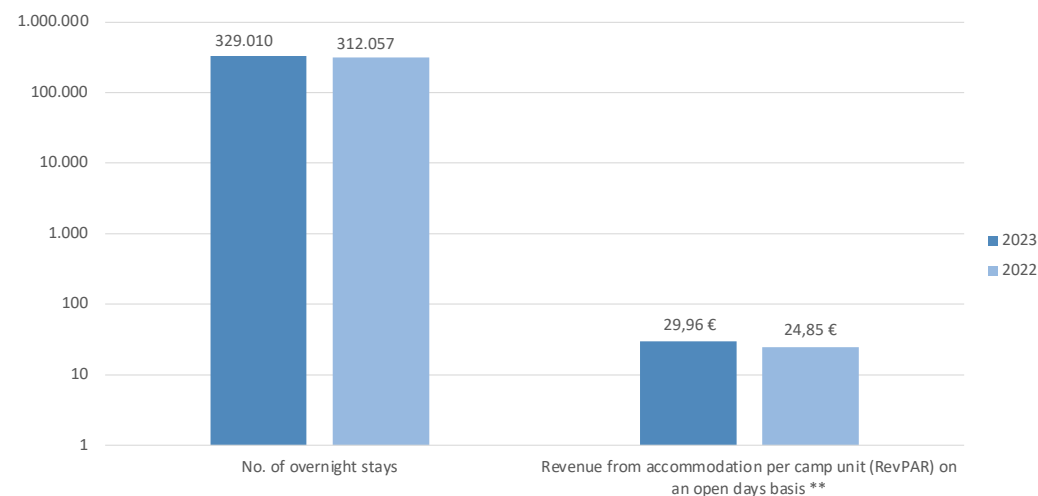
Campsite revenue in 2023 and a comparison with 2022

SEGMENT		2022			2023			INDEX	
		GENERATED PRIOR 31/12/2022			GENERATED PRIOR 31/12/2023			2023/2022	
		NO. OF PITCHES	OVERNIGHT STAYS	REVENUES	NO. OF PITCHES	OVERNIGHT STAYS	REVENUES	OVERNIGHT STAYS	REVENUES
1.	MOBILE HOMES ILIRIJA	235	89.506	2.865.566,70 €	270	92.394	3.172.046,56 €	103	111
2.	AGENCIES	147	54.446	503.734,17 €	147	54.732	547.256,65 €	101	109
3.	INDIVIDUALS	562	71.909	1.157.487,05 €	412	67.550	1.203.612,00 €	94	104
4.	LUMP SUM	264	96.196	1.193.701,71 €	301	114.334	1.508.249,66 €	119	126
5.	OTHER SERVICES	-	-	249.425,68 €			310.175,84 €	#DIV/0!	124
TOTAL:		1208	312.057	5.969.915,31 €	1130	329.010	6.741.340,71 €	105	113

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

The accommodation segment of the Company’s camping sector, that is, the “Park Soline” campsite, recorded a significant increase in 2023, both according to physical and financial indicators. The reporting period is characterised by excellent results achieved in physical and financial indicators that greatly surpassed 2022 as a record-breaking year. Compared to 2022, a 5% increase was recorded in terms of key physical performance indicators, i.e. overnight stays, while the financial indicators, i.e. revenue generated by the increase in revenue at the level of all market segments, increased by 13%. Compared to the previous business year, the “Park Soline” campsite recorded a higher number of guest arrivals and overnight stays, which resulted in the 5.52% increase in capacity occupancy, a 6.90% increase in the average price, and a 20.59% increase in accommodation revenue per campsite unit, on the basis of campsite unit occupancy with regard to 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 daily price changes.

Number of overnight stays and revenue from accommodation per camp unit in the campsite "Park Soline" in 2023 and 2022



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

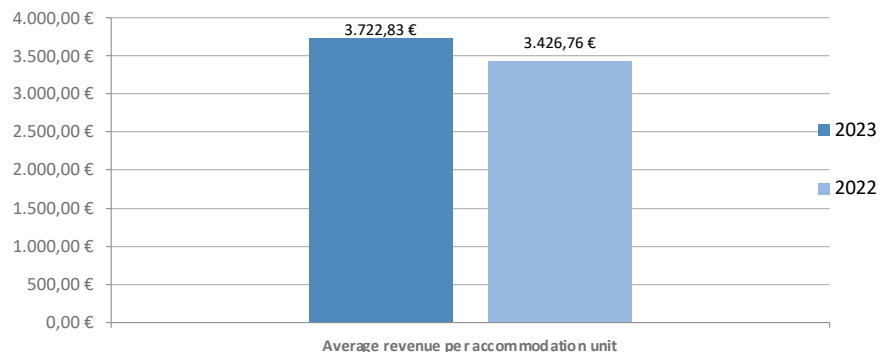
	2023	2022	2023/2022
Accommodation capacities:			
Number of camping units	1.130	1.208	-6,46%
Number of guests	3.390	3.624	-6,46%
Physical turnover:			
No. of overnight stays	329.010	312.057	5,43%
No. of sold camp units	135.941	128.833	5,52%
Annual occupancy rate of the camp units (%)	32,96%	29,22%	12,80%
Occupancy rate of the units on an open days basis (%)	60,76%	53,86%	12,80%
Financial results:			
TOTAL OPERATING REVENUE	6.741.340,71 €	5.969.915,31 €	12,92%
Fixed lease:			
Revenue - fixed lease	547.256,65 €	503.734,17 €	8,64%
Average revenue per accommodation unit	3.722,83 €	3.426,76 €	8,64%
Share in the total operating campsite revenue	8,1%	8,4%	-3,79%
Number of units	147	147	0,00%
Lump sum:			
Revenue - Lump sum	1.508.249,66 €	1.193.701,71 €	26,35%
Average revenue per accommodation unit	5.010,80 €	4.521,60 €	10,82%
Share in the total operating campsite revenue	22,4%	20,0%	11,89%
Number of units	301	264	14,02%
Individuals:			
Revenue - Individuals	1.203.612,00 €	1.157.487,05 €	3,98%
Average revenue per accommodation unit	2.921,39 €	2.059,59 €	41,84%
Share in the total operating campsite revenue	17,9%	19,4%	-7,91%
Number of units	412	562	-26,69%
Mobile homes:			
Revenue - Mobile homes	3.172.046,56 €	2.865.566,69 €	10,70%
Average revenue per mobile homes	11.748,32 €	12.193,90 €	-3,65%
Share in the total operating campsite revenue	47,1%	48,0%	-1,97%
Number of mobile homes	270	235	14,89%
Extra services:			
Revenue -extra services	310.175,84 €	249.425,69 €	24,36%
Average revenue per accommodation unit	274,49 €	206,48 €	32,94%
Share in the total operating campsite revenue	4,6%	4,2%	10,13%
Total number of units	1130	1208	-6,46%
Summary indicators:			
Average daily rate of the camp unit (ADR)*	49,31 €	46,13 €	6,90%
Revenue from accommodation per camp unit (RevPAR) on a basis of 365 days **	16,25 €	13,48 €	20,59%
Revenue from accommodation per camp unit (RevPAR) on an open days basis **	29,96 €	24,85 €	20,59%

Notes:

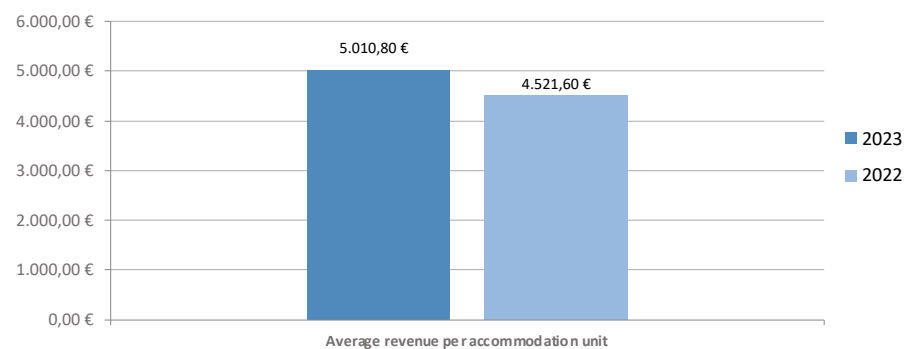
* ADR - Average daily rate of a camp unit is calculated on the basis of the revenue from accommodation in the campsite and the number of camp units sold.

** 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).

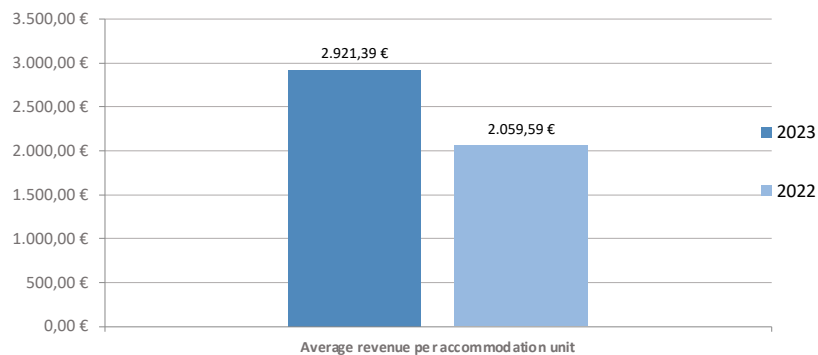
Average revenue per fixed lease unit in the campsite "Park Soline" in 2023 and 2022



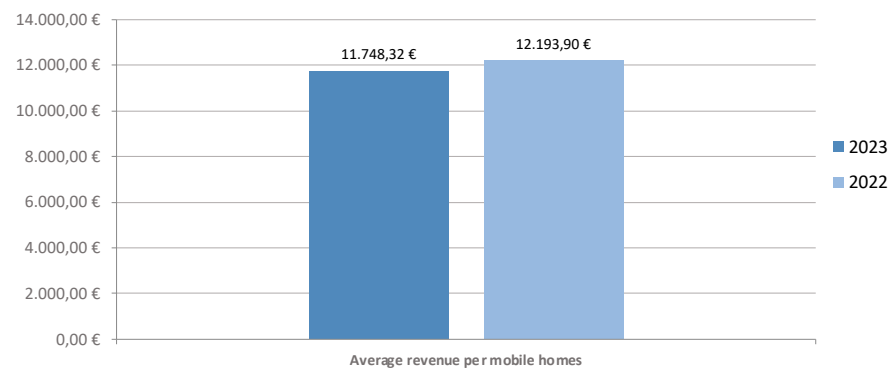
Average revenue per lump sum unit in the campsite "Park Soline" in 2023 and 2022



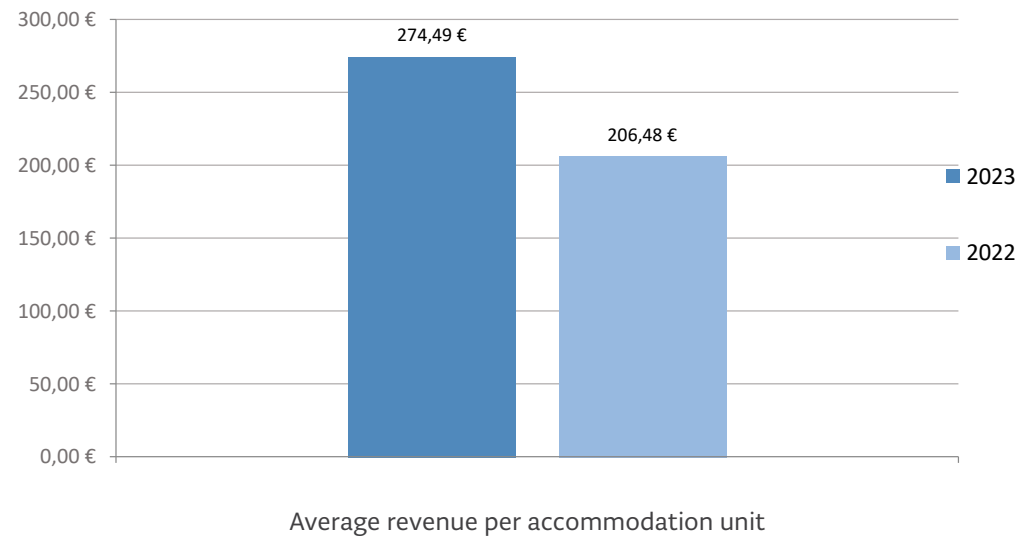
Average revenue per individuals unit in the campsite "Park Soline" in 2023 and 2022



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 2023 and 2022



6.4 CITY GALLERIA BUSINESS AND SHOPPING CENTER

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

As at 31 December 2023, the occupancy of the centre amounted to 99.07% of all capacities, that is, 35 commercial lease agreements were active, with a surface area range from 9,80 m² to 1.836 m². The commercial premises occupancy rate in Phase 1 for the same period was 100.00%. Taking into account the total net area of the commercial premises in Phases 1 and 2 of the facility, amounting to 9,735.28 m², the current total occupancy rate is 99.10%.

Business revenue generated through lease of commercial premises, common costs, use of common parts of the centre, lease of advertising space, garage revenue and lease of commercial premises in Phase 1 of the Centre, amounted to EUR

2,031,305.08. Other operating revenue relating to insurance claims amounted to EUR 24,745.78 in the relevant period, which brings the total generated revenue in 2023 to EUR 2,056,050.86. Total revenue generated in the previous year amounted to EUR 1,830,354.47 (calculated at the fixed conversion rate), which represents an increase of 12.33% in 2023.

Revenue from leasing commercial premises in 2023 amounted to EUR 1,215,040.53, which amounts to an increase of 10.75% compared to 2022. Revenue from common costs is EUR 467,219.78, an increase of 13.33%. The category of revenue from the use of common areas of the centre amounted to EUR 135,929.43, a 15.18% increase compared to the results achieved in 2022. Revenue from the lease of advertising space amounted to EUR 5,365.91, a 3.94% increase compared to 2022. The operation of the garage of the facility generated EUR 178,241.47, which represents a growth of 21.69% compared to the previous business year. Operating revenue from the lease of business premises in the neighbouring Phase 1 of the Centre in 2023 amounted to EUR 29,507.96, representing an increase of 33.22% compared to 2022 when they amounted to EUR 25,014.19.

In 2023, the number of vehicles visiting the public underground garage of the centre amounted to 729,225, while in 2022 it amounted to 703,511. The said result constitutes a 3.66% increase in the reporting year. In addition to the increase in revenue and the number of visitors of the garage in 2023 relative to the previous business year, there was also an increase in the time spent in the Centre by users.



Operating revenue of the City Galleria Business and Shopping Centre in Zadar in 2023 and a comparison with 2022

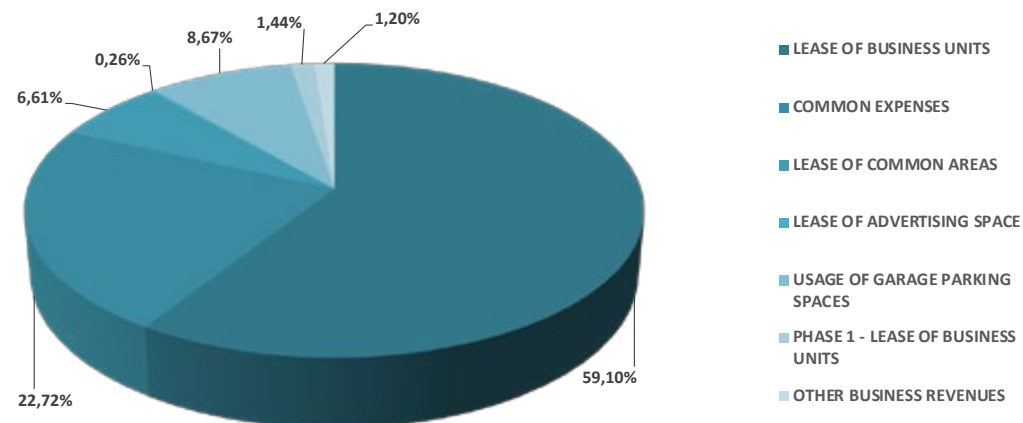
DESIGNATION	DESCRIPTION	NUMBER OF ACTIVE CONTRACTS	SURFACE AREA m ²	REVENUES IN 2023	%	REVENUES IN 2022	%	INDEX 2023/2022
1	LEASE OF BUSINESS UNITS	35	9.445,32	€ 1.215.040,53	59,10%	€ 1.097.064,89	59,94%	111
2	COMMON EXPENSES	33	6.648,73	€ 467.219,78	22,72%	€ 412.272,49	22,52%	113
3	LEASE OF COMMON AREAS	26	1.533,50	€ 135.929,43	6,61%	€ 118.018,01	6,45%	115
4	LEASE OF ADVERTISING SPACE	8	130,98	€ 5.365,91	0,26%	€ 5.162,54	0,28%	104
5	USAGE OF GARAGE PARKING SPACES	410***	10.863,50	€ 178.241,47	8,67%	€ 146.466,07	8,00%	122
6	PHASE 1- LEASE OF BUSINESS UNITS	6	289,96	€ 29.507,96	1,44%	€ 22.150,58	1,21%	133
PRIHODI:				€ 2.031.305,08	98,80%	€ 1.801.134,58	98,40%	113
7	OTHER BUSINESS REVENUES			€ 24.745,78	1,20%	€ 29.219,89	1,60%	85
TOTAL REVENUES				€ 2.056.050,86	100,00%	€ 1.830.354,47	100,00%	112

* total net leasable surface area

** total net leasable area for calculation of common expenses

*** number of parking spaces in garage

REVENUE OVERVIEW IN 2023



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

The City Galleria Business and Shopping Centre achieved positive operating results in 2023, with a visible growth of key market indicators. Despite the uncertainties in terms of political and security turmoil on the continent that occurred in 2022, as well as their economic consequences on the disposable income of the population and their purchasing power, as well as the increase in operating costs in the reporting period, the revenue achieved in the observed period represents the best recorded financial results of the Centre so far.

The total rentable area of the facility is 9,445.32 m². By purchasing the commercial premises in the neighbouring Phase 1 of the Zadar Shopping Centre facility, the Company secured an additional 289.96 m² of commercial space for lease, which increased the total rentable area of all commercial spaces owned by ILIRIJA d.d. to 9,735.28 m². As at 31 December 2023, a total of 35 commercial lease agreements were active, i.e. the occupancy rate was 99.07% of the indicated net rentable area of the Centre, while the commercial premises occupancy rate in Phase 1 was 100%.

Most of the revenue of the City Galleria Business and Shopping Centre comes from commercial leas-

ing. The average lease per square metre of active commercial premises during the period observed was EUR 10.72/m² per month. Other revenue was based on calculating common costs (calculated for the area of 6,648.73 m²), leasing and commercial use of common areas of the Business and Shopping Centre (1,533.50 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 2023 increased by 12.33% relative to 2022.

The public underground garage of the Centre has a total of 410 parking spaces, and its occupancy in 2023 shows a 3.66% increase relative to the previous business year, with 729,225 vehicles, while the occupancy in 2022 was 703,511 vehicles. The garage revenue from single parking fees; monthly, weekly, and daily tickets; annual subscriptions and leased parking spaces in 2023 amounted to a total of EUR 178,241.47, and an average garage revenue per parking space amounted to EUR 434.74, representing an increase of as much as 21.69% compared to 2022.



Key market indicators of the real estate sector - City Galleria

	2023	2022	2023/2022
Commercial capacities:			
Premises - floor area (m ²)	9.445,32	9.464,72	0%
Shared costs - floor area (m ²)	6.648,73	6.668,13	0%
Common areas - floor area (m ²)	1.533,50	1.536,00	0%
Advertising space - floor area (m ²)	130,98	130,98	0%
Garage - floor area (m ²)	10.863,50	10.863,50	0%
Commercial turnover:			
Premises - number of active contracts	35	37	-5%
Shared costs - number of active contracts	33	35	-6%
Common areas - number of active contracts	26	25	4%
Advertising space - number of active contracts	8	8	0%
Garage - number of parking spaces	410	410	0%
Garage - turnover of vehicles	729.225	703.511	4%
Financial results:			
Average monthly rent earned per m ² of premises (AMR)*	10,72 €	9,66 €	11%
Average rent earned per m ² of premises for the period	128,64 €	115,89 €	11%
Average revenue from the garage per parking space for the period**	434,74 €	357,23 €	22%

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

As a destination management company, Ilirija Travel develops new services and amenities as a complementary tourism product by integrating all components of the Company and destination links – the goal being the placement of value-added services. Following the 297 events organised in 2022, which included 29,830 persons, a total of 234 events were organised in 2023, including 30,560 persons, through the system and organisation of DMC Ilirija Travel, along with other profit centres of the Company.

Despite the smaller number of events compared to the previous year, the financial performance indicators, i.e. revenue exceeded 2022 figures by 22%, which is a result of providing value-added services and more significant business activities in the pre- and post-season. 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 organisation 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 signifi-

cant in the pre-season and post-season. With the lifting of counter-pandemic measures, it became relevant again in the pre-season of 2023.

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 due to a generally lower probability of spending given the increase in prices of all inputs (fuel, tickets, parking etc.). 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 Kornati, and the event boat Nada, carried out mostly in pre-season and post-season. Concerts and gala events were also 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 as the most significant facility for providing additional services, having generated a 17% increase compared to the previous year.

Agrotourism combined with accommodation services, events and the agritourist offer recorded the biggest growth of 35%, which was greatly re-

flected in the financial performance indicators. In this segment of the offer, the pandemic incentivised many new guests to discover this type of tourism and events when there was a demand for isolated and controlled conditions.

The increase of revenue in DMK Ilirija Travel is a result of the return of the demand for facilities and offer, which we especially owe to the return of business in the second quarter. The revenue in the amount of EUR 1,456,273.18 pertaining to the organisation of events and excursions also realised in other profit centres of the Company increased by 22% compared to EUR 1,189,753.80 of revenue generated in 2022.



Realized business events in 2023 and comparison with 2022

	Number of events			Number of participants			Total REVENUE		
	2023	2022	INDEX 2023/2022	2023	2022	INDEX 2023/2022	2023	2022	INDEX 2023/2022
TOTAL	234	297	79	30.560	29.830	102	1.456.273,18 EUR	1.189.753,80 EUR	122



7 FINANCIAL RESULTS OF THE COMPANY



7 FINANCIAL RESULTS OF THE COMPANY

7.1 FINANCIAL OPERATING RESULTS OF THE COMPANY BY SECTORS

7.1.1 HOTEL SECTOR

	2023	2022	2023/2022
HOTEL SECTOR - BIOGRAD			
Operating revenues	8.385.920,56 €	6.450.905,41 €	30,00%
Revenues from board services	6.846.537,26 €	5.298.881,49 €	29,21%
TRevPAR *	23.101,71 €	17.771,09 €	30,00%
Operating costs **	6.368.971,27 €	4.928.714,44 €	29,22%
Gross operating profit (GOP) ***	2.016.949,29 €	1.522.190,97 €	32,50%
GOP per accommodation unit	5.556,33 €	4.193,36 €	32,50%
GOP margin****	24,1%	23,6%	1,93%
Capital investments	720.892,93 €	550.046,83 €	31,06%
HOTEL SECTOR - SV. FILIP I JAKOV			
Operating revenues	636.001,22 €	527.160,17 €	20,65%
Revenues from board services	574.198,34 €	485.068,27 €	18,37%
TRevPAR *	8.833,35 €	7.321,67 €	20,65%
Operating costs **	529.415,36 €	415.504,66 €	27,42%
Gross operating profit (GOP) ***	106.585,86 €	111.655,51 €	-4,54%
GOP per accommodation unit	1.480,36 €	1.550,77 €	-4,54%
GOP margin****	16,8%	21,2%	-20,88%
Capital investments	134.142,23 €	18.680,17 €	618,10%
HOTEL SECTOR - TOTAL ILIRIJA d.d.			
Operating revenues	9.021.921,78 €	6.978.065,58 €	29,29%
Revenues from board services	7.420.735,60 €	5.783.949,76 €	28,30%
TRevPAR *	20.740,05 €	16.041,53 €	29,29%
Operating costs **	6.898.386,63 €	5.344.219,10 €	29,08%
Gross operating profit (GOP) ***	2.123.535,15 €	1.633.846,48 €	29,97%
GOP per accommodation unit	4.881,69 €	3.755,97 €	29,97%
GOP margin****	23,5%	23,4%	0,53%
Capital investments	855.035,16 €	568.727,00 €	50,34%

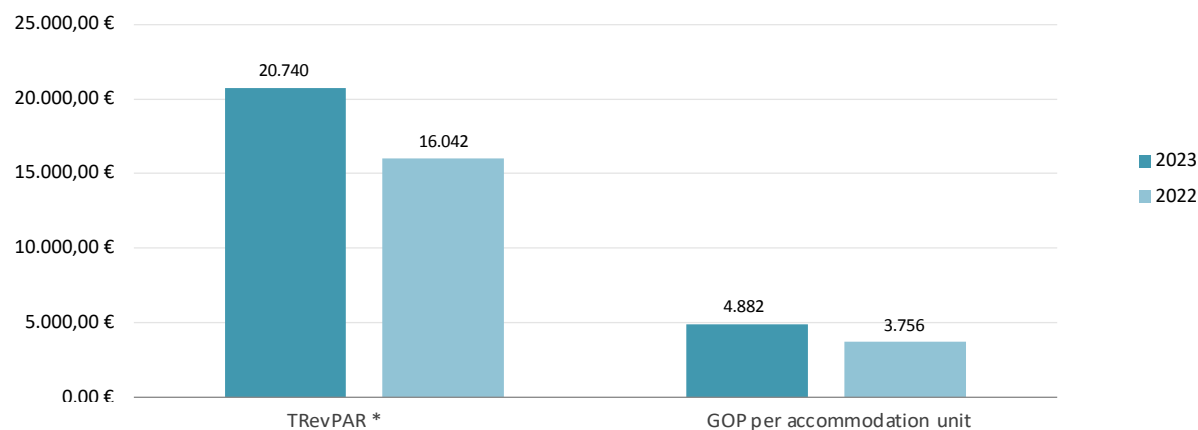
In 2023, the Company's hotel sector realised a business revenue in the amount of EUR 9,021,921.78, compared to a revenue of EUR 6,978,065.58 realised in 2022, representing a growth of 29.29%. The operating costs of the hotel sector are 29.08% higher than the previous year due to the increased volume of business, but also a significant increase in all costs, from energy to food and services, as well as an increase in the costs of labour.

Gross operating profit (GOP) at the hotel sector level in the observed period amounted to EUR 2,123,535.15 after the previous year's GOP amounting to EUR 1,633,846.48 indicating an increase of 29.97% in the reporting period. Moreover, GOP per accommodation unit increased at the same rate, amounting to EUR 4,881.69 compared to EUR 3,755.97 recorded the previous year.

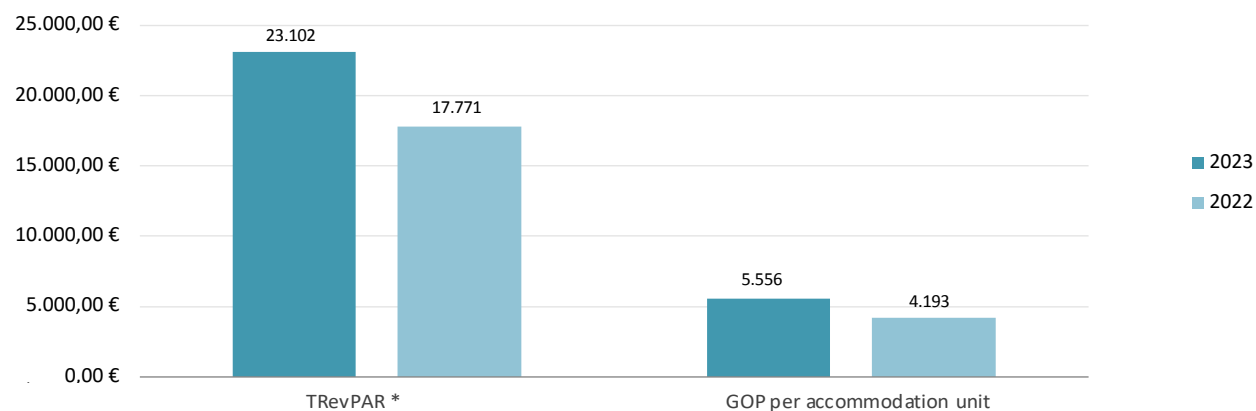
Notes:

* 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 2023 and 2022



Total revenues per accommodation unit (TrevPAR) and GOP per accommodation unit in the hotel sector of Ilirija d.d. in 2023 and 2022



FINANCIAL OPERATIONSreporting system according to **USALI** standards

01/01/2023-31/12/2023

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

Items	Annual cumulative achievements in 2021	Annual cumulative achievements in 2022	Annual cumulative achievements in 2023	Index 2023/2022
TOTAL NET REVENUE (operating)	4.107.066,43	6.975.192,32	9.007.720,39	129,14
Total direct costs	542.643,45	890.394,60	1.210.502,57	135,95
Total salary and labor costs	1.369.097,42	2.233.151,77	2.832.515,68	126,84
Total other department costs	213.576,21	489.160,78	561.966,42	114,88
TOTAL CONTRIBUTION	1.981.749,36	3.362.485,17	4.402.735,72	130,94
Total costs to GOP	3.609.861,82	5.906.578,54	7.558.424,18	127,97
GOP	497.204,61	1.068.613,78	1.449.296,21	135,62
Grandtotal net revenues	4.371.349,09	7.002.822,16	9.105.909,38	130,03
Grandtotal costs	4.897.815,14	7.305.913,28	9.091.926,78	124,45
PROFIT BEFORE TAXATION	-526.466,05	-303.091,12	13.982,59	-4,61
Corporate income tax	0,00	0,00	2.716,84	#DIV/0!
NET PROFIT	-526.466,05	-303.091,12	11.265,75	-3,72
EBITDA	559.173,24	802.815,00	1.147.187,38	142,90
EBIT	-438.853,27	-206.908,23	89.874,99	-43,44

7.1 FINANCIAL OPERATING RESULTS OF THE COMPANY BY SECTORS

7.1.2 NAUTICS

Marina Kornati, the restaurant “Marina Kornati” and the Nautical Fair represent the profit centres of the Company’s nautical sector, which generated revenue in the following amounts:

- Marina Kornati – EUR 6,897,469.00
- “Marina Kornati” restaurant – EUR 649,881.00
- Nautical fair – EUR 835,777.00

In 2023, the nautical sector realised operating revenue in the amount of EUR 8,383,127.00, a 15% increase compared to 2022, when revenue amounted to EUR 7,301,505.00.

The increase in the revenue generated by the nautical sector is the result of a significant increase in revenue in all three of its profit centres, of which in absolute terms the most significant contribution is from the revenue realised in the part of boat accommodation, i.e. Marina Kornati. In 2023, Marina Kornati realised a revenue in the amount of EUR 6,897,469.00 with a growth rate of 14% achieved compared to the same period of 2022, when it amounted to EUR 6,064,862.00, representing the highest revenue generated thus far. The revenue generated by Marina Kornati accounts for 83% of the total business revenue of the nautical sector. The most significant increase in Marina Kornati’s revenue is due to an increase in the revenue from contractual berths, which equalled EUR

5,109,242.00 in the reporting period, representing a 14.65% increase in comparison to the same period of 2022. Apart from contractual berths, all other revenue items also increased: transit berths by 16.09%, parking by 18.65%, business cooperation revenue by 12.66% and port service by 8.54%.

Furthermore, the other profit centres of the nautical sector achieved an increase in revenue, i.e. the revenue of the Nautical Fair, realised in the amount of EUR 835,777.00, increased by 30%, while the revenue realised by the restaurant “Marina Kornati” in the amount of EUR 649,881.00, recorded growth at a rate of 10%.

The substantial increase in operating revenue across all nautical sector segments was accompanied by an increase in the gross operating profit, which amounted to EUR 4,686,187.00 for the entire nautical sector, i.e. it represented a 15% increase compared to the previous year, when it amounted to EUR 4,065,260.00. The increase in the gross operating profit was accompanied by an increase in the GOP per berth, which equals EUR 5,821.35 in the reporting period, and an increase in the GOP margin, which equals 56%.

Key financial indicators of Marina Kornati

	2023	2022	2023/2022
NAUTICS TOTAL			
Operating revenues	8.383.127,00	7.301.505,00	15%
Operating revenues per berth	10.413,82	9.070,19	15%
Operating costs*	3.696.940,00	3.236.669,00	14%
GOP **	4.686.187,00	4.065.260,00	15%
GOP per berth	5.821,35	5.050,01	15%
GOP margin ***	56%	56%	0%
Capital investments	409.021,46	221.034,00	85%
MARINA KORNATI			
Operating revenues	6.897.469,00	6.064.862,00	14%
Operating revenues per berth	8.568,28	7.533,99	14%
Operating costs*	2.427.076,00	2.182.264,00	11%
GOP **	4.470.393,00	3.883.022,00	15%
GOP per berth	5.553,28	4.823,63	15%
GOP margin ***	65%	64%	1%
RESTAURANT OF MARINA KORNATI			
Operating revenues	649.881,00	592.025,00	10%
Operating costs*	628.602,00	575.677,00	9%
GOP **	21.279,00	16.348,00	30%
GOP margin ***	3%	3%	0%
BOAT SHOW			
Operating revenues	835.777,00	644.618,00	30%
Operating costs*	641.262,00	478.728,00	34%
GOP **	194.515,00	165.890,00	17%
GOP margin ***	23%	26%	-10%

Notes:

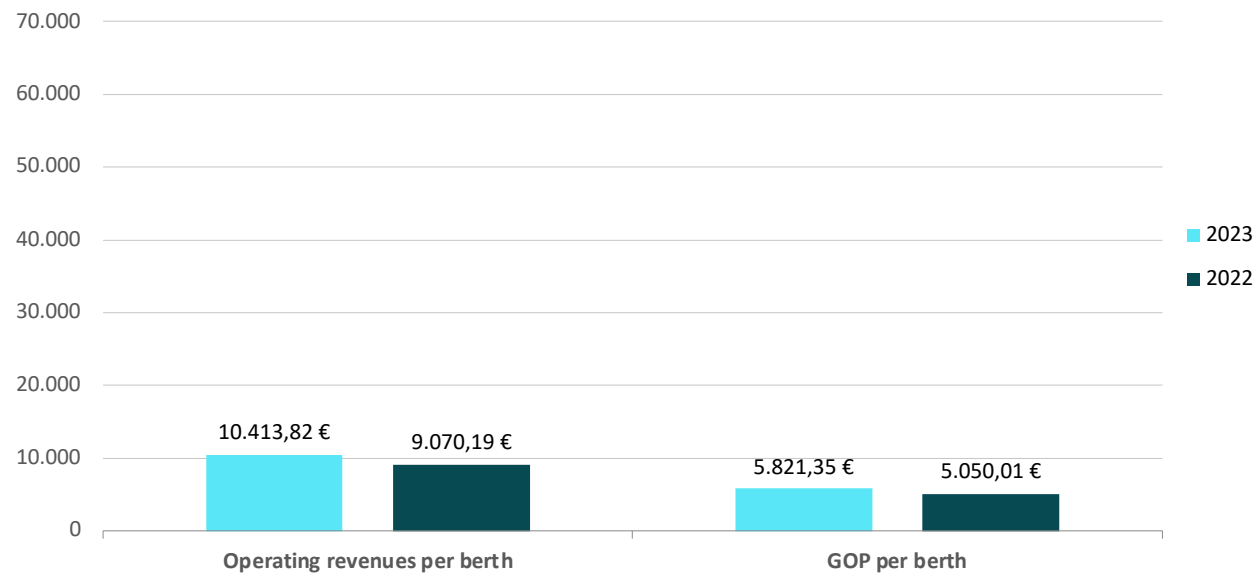
The Nautics of Ilirija d.d. consists of three business units Marina Kornati, Boat Show and restaurant of "Marina Kornati".

* 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 2023 and 2022



FINANCIAL OPERATIONSreporting system according to **USALI** standards

01/01/2023-31/12/2023

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

Items	Annual cumulative achievements in 2021	Annual cumulative achievements in 2022	Annual cumulative achievements in 2023	Index 2023/2022
TOTAL NET REVENUE (operating)	6.525.090,27	7.294.235,39	8.377.640,76	114,85
Total direct costs	173.438,95	188.126,37	176.666,57	93,91
Total salary and labor costs	680.602,23	839.795,78	1.002.733,31	119,40
Total other department costs	216.927,46	322.106,54	327.230,44	101,59
TOTAL CONTRIBUTION	5.454.121,63	5.944.206,70	6.871.010,44	115,59
Total costs to GOP	2.878.014,97	3.517.169,82	4.083.278,81	116,10
GOP	3.647.075,30	3.777.065,57	4.294.361,95	113,70
Grandtotal net revenues	6.784.630,68	7.326.260,85	8.469.913,84	115,61
Grandtotal costs	3.805.876,47	4.596.940,00	5.279.583,53	114,85
PROFIT BEFORE TAXATION	2.978.754,21	2.729.320,85	3.190.330,31	116,89
Corporate income tax	473.153,15	524.575,47	619.885,29	118,17
NET PROFIT	2.505.601,05	2.204.745,38	2.570.445,02	116,59
EBITDA	3.468.239,08	3.233.805,11	3.677.294,06	113,71
EBIT	3.078.014,64	2.835.528,31	3.273.090,10	115,43

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.

	2023	2022	2023/2022
CAMPING TOTAL			
Operating revenue	7.485.683,10 €	6.656.058,48 €	12,46%
TRevPAR *	6.624,50 €	5.509,98 €	20,23%
Operating costs**	3.560.488,25 €	2.980.818,07 €	19,45%
GOP ***	3.925.194,85 €	3.675.240,41 €	6,80%
GOP per accommodation unit	3.473,62 €	3.042,42 €	14,17%
GOP margin ****	52,44%	55,22%	-5,04%
Capital investments	1.594.320,76 €	1.424.799,73 €	11,90%
CAMPSITE "PARK SOLINE"			
Operating revenue	6.741.340,71 €	5.969.915,31 €	12,92%
TRevPAR *	5.965,79 €	4.941,98 €	20,72%
Operating costs**	2.814.664,51 €	2.279.510,62 €	23,48%
GOP ***	3.926.676,20 €	3.690.404,69 €	6,40%
GOP per accommodation unit	3.474,93 €	3.054,97 €	13,75%
GOP margin ****	58,2%	61,8%	-5,77%
RESTAURANT "PARK SOLINE"			
Operating revenue	744.342,39 €	686.143,17 €	8,48%
Operating costs**	745.823,74 €	701.307,46 €	6,35%
GOP ***	-1.481,35 €	-15.164,29 €	-90,23%
GOP margin ****	-0,2%	-2,2%	-91,00%

The Company's camping sector, comprised of the "Park Soline" campsite and the "Park Soline" restaurant, generated a revenue of EUR 7.485.683,10 in 2023, which is a 12% increase compared to the previous year.

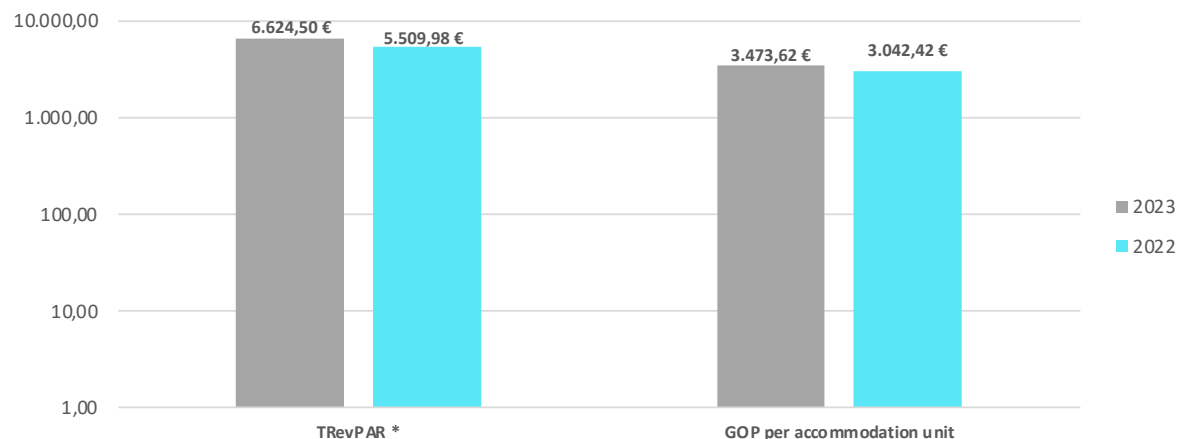
Revenue of the camping sector was realised in the following profit centres:

- "Park Soline" campsite – EUR 6,741,340.71
- "Park Soline" restaurant – EUR 744,342.39

There was primarily an increase in the revenue from individual guests (growth rate of 4%), from lump sum guests (growth rate of 26%), an increase in revenue from private mobile homes (growth rate of 11%), an increase in revenue from agency guests (growth rate of 9%), while at the same time, restaurant revenue increased by 8%, representing the best results of the Company's camping sector to date, especially in terms of revenue.

The gross operating profit (GOP) of the camping sector in the amount of EUR 3,925,194.85 is by far the best ever, i.e. it is 7% higher compared to 2022. Consequently, the gross operating profit growth was accompanied by a 6.80% increase in GOP per accommodation unit compared to the previous year. Furthermore, the gross operating margin for the entire camping sector it amounted to 52.44%, while for the "Park Soline" campsite it amounted to 58.2%

TrevPAR and GOP of the camping per camp unit in 2023 and 2022



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).

The operating costs of the entire campsite increased by 19% compared to 2022 due to an increase in the costs of consumables by 32%, costs of labour by 25%, lease costs by 16% and maintenance services by 29%, due to an increase in the cost of raw materials, energy, lease and municipal utility services as well as an increase of the costs of labour and greater campsite capacity occupancy.

In 2023, capital investments in the amount of EUR 1,594,320.76 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 2022 and 2023.

FINANCIAL OPERATIONSreporting system according to **USALI** standards

01/01/2023-31/12/2023

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

Items	Annual cumulative achievements in 2021	Annual cumulative achievements in 2022	Annual cumulative achievements in 2023	Index 2023/2022
TOTAL NET REVENUE (operating)	4.432.848,87	6.656.058,48	7.485.682,18	112,46
Total direct costs	154.065,96	208.307,59	192.915,87	92,61
Total salary and labor costs	401.361,11	583.411,15	747.517,09	128,13
Total other department costs	161.791,85	257.253,80	333.601,77	129,68
TOTAL CONTRIBUTION	3.715.629,95	5.607.085,94	6.211.647,45	110,78
Total costs to GOP	2.255.771,50	3.257.542,57	4.181.385,22	128,36
GOP	2.177.077,37	3.398.515,91	3.304.296,96	97,23
Grandtotal net revenues	4.616.108,02	6.673.741,75	7.572.470,28	113,47
Grandtotal costs	3.363.196,53	4.804.241,19	6.146.010,47	127,93
PROFIT BEFORE TAXATION	1.252.911,48	1.869.500,56	1.426.459,81	76,30
Corporate income tax	199.015,76	359.318,01	277.162,98	77,14
NET PROFIT	1.053.895,73	1.510.182,56	1.149.296,83	76,10
EBITDA	2.105.548,94	3.081.647,94	2.916.302,18	94,63
EBIT	1.376.763,49	1.994.985,11	1.628.894,46	81,65

7.1 FINANCIAL OPERATING RESULTS OF THE COMPANY BY SECTORS

7.1.4 CITY GALLERIA BUSINESS AND SHOPPING CENTER

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.

	2023	2022	2023/2022
Operating revenues	2.056.050,86 €	1.830.354,47 €	12,33%
Operating costs*	1.023.814,73 €	964.217,04 €	6,18%
GOP **	1.032.236,13 €	866.137,43 €	19,18%
GOP margin ***	50,20%	47,32%	6,09%
Capital investments	62.956,42 €	51.395,80 €	22,49%

The operating revenue of the City Galleria Business and Shopping Centre generated in 2023 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 EUR 2,031,305.08. Including other business revenue in the amount of EUR 24,745.78, the total business revenue of the centre amounted to a total of EUR 2,056,050.86, which compared to 2022, represented a growth realised at a rate of 12.33%.

The results operating costs of the City Galleria Business and Shopping Centre, which do not include depreciation, financial expenses and extraordinary costs, amounted to EUR 1,023,814.73 in 2023. The operating costs recorded a growth of 6.18% compared to 2022, when they amounted to EUR 964,217.04. This growth was recorded based on the increase of labour costs and other utility services and similar costs.

The gross operating profit for the reporting period equalled EUR 1,032,236.13 before the allocation of common service costs, which represents a 50.20% margin.

FINANCIAL OPERATIONSreporting system according to **USALI** standards

01/01/2023 - 31/12/2023

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

Items	Annual cumulative achievements in 2021	Annual cumulative achievements in 2022	Annual cumulative achievements in 2023	Index 2023/2022
TOTAL NET REVENUE (operating)	1.222.245,03	535.453,05	608.515,12	113,64
Total direct costs	0,00	0,00	0,00	#DIV/0!
Total salary and labor costs	279.212,75	328.944,94	389.602,28	118,44
Total other department costs	34.862,23	41.280,15	55.210,94	133,75
TOTAL CONTRIBUTION	908.170,05	165.227,95	163.701,90	99,08
Total costs to GOP	814.510,50	990.272,91	1.183.189,18	119,48
GOP	407.734,54	-454.819,86	-574.674,06	126,35
Grandtotal net revenues	1.772.143,35	1.833.891,13	2.078.447,55	113,34
Grandtotal costs	1.292.740,22	1.482.682,10	1.703.748,71	114,91
PROFIT BEFORE TAXATION	479.403,13	351.209,03	374.698,84	106,69
Corporate income tax	76.149,65	67.502,37	72.804,47	107,85
NET PROFIT	403.253,47	283.706,65	301.894,37	106,41
EBITDA	876.653,66	747.418,94	771.876,73	103,27
EBIT	614.602,22	477.650,43	496.564,96	103,96

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	12/2021	12/2022	12/2023	Index 2023/2022	Share (%) in the total operating revenue		
					12/2021	12/2022	12/2023
OPERATING REVENUE							
Revenue on the domestic market	14.357.598,22	19.079.353,30	22.502.324,33	118	80,45	80,40	80,23
Revenue on the foreign market	2.699.398,25	4.477.288,33	5.345.938,25	119	15,12	18,87	19,06
Revenue from grants, donations, compensations, premiums	47.745,46	53.607,41	60.614,23	113	0,27	0,23	0,22
Revenue from use of own products	2.671,34	2.882,47	4.454,86	155	0,01	0,01	0,02
Revenue from leases	0,00	0,00	0,00	#DIV/0!	0,00	0,00	0,00
Exchange office – ticket sales commission fee	19.803,56	26.959,73	324,66	1	0,11	0,11	0,00
Other operating revenue	720.119,15	91.248,91	134.152,34	147	4,03	0,38	0,48
TOTAL OPERATING REVENUE	17.847.335,99	23.731.340,15	28.047.808,67	118	100,00	100,00	100,00
OPERATING EXPENSES							
Raw materials and materials consumed	1.483.333,77	2.298.495,26	2.674.513,42	116	8,31	9,69	9,54
Energy and fuel costs	707.977,59	1.071.014,35	1.134.308,41	106	3,97	4,51	4,04
Costs of small inventory write-downs	81.483,03	281.261,70	237.527,38	84	0,46	1,19	0,85
COSTS OF RAW MATERIALS, MATERIALS AND ENERGY	2.272.794,39	3.650.771,30	4.046.349,21	111	12,73	15,38	14,43
Transportation, telephone and mail services	170.520,73	205.715,67	255.161,09	124	0,96	0,87	0,91
Maintenance services	755.314,25	996.357,02	999.725,37	100	4,23	4,20	3,56
Costs of fairs	5,31	4.592,20	21.608,39	471	0,00	0,02	0,08
Lease costs	522.086,27	692.787,74	936.327,23	135	2,93	2,92	3,34
Advertising and promotion costs	288.873,10	458.540,57	684.547,61	149	1,62	1,93	2,44
Costs of public announcement systems and lighting	0,00	21.202,67	0,00	0	0,00	0,09	0,00
Utilities and other services	716.739,09	928.448,06	1.124.101,10	121	4,02	3,91	4,01
Reservations	0,00	0,00	0,00	#DIV/0!	0,00	0,00	0,00
OUTSOURCING COSTS	2.453.538,75	3.307.643,93	4.021.470,79	122	13,75	13,94	14,34
Reimbursement of employees' expenses	447.664,98	829.421,34	1.194.049,97	144	2,51	3,50	4,26
Nonproduction services	780.884,88	1.283.611,91	1.632.354,16	127	4,38	5,41	5,82
Entertainment expenses	98.224,19	145.181,74	165.967,57	114	0,55	0,61	0,59
Insurance premiums	116.177,11	143.139,52	146.573,01	102	0,65	0,60	0,52
Other expenses	241.634,80	210.880,51	604.140,42	286	1,35	0,89	2,15
Taxes not dependent on income	91.953,38	156.037,67	157.142,41	101	0,52	0,66	0,56
Contributions to associations	221.127,60	270.586,39	304.797,17	113	1,24	1,14	1,09
Banking services	30.062,22	60.095,14	67.946,34	113	0,17	0,25	0,24
Costs of other employee rights	24.671,84	19.152,43	29.394,87	153	0,14	0,08	0,10
Other costs	134.761,13	105.506,39	227.537,98	216	0,76	0,44	0,81
OTHER COSTS TOTAL	2.187.162,13	3.223.613,05	4.529.903,90	141	12,25	13,58	16,15
Gross salaries	3.865.455,02	5.420.703,72	6.772.009,32	125	21,66	22,84	24,14
Contributions for gross salaries	640.696,90	897.829,53	1.121.190,29	125	3,59	3,78	4,00
TOTAL COST OF SALARIES	4.506.151,93	6.318.533,25	7.893.199,61	125	25,25	26,63	28,14
TOTAL COSTS	11.419.647,19	16.500.561,53	20.490.923,51	124	63,99	69,53	73,06
OPERATING PROFIT	6.427.688,79	7.230.778,62	7.556.885,16				

7 FINANCIAL RESULTS OF THE COMPANY

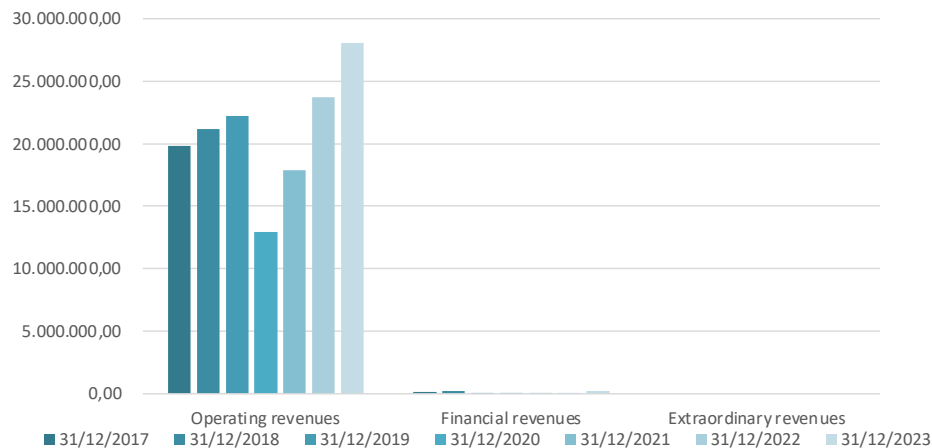
7.2 FINANCIAL RESULTS AT COMPANY LEVEL

7.2.1 FINANCIAL PERFORMANCE OF THE COMPANY

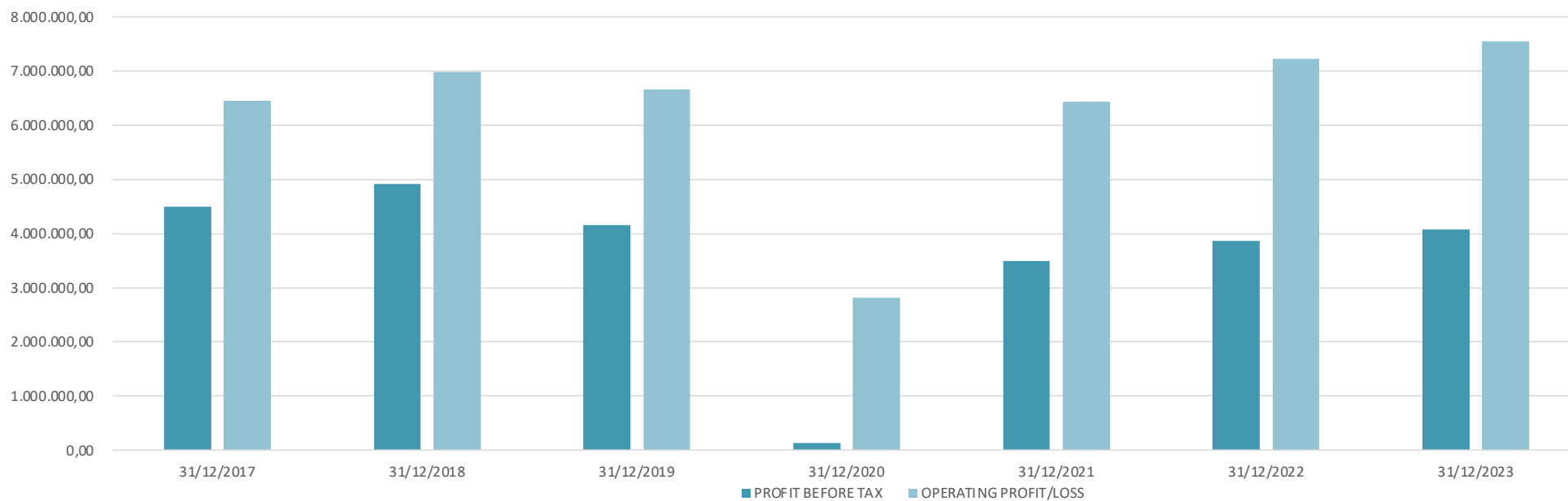
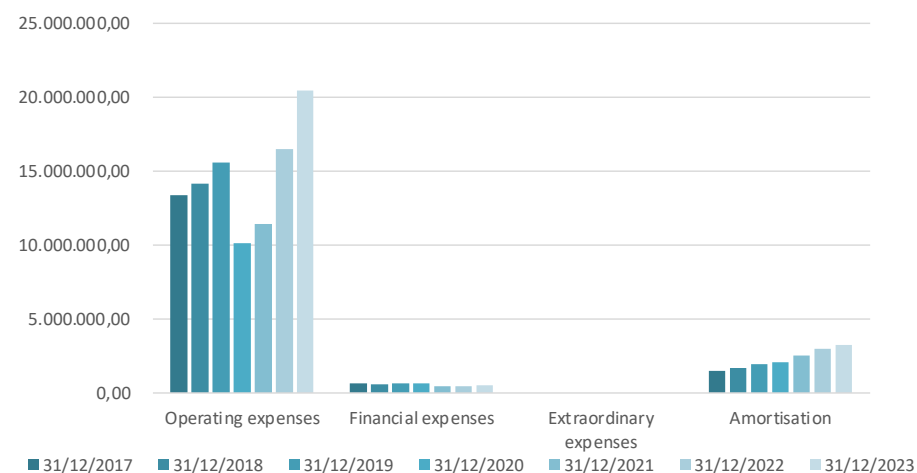
Overview of the financial operating results for 2023 and comparison with the period 2017 - 2022

DESCRIPTION	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	Index 2023/2022
Operating revenues	19.844.123,06	21.167.975,99	22.259.196,94	12.959.129,14	17.847.335,99	23.731.340,15	28.047.808,67	118,19
Financial revenues	127.564,16	206.883,66	11.366,05	12.901,37	47.829,98	47.144,05	238.931,40	506,81
Extraordinary revenues	0,00	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
TOTAL REVENUES	19.971.687,23	21.374.859,65	22.270.562,99	12.972.030,50	17.895.165,96	23.778.484,20	28.286.740,07	118,96
Operating expenses	13.388.998,12	14.179.126,14	15.593.244,76	10.145.711,43	11.419.647,19	16.500.561,53	20.490.923,51	124,18
Financial expenses	605.824,63	581.881,95	610.114,35	610.441,01	446.235,49	454.825,48	486.113,85	106,88
Extraordinary expenses	0,00	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	1.479.447,99	1.698.440,16	1.908.478,86	2.080.251,35	2.530.778,27	2.963.899,80	3.239.285,13	109,29
TOTAL EXPENSES	15.474.270,74	16.459.448,25	18.111.837,97	12.836.403,78	14.396.660,95	19.919.286,81	24.216.322,49	121,57
EARNINGS BEFORE TAXES	4.497.416,49	4.915.411,40	4.158.725,02	135.626,72	3.498.505,01	3.859.197,39	4.070.417,58	105,47
PROFIT/LOSS	3.683.772,56	4.915.411,40	4.158.725,02	135.626,72	2.942.793,29	3.117.753,76	3.279.530,22	105,19
OPERATING PROFIT/LOSS	6.455.124,95	6.988.849,85	6.665.952,18	2.813.417,71	6.427.688,79	7.230.778,62	7.556.885,16	104,51
EBITDA	6.582.689,11	7.195.733,52	6.677.318,23	2.826.319,08	6.475.518,77	7.277.922,67	7.795.816,56	107,12

REVENUES 2017 - 2023



EXPENSES 2017 - 2023



1

The total revenue amounted to EUR 28,286,740.07, increasing by EUR 4,508,255.87, or 18.96% compared to EUR 23,778,484.20 in 2022, as a result of an increase in operating revenue at the level of all Company sectors.

Operating revenue in the amount of EUR 28,047,808.67 grew by 18.19%, or EUR 4,316,468.52 compared to the previous year, generated by the growth in sales revenue across all Company sectors, especially in tourism due to increased tourist demand.

Revenue from sales amounted to EUR 27,848,262.58, representing an increase of 18.22% compared to 2022, when it amounted to EUR 23,556,641.63, due to a strong 19% increase in the foreign market and 18% increase in the domestic market in the tourism sectors of the Company. Revenue from sales represented 99.29% of operating revenue and 98.45% of total revenue.

2

In the reporting period, total expenses amounted to EUR 24,216,322.49 and, compared to 2022, they showed a 21.57% increase due to an increase in operating expenses by 24.18%, depreciation by 9.29% and financial expenses by 6.88%.

Operating expenses amounted to EUR 20,490,923.51 and were 24.18%, EUR 3,990,361.98 higher compared to 2022, when they amounted to EUR 16,500,561.53, which is a consequence of the growth of all operating expense items, that is the other expenses item by 41%, the cost of gross salary by 25%, the costs of external services by 22% and the costs of raw materials, other materials and energy by 11%.

The growth of operating expenses in absolute terms is for the most part a consequence of the growth of the cost of gross salary as a result of the Company's decisions in the area of human resources management, which was undertaken with a view to continuously improve the material rights of employees and other labour rights. Simultaneously accompanied by the timely provision of employees in 2023, i.e. their earlier employment and the growth of their number due to the growth in the volume of business activities. Furthermore, the growth of operating expenses was significantly influenced by the growth in the cost of raw materials, especially food and beverages, which were under strong inflationary pressures, then by the rise in the prices of municipal utility fees and other municipal utility services, marketing activities and advertising, leasing on various bases, and agency commissions and bank card commissions, which ultimately resulted in a strong growth in operating expenses.

3

The Company realised an operating profit in the amount of EUR 7,556,885.16 and increased by EUR 326,106.54, or 4.51% compared 2022, when it amounted to EUR 7,230,778.62.

The Company's profit before tax in the reporting period amounted to EUR 4,070,417.58, increasing by EUR 211,220.19, or 5.47% compared to the previous business year, when it amounted to EUR 3,859,197.39.

Net profit amounted to EUR 3,279,530.22, representing an increase of 5.19%, or EUR 161,776.46 compared to the previous year when it was generated in the amount of EUR 3,117,753.76.

EBITDA, or earnings before depreciation/amortisation, interest and taxes amounted to EUR 7,795,816.56 and showed an increase of 7.12%, or EUR 517,893.89 compared to the previous business year when it was realised in the amount of EUR 7,277,922.67.

Adjusted EBITDA amounts to EUR 8,248,456.98 and is higher by 12.30% compared to the previous year when it amounted to EUR 7,344,798.93, which is the result of total revenue growth by 18.96% and growth in other extraordinary one-time expenses, mainly in relation to the Company's targeted decision on the allocation of own shares to the Company's employees for the achieved business results during the previous period.

EBIT, i.e. earnings before financing expenses was realised in the amount of EUR 4,556,531.43, recording an increase of 5.62 %, or EUR 242,508.56 compared to the previous year, when it amounted to EUR 4,314,022.87.

Adjusted EBIT amounts to EUR 5,009,171.85 and is higher by 14.34% compared to the previous year when it amounted to EUR 4,380,899.13, which is the result of total revenue growth by 18.96% and growth in other extraordinary one-time expenses, mainly in relation to the Company's targeted decision on the allocation of own shares to the Company's employees for the achieved business results during the previous period.

In 2023, growth across all key operating profitability indicators was generated, i.e. in the fields of operating profit, profit, net profit, EBITDA and EBIT compared to the previous year. The growth in operating profitability is the result of strong revenue growth across all Company sectors, especially in the hotel, nautical and camping sectors, followed by revenue growth in other sectors as well. The business year was subject to strong inflationary pressures, which only began to subside in the last quarter of the year, and were largely the reason behind the general increase in prices and costs, as well as the disturbed state of the labour market, i.e. the deficit of qualified and professional labour, which significantly affected labour costs. As a result, taking into account all circumstances on the market, the Company considers the achievements in the field of operating profitability a success.



REVENUES BY ACTIVITIES:

Hotel sector revenue was generated in the amount of EUR 9,021,921.78, which represents a 29% growth compared to 2022, when the revenue was generated in the amount of EUR 6,978,065.58. This growth is the result of the growth in business activities not only in peak season, but also post-season and pre-season, with significant strengthening of the individual sales segment.

The revenue of the nautical sector amounted to EUR 8,383,126.66, representing a 15% increase at sector level compared to the previous year, when it amounted to EUR 7,301,504.27 as a result of growth of business activity across all of its segments, i.e. vessel accommodation at Marina Kornati, whose revenue grew by 14%, while the nautical fair revenue grew by 30% and the hospitality revenue by 10%.

Camping sector revenue amounted to EUR 7,485,683.10, constituting an increase of 12% compared to the previous year, when it amounted to EUR 6,656,058.48, and was generated by the growth of revenue in the accommodation segment of the "Park Soline" campsite by 13% and hospitality, i.e. the "Park Soline" restaurant by 8%.

The revenue of the real estate sector, i.e. the City Galleria Business and Shopping Centre revenue, amounted to EUR 2,056,050.86, constituting a 12% increase compared to the previous business year with its revenue of EUR 1,830,354.47, which is the result of revenue growth in all key operating items.

Revenue of other sectors, i.e. the destination management company Ilirija Travel, and other profit centres of the Company, was generated in the amount of EUR 1,101,026.27, which is an increase by 14% compared to the previous year, and this growth was achieved due to the growth of destination management company revenue by 13% as a result of the organisation of higher-value events.

GRAND TOTAL: Operating revenue per activity amounted to EUR 28,047,808.67, and has increased by 18% compared to the same period of 2022.

Financial report of the Company as at 31/12/2023 and a comparison with 2021 and 2022

REVENUES	2021	2022	INDEX 2022/2021	2023	INDEX 2023/2022
Revenue on the domestic market	14.405.343,69	19.132.960,71	133	22.562.938,56	118
Revenues on foreign market	2.699.398,25	4.477.288,33	166	5.345.938,25	119
Other operating revenues	742.594,05	121.091,11	16	138.931,86	115
OPERATING REVENUES	17.847.335,99	23.731.340,15	133	28.047.808,67	118
FINANCIAL REVENUES	47.829,98	47.144,05	99	238.931,40	507
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL REVENUES	17.895.165,96	23.778.484,20	133	28.286.740,07	119
EXPENSES					
Raw material and material costs	2.272.794,39	3.650.771,30	161	4.046.349,21	111
Costs of services	2.453.538,75	3.307.643,93	135	4.021.470,79	122
Gross pays	4.506.151,93	6.318.533,25	140	7.893.199,61	125
Other expenses	2.187.162,13	3.223.613,05	147	4.529.903,90	141
TOTAL EXPENSES	11.419.647,19	16.500.561,53	144	20.490.923,51	124
AMORTISATION	2.530.778,27	2.963.899,80	117	3.239.285,13	109
FINANCIAL EXPENSES	446.235,49	454.825,48	102	486.113,85	107
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL EXPENSES	14.396.660,95	19.919.286,81	138	24.216.322,49	122
EARNINGS BEFORE TAXES	3.498.505,01	3.859.197,39	110	4.070.417,58	105
PROFIT/LOSS	2.942.793,29	3.117.753,76	106	3.279.530,22	105
OPERATING PROFIT/LOSS	6.427.688,79	7.230.778,62	112	7.556.885,16	105
EBITDA	6.475.518,77	7.277.922,67	112	7.795.816,56	107

FINANCIAL OPERATIONSreporting system according to **USALI** standards

01/01/2023-31/12/2023

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

Items	Annual cumulative achievements in 2021	Annual cumulative achievements in 2022	Annual cumulative achievements in 2023	Index 2023/2022
TOTAL NET REVENUE (operating)	16.635.344,03	22.395.858,89	26.534.593,86	118,48
Total direct costs	968.753,88	1.500.697,46	1.747.002,66	116,41
Total salary and labor costs	2.915.854,79	4.319.332,16	5.340.398,02	123,64
Total other department costs	731.051,82	1.390.073,23	1.637.228,53	117,78
TOTAL CONTRIBUTION	12.019.683,53	15.185.756,03	17.809.964,65	117,28
Total costs to GOP	10.179.013,72	14.878.592,68	18.343.804,34	123,29
GOP	6.456.330,30	7.517.266,21	8.190.789,52	108,96
Grandtotal net revenues	17.895.165,96	23.778.484,20	28.286.740,07	118,96
Grandtotal costs	14.396.660,95	19.919.286,81	24.216.322,49	121,57
PROFIT BEFORE TAXATION	3.498.505,01	3.859.197,39	4.070.417,58	105,47
Corporate income tax	555.711,74	741.443,62	790.887,36	106,67
NET PROFIT	2.942.793,29	3.117.753,76	3.279.530,22	105,19
EBITDA	6.475.518,77	7.277.922,67	7.795.816,56	107,12
EBIT	3.944.740,50	4.314.022,87	4.556.531,43	105,62

STATEMENT OF PROFIT OR LOSS			
for the period 01/01 to 31/12/2023			
			in EUR
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (ADP 002 to 006)	001	23.731.340	28.047.809
1 Income from sales with undertakings within the group	002	10.003	2.040
2 Income from sales (outside group)	003	23.546.638	27.846.223
3 Income from the use of own products, goods and services	004	2.883	4.455
4 Other operating income with undertakings within the group	005	0	0
5 Other operating income (outside the group)	006	171.816	195.091
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	19.464.461	23.730.209
1 Changes in inventories of work in progress and finished goods	008	0	0
2 Material costs (ADP 010 to 011)	009	6.958.415	8.067.820
a) Costs of raw material	010	3.650.771	4.046.349
b) Costs of goods sold	011	0	0
c) Other external costs	012	3.307.644	4.021.471
3 Staff costs (ADP 014 to 016)	013	6.318.533	7.893.200
a) Net salaries and wages	014	3.838.370	4.717.933
b) Tax and contributions from salaries expenses	015	1.582.333	2.054.077
c) Contributions on salaries	016	897.830	1.121.190
4 Depreciation	017	2.963.900	3.239.285
5 Other expenses	018	3.080.407	3.979.260
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	143.206	550.644
III FINANCIAL INCOME (ADP 031 to 040)	030	47.144	238.931
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	3	238.812
8 Exchange rate differences and other financial income	038	47.141	119
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	454.826	486.114
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	414.670	478.251
4 Exchange rate differences and other expenses	045	36.171	1.286
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	3.985	6.577
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	23.778.484	28.286.740
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	19.919.287	24.216.323
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	3.859.197	4.070.417
1 Pre-tax profit (ADP 053-054)	056	3.859.197	4.070.417
2 Pre-tax loss (ADP 054-053)	057	0	0
XII INCOME TAX	058	741.443	790.887
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	3.117.754	3.279.530
1 Profit for the period (ADP 055-059)	060	3.117.754	3.279.530
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	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	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	078	3.117.754	3.279.530
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	0	0

8 Other items that may be reclassified to profit or loss	095	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0
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	3.117.754	3.279.530
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 31/12/2023			in EUR
Submitter: ILIRIJA d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	58.440.502	58.488.275
I INTANGIBLE ASSETS (ADP 004 to 009)	003	43.953	31.919
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	43.953	31.919
II TANGIBLE ASSETS (ADP 011 to 019)	010	58.391.632	58.451.439
1 Land	011	5.894.095	5.894.095
2 Buildings	012	33.247.269	33.339.733
3 Plant and equipment	013	8.731.545	8.981.620
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	184.305	42.547
7 Tangible assets in preparation	017	159.339	205.783
8 Other tangible assets	018	0	0
9 Investment property	019	10.175.079	9.987.661
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	4.917	4.917
1 Investments in holdings (shares) of undertakings within the group	021	4.917	4.917
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating 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	11.674.390	13.071.915
I INVENTORIES (ADP 039 to 045)	038	189.773	203.498
1 Raw materials	039	189.773	203.498
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	712.054	843.000
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	260.731	530.351
4 Receivables from employees and members of the undertaking	050	20.563	20.399
5 Receivables from government and other institutions	051	253.290	39.082
6 Other receivables	052	177.470	253.168
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	10.671.584	12.000.000
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	10.671.584	12.000.000
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	100.979	25.417
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065	70.114.892	71.560.190
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	51.066.317	53.114.266
I. INITIAL (SUBSCRIBED) CAPITAL	068	30.412.964	30.420.000
II CAPITAL RESERVES	069	389.195	389.195
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	4.890.631	4.975.723
1 Legal reserves	071	3.195.698	3.195.698
2 Reserves for treasury shares	072	925.837	925.837
3 Treasury shares and holdings (deductible item)	073	-229.335	-137.207
4 Statutory reserves	074	0	0
5 Other reserves	075	998.431	991.395
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	12.255.773	14.049.818
1 Retained profit	084	12.255.773	14.049.818
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	3.117.754	3.279.530
1 Profit for the business year	087	3.117.754	3.279.530
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	13.525.546	12.011.845
1 Liabilities towards undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	099	0	0
3 Liabilities towards companies linked by virtue of participating interest	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities towards banks and other financial institutions	103	13.525.546	12.011.845
7 Liabilities for advance payments	104	0	0
8 Liabilities towards suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	0	0
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	5.264.754	6.028.447
1 Liabilities towards undertakings within the group	110	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	111	0	0
3 Liabilities towards companies linked by virtue of participating interest	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities towards banks and other financial institutions	115	2.831.638	3.183.524
7 Liabilities for advance payments	116	11.285	11.293
8 Liabilities towards suppliers	117	1.308.143	1.798.103
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	329.401	365.138
11 Taxes, contributions and similar liabilities	120	630.180	516.281
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	154.107	154.108
E) ACCRUALS AND DEFERRED INCOME	124	258.275	405.632
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	70.114.892	71.560.190
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 31/12/2023

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

1 VALUE OF ASSETS

The value of the Company assets amounted to EUR 71,560,190.12, recording an increase of EUR 1,445,297.94, or 2.06%, as compared 2022, when it amounted to EUR 70,114,892.18 due to an increase in current assets.

The value of the Company assets increased from EUR 39,558,890.04 as at 31 December 2013 by EUR 32,001,300.08, or by 80.90%.

2 TOTAL LIABILITIES

Non-current liabilities amounted to EUR 18,445,923.49, recording a decrease of EUR 602,652.57, or 3.16% compared to 2022, when they amounted to EUR 19,048,576.06 due to a decrease in long-term liabilities.

Total liabilities of the Company as at 31 December 2023 were EUR 1,033,346.31, or 5.93% higher compared to total liabilities of the Company as at 31 December 2013, when they amounted to EUR 17,412,577.18.

3 CAPITAL AND RESERVES

As at 31 December 2023, the capital and reserves amounted to EUR 53,114,266.63, which is a EUR 2,047,950.51, or 4.01% increase compared to 2022, when they amounted to EUR 51,066,316.12. This increase is due to the generated profit from business activities and profit from previous years.

Comparing equity and reserves of the Company as at 31 December 2023, they increased by EUR 30,967,953.77, or 139.83% compared to 2013 when they amounted to EUR 22,146,312.86.

4 NET DEBT

Net debt as at 31 December 2023 amounted to EUR 3,195,369.06, constituting a decrease of 42.69%, or EUR 2,380,006.83, compared to the previous year, when it amounted to EUR 5,575,375.89, making it the lowest thus far.

This is also a 78.46%, or EUR 11,637,268.02, decrease compared to 2013, when the net debt amounted to EUR 14,832,637.08.

5 TOTAL REVENUE

Company's total revenue amounted to EUR 28,286,740.07, increasing by EUR 4,508,255.87, or 18.96% compared to EUR 23,778,484.20 in 2022, as a result of an increase in the revenue from sales at the level of all Company sectors.

Total revenue compared to the same period of 2013 when it amounted to EUR 15,571,093.86 increased by EUR 12,715,646.21, or 81.66%.

6 OPERATING PROFIT

Operating profit of the Company was generated in the amount of EUR 7,556,885.16, which is a EUR 326,106.54 increase, or a 4.51% increase compared to 2022, when it amounted to EUR 7,230,778.62, as a result of significant growth in business activities across all sectors, and simultaneous growth in operating profitability.

Comparing the operating profit generated in 2023 and the one from 2013, when it amounted to EUR 4,732,486.40, a 59.68%, or EUR 2,824,398.76 increase can be seen.

7 EBITDA

EBITDA was realised in the amount of EUR 7,795,816.56, decreasing by 7.12%, or EUR 517,893.89 compared to EUR 7,277,922.67 in 2022.

EBITDA in the reporting period increased by EUR 3,436,177.67, or 78.82% compared to 2013, when it amounted to EUR 4,359,638.89.

8 PROFIT BEFORE TAX

The Company's profit in the reporting period amounted to EUR 4,070,417.58, increasing by EUR 211,220.19, or 5.47% compared to the same period of the previous business year, when it amounted to EUR 3,859,197.39.

Profit before tax realised in 2023, compared to the profit realised in 2013 that amounted to EUR 2,671,601.82, increased by EUR 1,398,815.76, or 52.36%.

9 NET PROFIT

Net profit in 2023 amounted to EUR 3,279,530.22 and was EUR 161,776.46 higher compared to the net profit generated in 2022, when it amounted to EUR 3,117,753.76, which is the result of the growth in business activities across all sectors of the Company.

Net profit realised in 2023, compared to the profit realised in 2013, that amounted to EUR 2,429,135.30, increased by EUR 850,394.92, or 35.01%.

10 DISTRIBUTED DIVIDEND

A dividend in the amount of EUR 1,323,708.10 was paid to shareholders, an increase of EUR 206,203.59 (18.45%) compared to that paid in 2022, when it amounted to EUR 1,117,498,51.

The Company allocated 166.61%, or EUR 827,219.95, more for dividend distribution in 2023 compared to the dividend paid to shareholders in 2013, when it amounted to EUR 496,488.15.

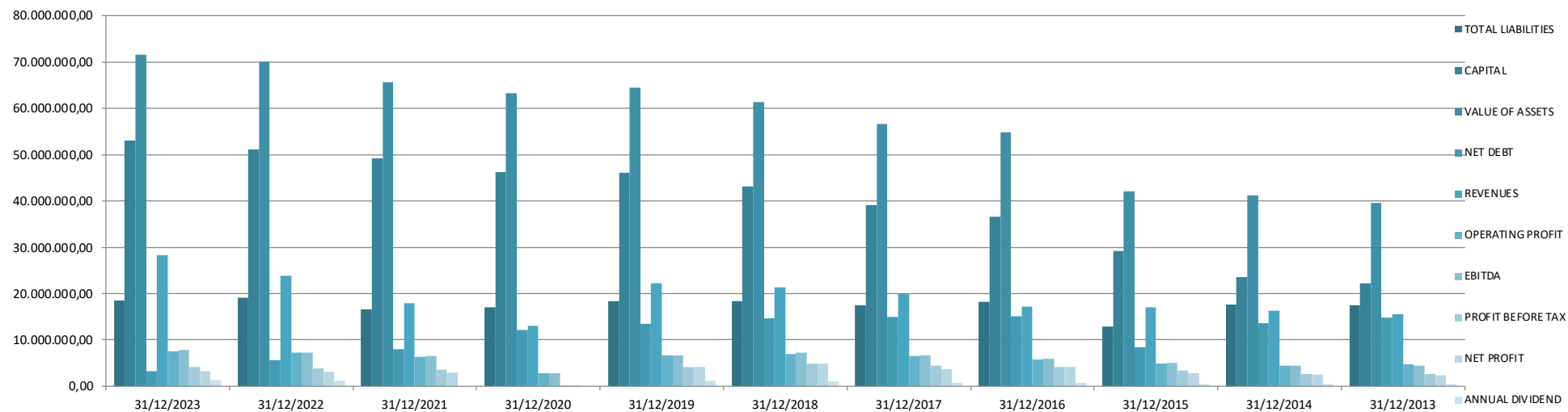
In the period from 2013 until 31/12/2023, the shareholders were paid a total of EUR 7,460,154.11 for dividends.

CUMULATIVE COMPARATIVE OVERVIEW

of fundamental indicators on the position of assets, capital, liabilities and operating results of the Company as at 31/12/2023
and also for the period from 2013 to 2022

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
31/12/2023	18.445.923,49	53.114.266,63	71.560.190,12	3.195.369,06	28.286.740,07	7.556.885,16	7.795.816,56	4.070.417,58	3.279.530,22	1.323.708,10
31/12/2022	19.048.576,06	51.066.316,12	70.114.892,18	5.575.375,89	23.778.484,20	7.230.778,62	7.277.922,67	3.859.197,39	3.117.753,76	1.117.498,51
31/12/2021	16.544.966,56	49.139.955,35	65.684.921,91	7.934.616,50	17.895.165,96	6.427.688,79	6.475.518,77	3.498.505,01	2.942.793,29	0,00
31/12/2020	17.067.825,35	46.197.162,06	63.264.987,41	12.150.023,98	12.972.030,50	2.813.417,71	2.826.319,08	135.626,72	135.626,72	0,00
31/12/2019	18.381.407,73	46.026.063,36	64.407.471,09	13.447.107,96	22.270.562,99	6.665.952,18	6.677.318,23	4.158.725,02	4.158.725,02	1.117.255,56
31/12/2018	18.317.937,20	43.052.015,80	61.369.953,01	14.714.843,61	21.374.859,65	6.988.849,85	7.195.733,52	4.915.411,40	4.915.411,40	958.423,25
31/12/2017	17.498.318,16	39.049.198,30	56.547.516,46	14.887.261,26	19.971.687,23	6.455.124,95	6.582.689,11	4.497.416,49	3.683.772,56	798.532,09
31/12/2016	18.249.686,18	36.589.542,50	54.839.228,69	15.164.970,71	17.123.764,99	5.786.616,54	5.976.127,08	4.146.366,29	4.071.411,04	655.272,15
31/12/2015	12.835.159,60	29.245.909,73	42.081.069,34	8.397.336,65	17.007.961,86	4.948.296,21	5.012.569,79	3.385.830,45	2.857.969,41	496.488,15
31/12/2014	17.659.249,67	23.605.908,24	41.265.157,91	13.575.242,08	16.308.149,46	4.373.925,04	4.407.875,41	2.705.569,73	2.454.469,98	496.488,15
31/12/2013	17.412.577,18	22.146.312,86	39.558.890,04	14.832.637,08	15.571.093,86	4.732.486,40	4.359.638,89	2.671.601,82	2.429.135,30	496.488,15

A graph of basic performance, as well as Company asset, capital and liability indicators as at 31/12/2023, and for the period 2013-2022



Key financial performance indicators in 2023 and a comparison with 2022

In the 2023 business year, the Company achieved the best operating results so far, including in the field of generated financial indicators, with which it continuously ensures further stability, resilience and sustainability of its operations, which the Company considers successful considering the disturbed macroeconomic environment.

Indicator	2022	2023	Index 2023/2022	
Financial stability, liquidity and indebtedness				
Self-financing rate	72,83%	74,22%	1,019	Share of equity capital in total fund sources (i.e. in total liabilities & stockholders' equity).
The degree of indebtedness	27,17%	25,78%	0,949	Share of debt in total fund sources (i.e. in total liabilities & stockholders' equity).
Financial stability coefficient	0,90	0,90	0,993	Fixed assets to long-term sources ratio (shareholders' capital and reserves increased by long-term liabilities).
Accelerated liquidity coefficient	2,08	2,00	0,962	Ratio of current assets reduced by the stocks and short-term liabilities.
Current liquidity coefficient	2,11	2,03	0,961	Current assets to short-term liabilities ratio.
Activity indicators				
Ratio of total assets turnover	0,34	0,40	1,166	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	2,04	2,16	1,062	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	1,19	1,17	0,979	Total revenue and total expenses ratio.
Profitability	13,11%	11,59%	0,884	Net profit/loss and total revenue ratio.
Return on assets	4,45%	4,58%	1,031	Annual rate of return on invested assets indicates the profit/loss and total asset ratio.
Share of EBITDA in total revenue	30,61%	27,56%	0,900	Earnings before interests, taxes, depreciation and amortization to total revenue ratio.
Share of EBIT in total revenue	18,14%	16,11%	0,888	Earnings before interests and taxes to total revenue ratio.

Composition of resources and sources of financing in the balance sheet as at 31 December 2023
and share of operating revenue in sources of financing as at 31 December 2023

Indicator	Year 2022	Year 2023	Index 2023/2022
Share of fixed assets in the assets	83,35	81,74	98,07
Share of current assets in the assets	16,65	18,27	109,73
Share of capital in reserves and in liabilities	72,84	74,23	101,91
Share of long-term commitments in the liabilities	19,29	16,79	87,04
Share of short-term commitments in the liabilities	7,88	9,00	114,21
Share of operating revenue in equity and reserves	46,48	52,81	113,62
Share of operating revenue in long-term commitments	175,46	233,51	133,08
Share of operating revenue in total commitments	124,59	152,06	122,05
Share of operating revenue in liabilities	33,85	39,20	115,81

Long-term loan liabilities as at 31/12/2023

	31/12/2023	31/12/2022	Index 2023/2022
I LONG - TERM LIABILITIES (1+2+3+4)	9.750.643,11 EUR	11.261.094,10 EUR	86,59
1. of ERSTE & STEIERMAERKISCHE BANK d.d. Agreement: 511766121 (5.743.106,66 EUR)	3.995.204,70 EUR	4.494.605,26 EUR	88,89
2.Long term loan of ERSTE & STEIERMAERKISCHE BANK d.d. From HBOR-a Agreement:5114305381 (1.483.554,08 EUR)	1.063.680,23 EUR	1.175.646,59 EUR	90,48
3.Long term loan of ERSTE & STEIERMAERKISCHE BANK d.d. Agreement: 517663485 (4.733.333,46 EUR)	3.300.000,27 EUR	3.700.000,22 EUR	89,19
4.Long term loan of ERSTE & STEIERMAERKISCHE BANK d.d. Agreement: 5117936292 (600.000,00 EUR)	0,00 EUR	99.999,90 EUR	0,00
5.Long term loan of ERSTE & STEIERMAERKISCHE BANK d.d. Agreement: 5118899818 (2.000.000,00 EUR)	1.391.757,91 EUR	1.790.842,13 EUR	77,72
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	2.261.201,86 EUR	2.264.451,54 EUR	99,86
TOTAL LONG-TERM LIABILITEITS	12.011.844,97 EUR	13.525.545,64 EUR	88,81

OPERATING AND OTHER COSTS

Operating costs for 2023 amounted to EUR 20,490,923.51, representing an increase of 24% compared to the previous business year. On the one hand, the increase in operating costs was the result of a significant increase in the volume of business activities across all sectors, and on the other hand, it was also the result of further growth in operating costs due to the general rise in prices and labour shortages on the labour market, i.e. an 11% increase in the cost of raw materials, other materials and energy, a 22% increase in the cost of external service, a 25% increase in gross salary costs and a 41% increase in other costs.

FINANCIAL EXPENSES

Financial expenses in 2023 amounted to EUR 486,113.85, constituting an increase of EUR 31,288.37, or 7% compared to 2022.

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 secured a sufficient amount of liquid assets to settle its liabilities, having in mind the complex business circumstances due to a disrupted macroeconomic environment and strong inflation pressures.

In July 2023, the Company concluded a Short-Term Limit Agreement with the commercial bank Erste&Steiermärkische Bank d.d. for the amount of EUR 2,000,000.00, which will secure a short-term credit limit for the duration of 2023 and the first half of 2024 for the purpose of maintaining current liquidity.

EARNINGS PER SHARE

Earnings per share for the reporting period amounted to EUR 1.37.

COLLECTION OF FUTURE REVENUE

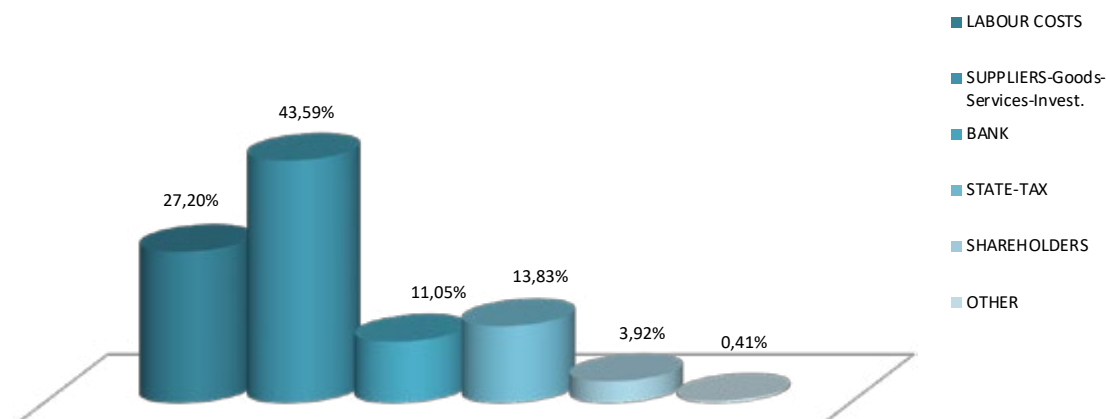
With regard to the active collection of trade receivables, the Company will seek to collect them in the most appropriate manner and within the most appropriate deadlines, taking into account the aggravated circumstances of collection and implementation of the measures of payment in instalments where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

7.2 FINANCIAL RESULTS AT COMPANY LEVEL:

7.2.3 COMPANY CASH FLOW

Cash flow for the period 01/01-31/12/2023

OUTFLOW OF FUNDS



INFLOW OF FUNDS (EUR)	12/2022	12/2023	Structure
OPERATING ACTIVITIES	28.020.600,69	33.333.585,80	96,64%
BANK	2.290.842,13	800.000,00	2,32%
OTHER	144.205,87	357.527,32	1,04%
TOTAL	30.455.648,69	34.491.113,12	100,00%

OUTFLOW OF FUNDS (EUR)	12/2022	12/2023	Structure
LABOUR COSTS	7.146.454,81	9.144.863,74	27,20%
SUPPLIERS-Goods-Services-Invest.	11.768.095,72	14.656.452,26	43,59%
BANK	2.422.444,22	3.714.766,76	11,05%
STATE-TAX	4.162.552,28	4.651.790,82	13,83%
SHAREHOLDERS	1.110.979,46	1.319.600,51	3,92%
OTHER	175.159,35	138.267,54	0,41%
TOTAL	26.785.685,83	33.625.741,63	100,00%

8 ADDITIONAL INFORMATION

8.1 SIGNIFICANT EVENTS

At its session held on 24 February 2024, the Management Board of the Company adopted the Company's Q4 2022 financial statements (unaudited, unconsolidated), the Annual Report and the 2022 annual financial statements (audited, unconsolidated). Also, at the session of the Supervisory Board held on the same day, the Company's Annual Report, 2022 annual financial statements (audited, unconsolidated) were adopted and draft decisions were established, which were sent to the General Assembly for adoption.

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

Moreover, the Decision on the Adjustment of the Share Capital of the Company was adopted by increasing the share capital from the Company's assets and amending the Articles of Association of the Company for the purpose of aligning the share capital with the Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia and the Companies Act. Consequently, the share capital was increased from EUR 30,412,964.36 by EUR 7,035.64 to EUR 30,420,000.00. The share capital was increased from the Company's assets by converting other reserves in the amount of EUR 7,035.64, into the share capital of the Company without issuing new shares in proportion to the increase in the share of all issued shares in the share capital of the Company.

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

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

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, 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 transformation 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. In the repeated court proceedings, the Commercial Court in Zadar issued a first instance ruling on 24 May 2023 in favour of Ilirija d.d., which stipulated the Company as the owner of the Tennis center Ilirija in its entirety. Against the said first instance ruling, the Town of Biograd na Moru filed an appeal, which was rejected by the ruling of the High Commercial Court of the Republic of Croatia as unfounded. Thereby, Ilirija d.d. was once again legally established as the owner of the entire real property Ilirija Tennis Centre. On 30 November 2023, the Town of Biograd na Moru also filed a motion to the Supreme Court of the Republic of Croatia for permission to review in this legal matter, which was rejected by decision of the Supreme Court of the Republic of Croatia from 17 January 2024.

• 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 6Gž751/16-2 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 Privatization Process. The new Act on Non-Evaluated Construction Land provides that buildings and land in a campsite which are estimated in the value of the capital, are owned by the company, whereas the campsite land not estimated in the value of the capital is owned by the Republic of Croatia. On 5 March 2021, Ilirija d.d. submitted, within the legal deadline, an application for a decision to the competent Croa-

tian Ministry of Physical Planning, Construction and State Assets, under Article 17) of the Act on Non-Evaluated Construction Land, that is, for the determination/identification of the scope, evaluated and unevaluated parts and owners of the Park Soline campsite in Biograd na Moru and consequently for the conclusion of a lease agreement between the Republic of Croatia and Ilirija d.d. for a period of 50 years. The procedure is pending. In the meantime, on 1 April 2022 the Company, in accordance with Article 18 of the Act on Non-Evaluated Construction Land, obtained from the Centre for Restructuring and Sales the Certificate of Conformity of the Geodetic Survey Report, which confirms the conformity of the "Park Soline Campsite Geodetic Survey Report with the decision of the Croatian Privatisation Fund of 12 July 1996, by which the real property concerned was evaluated in the process of conversion of the socially-owned enterprise "Ilirija" Biograd na Moru. Furthermore, in April 2023, based on the ruling of the Commercial Court in Zadar, adopted in the procedure of correcting the registration of ownership rights, which was confirmed by the ruling of the High Commercial Court of the Republic of Croatia, the Republic of Croatia was registered in its entirety as the owner of the land plot with a surface area of 41 537 m² which is located within the Park Soline campsite. Namely, until that time, the Town of Biograd na Moru was registered as the land registry owner of the said land plot within the campsite.

- 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 in 2011 and 2015 the applications for the extension of the term of the concession on the hotel port Ilirija-Kornati, and in 2008 on the outdoor swimming pool with a beach facility, by 20 years, i.e. to a total of 30 years. The competent authority has not decided on these applications to this day. Until the decision on the applications for the extension of the term of concession 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 enter-

tainment and animation centre, and accordingly holds in its possession, while for the rest of the land of approximately 46,000 m² an application for a concession has been submitted. The dispute between Ilirija d.d. and the Town of Biograd na Moru before the Commercial Court in Zadar regarding the right of ownership is pending. The Republic of Croatia has joined the proceedings. No first-instance ruling has been rendered in this case.

- In the land registry renewal procedure for the Cadastral Municipality of Biograd na Moru, Ilirija d.d. was registered as the owner of the entire real property with an area of 1,416 m², which essentially represents the land around the hotels Ilirija and Adriatic in Biograd na Moru, considering that these land plots were evaluated and entered in the share capital of Ilirija d.d. in the process of conversion and privatisation of the Company. The Municipal Court in Zadar, in a proper procedure, rejected the objections of the Town of Biograd na Moru regarding the registration of the ownership rights of Ilirija d.d. After the objections of the Town of Biograd na Moru to the registration of ownership rights on real property, which essentially represents the land around the hotels Ilirija and Adriatic, were rejected as unfounded, the Town of Biograd na Moru filed a lawsuit against Ilirija d.d. before the Commercial Court in Zadar for the purpose of correction and registration, asking to be established as the owner of the said real estate with a total area of 1,416 m². The first-instance ruling of the Commercial Court in Zadar rejected the claim of the Town of Biograd na Moru,

and the said ruling was upheld by the ruling of the High Commercial Court of the Republic of Croatia of 16 May 2022. Against the ruling of the High Commercial Court of the Republic of Croatia, the Town of Biograd na Moru filed a motion for permission to review, which was rejected by the Supreme Court of the Republic of Croatia as inadmissible. Therefore, the ownership rights of Ilirija d.d. over the property in question as a 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 effect on the Company's current and future financial results.



8.3 INVESTMENTS IN 2023

In 2023, the Company invested EUR 3,230,079.01, mostly in its tourism sectors, i.e. the hotel, camping, and nautical sector as well as Ilirija Travel, part of which was started already in the fourth quarter of the previous financial year, in order to preserve competitiveness, further investment in improving the quality and standards of service, and in changing the structure by segments of service provision.

The largest portion of the investments related to the camping sector, where a significant renovation of the campsite was carried out, including all of the infrastructure and landscaping work and the construction of the main roads in the campsite extra zone, as well as additional refurbishing and adaptation of amenities for children, and investments in changing the structure by segments of service provision with the aim raising the overall quality and amenities of the campsite. In the hotel sector, investments are continuously focused on improving and expanding services and raising the level of quality through additional arrangement and furnishing of accommodation units, expansion of wellness services through the development of capacities for health tourism, refurbishment of hotel catering facilities by purchasing new catering equipment and other common hotel amenities, while at the same time, roof repair works were completed, including a complete replacement of the waterproofing system.

Furthermore, at the Kornati **** Hotel, roof repair works were completed with a complete replacement of the waterproofing system, the replacement of part of the exterior woodwork with more energy efficient ones and the decoration of the hotel lobby. In the nautical sector, investments related to the refurbishing of the common facilities at the marina, the largest part of which referred to the complete reconstruction of the largest sanitary facility, including the replacement of all installations, placement of new floor and wall coverings, and equipping with modern sanitary equipment, while investment in Ilirija Travel were related to the "Nada" event boat.

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

In terms of human resources management during a significant labour shortage across the economic sectors in Croatia, but also in the entire Euro area in 2023, the Company undertook a series of activities to ensure a sufficient number of employees, to retain working-age, highly qualified and professional employees (continuous improvement of the employees' financial position, education, active employment policy) at all levels with the goal of ensuring optimum personnel structure as a driver of the development of new services and amenities, strengthening the competitiveness and further increase in the scope of year-round business activities. The labour shortage poses a specific challenge for 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 whose deficit could affect the success of the peak tourist season. Therefore, ensuring optimum personnel structure for the smooth operation of business processes and the quality of service in the peak season as well as the preservation of the achieved financial standing deriving from employment, is one of the main objectives of the Company in terms of HR management in the reporting period. As at 31 December 2023, the Company employed 312 employees, while there was an average of 370 employees employed in the reporting period, which is a 6% increase compared to 2022.

The increase in the cost of labour was, on the one hand, a result of the increase in the number of employees, of which the average number of employees is 6% bigger, while the average number of employees based on the hours worked is 8% bigger, and on the other, the result of the increase in employees' material rights (increase in salaries, increase in net hourly wages). The increase in the number of employees was a result of the conditions on the labour market, characterised by a deficit in skilled and professional labour; so to ensure the optimum preparation of personnel and due to an increased volume of business activities (earlier opening of facilities, the increase of business activities in the post-season), the Company started hiring employees earlier to ensure a sufficient number of employees on time and ensured longer employment for seasonal employees, while simultaneously implementing an active employment policy in which the Company retained a number of skilled and professional seasonal employees for future business activities after the high season ended.

Moreover, the increase in the cost of labour is also a result of the increase in material benefits of employees and other labour rights, and especially of the increase in funding for salaries and net hourly wages. The average net salary per employee increased by 17% in 2023 compared to the previous year. The Company is actively monitoring that the average net salary paid per employee in the Company is higher than the average net salary

in the industry of accommodation services and food preparation and service at the national level and if it deviates slightly from the average net salary paid per employee in the Republic of Croatia. The increase of net salaries and other material rights arising from employment indicates a continuity in the Company's HR management policy for the purpose of maintaining an optimum level of employment ensuring successful management of business processes and their smooth running at the operational level, warranting the continued development of products and services as well as the preservation of the established quality of service. Bearing in mind all of the above, for December 2023, the average net salary paid for active employees who achieved the monthly planned hours amounted to EUR 1,228.22.



8.6 OCCUPATIONAL HEALTH AND SAFETY

The Safety and Protection Service within the Company is divided into

- I. Health Control,
- II. Occupational Health and Safety,
- III. Fire protection, and
- IV. Environmental Protection

The main objectives are providing maximum safety for its guests and employees, ensuring the conditions for providing high-quality services and complying with the principles 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:

- a) monitoring all applicable legal regulations and ordinances and alignment with them,
- b) development and implementation of own policies, including the Environmental and Quality Policy;
- c) development of annual plans and activities for each of these areas,
- d) implementation of domestic and international standards, and
- e) continuous key stakeholder trainings.

I 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 2023:

1) Activities in the field of health and sanitary safety

The Company implemented high health standards, as well as standards in the field of hygiene and sanitary conditions in order to provide a safe stay for guests and a safe 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 at facilities 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 is 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 at the facilities. Regular controls and inspections by competent authorities contribute to the prevention and quality of the hotel's sanitary and health safety. In 2023, the Sanitary Inspection at the State Inspectorate conducted one supervisory control in a food production facility and one supervision of optical radiation. All inspections confirmed that the facility operated in compliance with the law.

2) The health safety of foodstuffs and items of general use

In 2023, an authorised external company carried out the monitoring of the implementation of the HACCP system in hospitality facilities. Compliance with the HACCP system was confirmed in compliance with the Codex Alimentarius standard as a control/monitoring system of critical control points in foodstuff handling procedures. Regular inspections of hospitality facilities (restaurants, bars and kitchens) were performed and all processes were audited, 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 2023, 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) The health safety of the pool water

Together with the Zadar Institute of Public Health, the health safety of the pool water of all pools was analysed according to plan. Pool water indicators were internally controlled every day and a record was kept of swimming pool maintenance and hygiene inspections, sanitation and disinfection procedures were implemented and internal and external trainings of employees working at the pools were held.

5) Wellness hygiene

In order to maintain the hygiene of the wellness area, actions were taken to clean the wellness rooms, regularly check the health safety of the water in the jacuzzies, 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 the "Company – Friend of Health" certificate) 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, 57 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.

The company successfully completed the recertification process for the "Company – Friend of Health" certificate, a project launched by the Croatian Institute of Public Health with the aim of promoting health in the workplace and working environment, adopting healthy lifestyle habits and showing concern for the health of employees, promoting physical activity, the protection of the health of employees in the workplace, a smoking ban, a prohibition of alcohol consumption, landscaping and the protection of consumer and client health.

II Environmental protection

The Company bases its business policy on management in line with the principles of sustainable and responsible development, with focus on the environment, as the environment is the fundamental resource of the tourism industry. In 2023, 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 the negative effects of the Company's operations on the natural assets and cultural heritage.

Environmental protection activities and tasks in the segment of operational processes in 2023:

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 waste, keeping related records, i.e. recording and monitoring the generation and flow of waste as well as an annual report of the quantities of waste generated at the locations for the competent authorities, the control of proper sorting of waste on the spot and employee trainings, labelling, control of the condition of appropriate containers for hazardous and non-hazardous waste, procurement of new improved press containers, 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 legal obligations related to this field and the Company as a waste generator through its business processes.

2) Waste waters

The destination for all waste water produced at the Company's facilities is the public drainage system, and it is previously treated in separators and the collector. The water produced at the boat washing station in Marina Kornati passes through a physi-

cal-chemical purifier before it is discharged, and the prescribed indicators of the discharged water are checked periodically in accordance with the water law permit through an authorised laboratory. At the beginning of 2021, a new water rights permit was obtained for Marina Kornati for the period of five years. 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 using water from a well in the "Park Soline" campsite for irrigation. Through this, the Company placed great focus on reducing the use of drinking water for the irrigation of horticultural areas of the camp by fully using its own water source.

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 results of the measurements carried out on the combustion plants in 2022 are in accordance with the permitted levels under the Regulation on limit values of pollutant emissions into the air from stationary sources (Official Gazette 42/2021). 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.

ked. 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.

4) Use of hazardous chemicals

Hazardous chemicals are used in the Company when maintaining the health safety of the pool water, for purifying technological waste water in Marina Kornati as well as in household departments, kitchens and wellness. Chemicals i.e. cleaning and disinfection agents are also used. 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 their consumption.

III 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 2023:

- 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 entire reporting period, a total of eight minor work-related injuries occurred.
- 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 2023, 38 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 2023, 64 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 respecti-

ve 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.
- 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 2023, 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 2023, 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 2023, 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.

IV Fire protection

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 2023:

- The Company actively engaged in the implementation of the Activity Programme for the Implementation of Special Fire Protection Measures 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 391 fire extinguishers in all facilities.
- Additional safety and protection were provided by purchasing a fireboat with special equipment and a foam fire extinguisher and a crew that completed a fire-fighting intervention course. Nineteen employees completed a volunteer fire fighter training.
- 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 2023, in the field of fire protection, one inspection was carried out with regard to the implemented measures, establishing the regularity of the implementation.

8.7 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 supervision, control and 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 and planned 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.

On a daily basis, the Company records and enters accounting and bookkeeping documentation in a timely manner, within 24 to 48 hours of its receipt at the latest. This ensures up-to-date and accurate daily reporting at the level of the Company and its sectors, which includes: a daily balance sheet at the Company level, trade receivables and trade payables, short-term liabilities, a income statement at the level of the Company and profit centres, reports on daily financial and physical turnover for all profit centres, sectors and at the Company level, reports on daily operating revenue and cumulative operating revenue for the period by profit centres and sectors, i.e. at the Company level and a series of operational daily reports. This method of reporting enables detailed planning and monitoring of the achievement of financial performance indicators and the Budget, both at the level of an individual profit centre and at the same time at the level of sectors and the Company as a whole. In addition to daily reports, the Company prepares various weekly and complete monthly financial and accounting statements, including the income statement for all sectors and profit centres of the Company, as well as the Company's balance sheet on the last day of the current month, and the cash flow for the current month, i.e. cumulatively from the beginning of the year to the end of the reporting period, which are elaborated in more detail and analytically structured, which enables efficient business management.

Also, in addition to accounting and financial statements on a daily, weekly and monthly basis, reports are prepared on the status of sales of accommodation capacities (hotel sector and camping), the status of sales of berths (nautical sector) and the status of DMC Ilirija Travel sales (accommodation and special events) with all key physical, market and financial data by profit centres (accommodation facilities) and at the level of the sector itself. In addition to its own reporting system, for many years the Company has also been implementing the USALI reporting system, an international reporting system for the tourism industry, as well as a system for daily management of prices, and consequently also of the accommodation units revenue in the hotel and camping sector.

MERGERS AND ACQUISITIONS

There were no mergers and acquisitions.

8.8 NOTES

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

Goran Ražnjević,
President of the Management Board

ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



ILIRIJA d.d., Biograd na Moru

2023 Annual Financial Statements, including the Independent
Auditor's Report

CONTENTS

Statement on the Accountability of the Management Board.....	175
Statement of the Independent Auditor for ILIRIJA d.d. shareholders	176
Statement on Financial Position	185
Statement on Comprehensive Income	186
Cash Flow Statement.....	187
Statement on Changes in Capital.....	188
Notes (integral part of the financial statement)	189

STATEMENT OF PERSONS RESPONSIBLE FOR PREPARING THE ANNUAL REPORTS OF 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 flow 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 is responsible for the preparation and the content of financial statements for the purposes of their disclosure pursuant to Article 462(5) of the Capital Market Act, in accordance with the Regulation the European Single Electronic Format (ESEF Regulation).

The Management Board approved the issuance of the financial statements on 26 February 2024, 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 2023, 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, 2023 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,</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;

Commercial Court in Zagreb, Company Register Number: 080006795, TIN: 71799539000

Management Board: mr. sc. Dragan Rudan and Vedrana Miletić; Share capital HRK 1,000,000.00 paid in full;

Bank account: Istarska kreditna banka Umag d.d., IBAN: HR80 2380 0061 1800 0023 2; BIC: ISKBHR2X

Member of Urbach Hacker Young International Limited, an international association of independent accounting and consulting companies.

<p>so far, been defined by the Act on Tourist and Other Construction Land not appraised in the 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.</p> <p>Until the date of issue of financial reports for 2023, the lease agreement for Camp was not concluded, and after the date of financial statements the Regulation on the Arrangement of Lease of Parts of the Camp Owned by the Republic of Croatia (NN 16/24) came into force, defining the amount and other criteria for determining and calculating the lease of land owned by the Republic of Croatia..</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 2023, 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>	<ul style="list-style-type: none"> ➤ Review of input data for the purpose of testing the completeness and accuracy of recording the increase in investment in the subject assets; ➤ 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; ➤ Analysis of the impact of the Regulation on the arrangement of leases on parts of the camp owned by the Republic of Croatia (NN 16/24), adopted on February 9, 2024. year, to the Company's financial statements ➤ Assessment the adequacy of related disclosures in annual financial statements and compliance with IFRS.
--	--

Commercial Court in Zagreb, Company Register Number: 080006795, TIN: 71799539000

Management Board: mr. sc. Dragan Rudan and Vedrana Miletic; Share capital HRK 1,000,000.00 paid in full;

Bank account: Istarska kreditna banka Umag d.d., IBAN: HR80 2380 0061 1800 0023 2; BIC: ISKBHR2X

Member of Urbach Hacker Young International Limited, an international association of independent accounting and consulting companies.

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).	
--	--

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.

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 21 April 2023 based on the proposition of the Supervisory Board to perform the audit of the annual financial statements for the year 2023.
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 2023, that is for three years in total.
3. In our audit of the annual financial statements of the Company for the year 2023 we determined the materiality for the financial statements as a whole in the amount of 311.134 euro, that represents approximately 4% of EBITDA. The main users of financial statements are the shareholders of the company. Given that the main focus of the shareholders is on further investments, which have as their long-term goal the generation of profits and the payment of dividends, we consider the chosen basis for calculating significance to be 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 2023 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).

We have conducted a reasonable assurance engagement on whether the financial statements, as contained in the attached electronic file 74780000V0GH8Q3K5K76-2023-12-31-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 2023, 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 2023, 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, 26 February 2024

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 'D. Rudan', is written over a solid blue horizontal line.

Director and Certified Auditor

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

Commercial Court in Zagreb, Company Register Number: 080006795, TIN: 71799539000

Management Board: mr. sc. Dragan Rudan and Vedrana Miletić; Share capital HRK 1,000,000.00 paid in full;

Bank account: Istarska kreditna banka Umag d.d., IBAN: HR80 2380 0061 1800 0023 2; BIC: ISKBHR2X

Member of Urbach Hacker Young International Limited, an international association of independent accounting and consulting companies.

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

As at 31/12/2023

(All amounts are provided in EUR, without cents)

	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Intangible assets	6	31,919	43,953
Property, plant and equipment	7	48,463,778	48,216,553
Investment property	8	9,987,661	10,175,079
Investments in subsidiaries	9	4,917	4,917
Total non-current assets		58,488,275	58,440,502
Current assets			
Inventories	10	203,498	189,773
Receivables and prepayments	11	843,000	712,054
Current financial assets	12	12,000,000	10,671,584
Cash	13	25,417	100,979
Total current assets		13,071,915	11,674,390
TOTAL ASSETS		71,560,190	70,114,892
PRINCIPAL AND LIABILITIES			
Equity and reserves			
Share capital	14	30,420,000	30,412,964
Own shares	14	(137,207)	(229,335)
Capital reserves		389,195	389,195
Reserves	15	5,112,930	5,119,966
Retained profit		17,329,349	15,373,526
Total shareholders' equity		53,114,267	51,066,316
Non-current liabilities			
Borrowings	16	12,011,845	13,525,546
Reservations	17	154,107	154,107
Total non-current liabilities		12,165,952	13,679,653
Short-term liabilities			
Borrowings	16	3,183,524	2,831,638
Trade and other payables	18	3,096,447	2,537,285
Total current liabilities		6,279,971	5,368,923
Total liabilities		18,445,923	19,048,576
TOTAL PRINCIPAL AND LIABILITIES		71,560,190	70,114,892

The following notes form an integral part of these financial statements

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

As at 31/12/2023

(All amounts are provided in EUR, without cents)

	Note	31/12/2023	31/12/2022
Revenues from sales	19	27,848,263	23,556,642
Other operating revenues	20	199,546	174,699
Operating revenue		28,047,809	23,731,340
Costs of raw materials, materials and energy	21	(4,046,349)	(3,650,771)
Costs of services	22	(4,021,471)	(3,307,644)
Staff costs	23	(8,415,146)	(6,634,295)
Depreciation of intangible assets	6	(13,177)	(16,722)
Depreciation of property, plant and equipment	7	(2,976,524)	(2,698,099)
Depreciation of investment property	8	(249,584)	(249,079)
Other operating costs	24	(4,007,958)	(2,907,852)
Operating expenses		(23,730,209)	(19,464,461)
Operating profit		4,317,600	4,266,879
Net financial expenses	25	(247,182)	(407,681)
Profit before tax		4,070,418	3,859,197
Corporate income tax	26	(790,887)	(741,443)
Net profit for the current year		3,279,530	3,117,754
Other comprehensive income			0
Total comprehensive income for the period		3,279,530	3,117,754
Earnings per share – basic (in EUR)	27	1.37	1.29

The following notes form an integral part of these financial statements

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

As at 31/12/2023

(All amounts are provided in EUR, without cents)

	31/12/2023	31/12/2022
Business activities		
Cash inflow (outflow) generated from operations (note 28)	<u>6,505,195</u>	<u>6,372,478</u>
Investment activities		
Acquisition of intangible non-current assets	-	-
Procurement of property, plant and equipment	(3,475,895)	(2,837,360)
Procurement of investment property	-	-
(Increase)/decrease in current financial investments	(1,200,496)	(4,695,076)
Net cash outflow used for investment activities	<u>(4,676,391)</u>	<u>(7,532,436)</u>
Financial activities		
Purchase of own shares	(199,279)	(73,894)
Dividend distribution	(1,319,601)	(1,110,979)
Cash receipts from loans	2,883,589	4,122,816
Cash outflows for loans	(3,269,075)	(2,172,879)
Net cash outflow from financial activities	<u>(1,904,366)</u>	<u>765,064</u>
Net increase/decrease in cash	<u>(75,562)</u>	<u>(394,894)</u>
Changes in cash		
At beginning of the year	<u>100,979</u>	<u>495,870</u>
At the end of the year (note 13)	<u>25,417</u>	<u>100,979</u>
Increase/decrease in cash	<u>(75,562)</u>	<u>(394,894)</u>

The following notes form an integral part of these financial statements

Statement of Changes in Equity of **ILIRIJA d.d.**

As at 31/12/2023

(All amounts are provided in EUR, without cents)

	Share capital	Own shares	Capital reserves	Reserves	Retained profit	Total equity
Balance as at 01 January 2022	30,412,964	(155,441)	389,195	5,119,966	13,373,271	49,139,955
Distribution of own shares	0	0	0	0	0	0
Purchase of own shares	0	(73,894)	0	0	0	(73,894)
Transfer to reserves	0	0	0	0	0	0
Dividend distribution	0	0	0	0	(1,117,499)	(1,117,499)
Net comprehensive income for the period	0	0	0	0	3,117,754	3,117,754
Balance as at 31 December 2022	30,412,964	(229,335)	389,195	5,119,966	15,373,526	51,066,316
As at 1 January 2023	30,412,964	(229,335)	389,195	5,119,966	15,373,526	51,066,316
Distribution of own shares	0	291,407	0	0	0	291,407
Purchase of own shares	0	(199,279)	0	0	0	(199,279)
Transfer to reserves	0	0	0	0	0	0
Dividend distribution	0	0	0	0	(1,323,708)	(1,323,708)
Net comprehensive income for the period, euro	0	0	0	0	3,279,530	3,279,530
Share capital adjustment, euro	7,036	0	0	(7,036)	0	0
As at 31 December 2023	30,420,000	(137,207)	389,195	5,112,930	17,329,349	53,114,267

The following notes form an integral part of these financial statements

As at 31/12/2023

(All amounts are provided in EUR)

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 EUR 30,420,000.00. 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 2023, 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 26 February 2024.

(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.

Functional currency and presentation currency

The financial statements are presented in the Croatian currency, namely in euro (EUR), the Company's functional currency since 1 January 2023, when the euro was introduced as the official

As at 31/12/2023

(All amounts are provided in EUR)

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

national currency in accordance with the Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia.

HRK to EUR conversion

The introduction of the euro as the official currency in the Republic of Croatia on 1 January 2023 represents a change in the functional currency. Accordingly, the Company's financial statements for the current and previous year were converted into euro using a fixed conversion rate of EUR 1 = HRK 7.53450.

Although the change in the presentation currency of the financial statements represents a change in accounting policy that requires a retroactive change, the Company did not publish the third balance sheet in the financial statements for the year ended 31 December 2023 in accordance with International Accounting Standard 8 (IAS) *Accounting Policies, Changes in Accounting Estimates and Errors*, since it considers that the change in the presentation currency has no significant impact on the Company's financial statements, due to the stable HRK/EUR exchange rate over the past several years.

(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 and 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 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),**

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 3 – NEW STANDARDS AND INTERPRETATIONS OF PUBLISHED STANDARDS THAT HAVE NOT YET BEEN ADOPTED (CONTINUED)

- **amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2: Disclosure of Accounting Policies**, adopted in the European Union on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),
- **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 12 “Income Taxes”: International Tax Reform – rules for Pillar Two**, adopted in the European Union on 8 November 2023 (effective for annual periods beginning on or after 1 January 2023).

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 has not resulted in material changes to the financial statements.

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 IFRS 16 “Leases”: Leasehold receivables in sale and lease back**, adopted in the European Union on 20 November 2023 (effective for annual periods beginning on or after 1 January 2024),
- **amendments to IAS 1 “Presentation of Financial Statements”: Classification of Liabilities as Current and Non-Current, Classification of Deferred Liabilities as Current and Non-Current, and Non-Current Liabilities with Covenants**, adopted in the European Union on 19 December 2023 (effective for annual periods beginning on or after 1 January 2024).

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):

As at 31/12/2023

(All amounts are provided in EUR)

-
- **amendments to IAS 7 “Statement of Cash Flows” and to IAS 7 “Financial Instruments: Disclosures”:** Suppliers Finance Agreements (effective for annual periods beginning on or after 1 January 2024).
 - **amendments to IAS 21 “Effects of Changes in Foreign Exchange Rates”:** Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025),

The Company is currently evaluating the impact of new standards and amendments to existing standards on its financial statements. The Company expects that the adoption of the aforementioned new accounting standards and amendments to existing standards will not significantly affect their financial statements in their first application period.

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. The results and financial position of the Company are presented in the financial statements, namely in euro (EUR), 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 recognised 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 recognise revenue in the current year.

(c) 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 recognises 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 recognised in the period when the services are provided, namely using the straight-line basis during the period of the contract with the lessors.

As at 31/12/2023

(All amounts are provided in EUR)

(d) 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.

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Selling, general and administrative expenses**

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

(f) 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.

(g) 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.

(h) 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:

	2023	2022
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

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

(i) 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.

(j) 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.

(h) 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 recognised as an expense in the period in which the related revenue is recognised. The amount of any write-off of inventories to net realizable value and all losses of inventories are recognised 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 recognised as a decrease in the amount of inventories recognised 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.

(l) 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

As at 31/12/2023

(All amounts are provided in EUR)

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

(lj) Cash

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

(m) 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.

(n) 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.

(nj) Borrowings

Borrowings are initially recognised at nominal value decreased by transaction costs, which equals the fair value. In future periods, borrowings are carried at amortised cost; any difference between the proceeds (minus transaction costs) and the surrender value is recognised 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.

(o) 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 recognised at fair value, and in future periods they are carried at amortised cost, namely using the effective interest method.

As at 31/12/2023

(All amounts are provided in EUR)

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 adjustment 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 amortised 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 31/12/2023

(All amounts are provided in EUR)

NOTE 6 – INTANGIBLE ASSETS

<i>(In EUR, without cents)</i>	Investments in borrowed assets – buildings	Total
Year ended 31 December 2022		
Opening net book amount	26,005	26,005
Additions	34,670	34,670
Depreciation charge	(16,722)	(16,722)
Closing net book amount	43,953	43,953
Balance as at 31 December 2022		
Cost	337,365	337,365
Accumulated value adjustments	(293,412)	(293,412)
Net book value	43,953	43,953
Year ended 31 December 2023		
Opening net book amount	43,953	43,953
Additions	1,143	1,143
Depreciation charge	(13,177)	(13,177)
Closing net book amount	31,919	31,919
Balance as at 31 December 2023		
Cost	338,507	338,507
Accumulated value adjustments	(306,588)	(306,588)
Net book value	31,919	31,919

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 31/12/2023

(All amounts are provided in EUR)

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

<i>(In EUR, without cents)</i>	Land	Investments in facilities	Equipment	Buildings under construction	Total
Year ended 31 December 2022					
At beginning of the year	5,894,095	33,758,639	8,277,743	326,605	48,257,082
Additions	0	15,690	1,778,609	913,141	2,707,440
Transfer from assets under construction	0	744,544	200,738	(896,102)	49,180
Reductions – sale, disposal	0	0	(99,050)	0	(99,050)
Depreciation charge	0	(1,271,603)	(1,426,496)	0	(2,698,099)
Closing net book amount	5,894,095	33,247,270	8,731,544	343,644	48,216,553
Balance as at 31 December 2022					
Cost	5,894,095	46,849,691	17,080,535	343,644	70,167,965
Accumulated value adjustments	0	(13,602,421)	(8,348,991)	0	(21,951,412)
Net book value	5,894,095	33,247,270	8,731,544	343,644	48,216,553
Year ended 31 December 2023					
At beginning of the year	5,894,095	33,247,270	8,731,544	343,644	48,216,553
Additions	0	54,548	1,355,367	1,480,362	2,890,277
Transfer from assets under construction	0	1,333,476	587,093	(1,575,676)	344,893
Reductions - disposal	0	0	(11,421)	0	(11,421)
Depreciation charge	0	(1,295,561)	(1,680,963)	0	(2,976,524)
Closing net book amount	5,894,095	33,339,733	8,981,620	248,330	48,463,778
Balance as at 31 December 2023					
Cost	5,894,095	48,237,715	19,011,574	248,330	73,046,820
Accumulated value adjustments	0	(14,897,982)	(10,029,954)	0	(24,583,042)
Net book value	5,894,095	33,339,733	8,981,620	248,330	48,463,778

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).

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.

The following notes form an integral part of these financial statements

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT (continued)

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. In order to successfully complete the procedure for extending the concession licence for Marina Kornati, Ilirija d.d. sent a supplement of the existing request for extension of the concession licence validity for Marina Kornati to the Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia on 28 December 2023, in which it essentially offered: a new increased amount of investment in the maritime domain, new increased investments in the green transition, including the decarbonization and digital transformation in accordance with Regulation (EU) 2020/852 of the European Parliament and Council of 18 June 2020, on establishing a framework for facilitating sustainable investments and amending Regulation (EU) 2019/2088 EU OJ, L 198/13, suggested new amounts of concession fees with reference to the previously revalued investments in Marina Kornati with the end of 2023, in order to express the real, absolute value of investments so far, and also explained the legal matters that are important for making a positive decision, all in accordance with transitional and final provisions of the new Maritime Domain and Seaports Act (Official Gazette No.: 83/2023, hereinafter: ZPDML23), which entered into force on 29 July 2023, so that the procedures for granting and modifying concessions that were started according to the provisions of ZPDML03 have to be completed in accordance with the provisions of that Act. No decision has been rendered yet on the alleged supplemented request for an extension of the concession licence validity for Marina Kornati.

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 2023 the total investment in the "Park Soline" campsite, as reported at cost, was in the amount of EUR 19,234,234.78. Of the mentioned total investment amount, EUR 7,705.36 was invested in land, EUR 11,668,691.35 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 EUR 7,557,838.07 was invested in equipment, mostly the holiday mobile homes. As at 31 December 2023 a total amount of EUR 313,473.08 was invested in the "Park Soline" campsite restaurant, of which EUR 193,399.54 in the building and EUR 120,073.54 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 has 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

As at 31/12/2023
(All amounts are provided in EUR)

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.

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.

On 9 February 2024, the Ordinance on the Arrangement of Leases on Parts of the Campsites Owned by the Republic of Croatia was published (Official Gazette, No 16/2024, hereinafter: the Ordinance), which entered into force on 17 February 2024. The aforementioned Ordinance prescribes the initial amounts of the unit rental fee for the parts of the campsites owned by the Republic of Croatia, as well as other criteria for determining and calculating the rental fee.

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 EUR 18,018,422.86 and its land of a purchase value of EUR 3,304,968.86 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 estimated value of the hotels Adriatic, Ilirija and Kornati is EUR 25,436,422.00.

As at 31/12/2023
(All amounts are provided in EUR)

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 EUR 16,359,776.00.

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 EUR 21,730,063.03, namely EUR 20,066,134.97 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 EUR 41,796,198.00, whereas the total value of the Company's medium and long-term loans amounted to EUR 9,750,643.11 as at 31 December 2023, representing a loan share of 23,33% of the Company's total assets evaluated by the commercial bank serving as lien in favour of the bank for approved loans.

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 8 – INVESTMENT PROPERTY

<i>(In EUR, without cents)</i>	Land	Buildings facilities	Total
Year ended 31 December 2022			
Opening net book amount	1,678,744	8,699,344	10,378,088
Additions	0	46,070	46,070
Depreciation charge	0	(249,079)	(249,079)
Closing net book amount	1,678,744	8,496,335	10,175,079
Balance as at 31 December 2022			
Cost	1,678,744	9,632,316	11,311,060
Accumulated value adjustments	0	(1,135,981)	(1,135,981)
Net book value	1,678,744	8,496,335	10,175,079
Year ended 31 December 2023			
Opening net book amount	1,678,744	8,496,335	10,175,079
Additions	0	62,167	62,167
Depreciation charge	0	(249,585)	(249,585)
Closing net book amount	1,678,744	8,308,917	9,987,661
Balance as at 31 December 2023			
Cost	1,678,744	9,694,482	11,373,226
Accumulated value adjustments	0	(1,385,565)	(1,385,565)
Net book value	1,678,744	8,308,917	9,987,661

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 EUR 2,056,050.86 (2022: EUR 1,830,354.47), while operating expenses related to investment property amounted to EUR 1,393,002.89. (2022.:EUR 1,342,221.74).

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 9 – INVESTMENTS IN SUBSIDIARIES

<i>(In EUR, without cents)</i>	2023	2022
Ilirija Građenje d.o.o., Biograd n/m	2,405	2,405
Ilirija Nautika d.o.o., Biograd n/m	2,512	2,512
	4,917	4,917

Investments and the respective ownership are as follows:

Company name	Type of activity	Seat	Share percentage	
			2023	2022
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 EUR, without cents)</i>	2023	2022
Raw material and materials	189,290	170,905
Small inventory and spare parts	14,208	18,868
	203,498	189,773

NOTE 11 - RECEIVABLES AND ADVANCES

<i>(In EUR, without cents)</i>	2023	2022
Domestic trade receivables	401,019	242,428
Domestic trade receivables - related parties, A. H.	0	1,042
Foreign trade receivables	129,332	17,261
Suspect and contested trade receivables	410,555	410,555
Advance receivables	128,710	133,216
Loans to co-owners – related parties	3,583	5,176
VAT receivables	29,779	242,289
Receivables due from employees, loans	14,611	13,267
Other receivables	135,966	57,375
	1,253,555	1,122,609
Trade receivables value adjustment	(410,555)	(410,555)
	843,000	712,054

The following notes form an integral part of these financial statements

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 12 - SHORT-TERM FINANCIAL ASSETS

<i>(In EUR, without cents)</i>	2023	2022
Loans to co-owners – related parties	-	-
Time deposits with banks	12,000,000	10,671,584
	<u>12,000,000</u>	<u>10,671,584</u>

NOTE 13 – CASH

<i>(In EUR, without cents)</i>	2023	2022
Gyro accounts	7,393	5,637
Foreign currency accounts	0	83,290
Cash in hand	18,024	12,052
	<u>25,417</u>	<u>100,979</u>

NOTE 14 – SHARE CAPITAL AND OWN SHARES

<i>(In EUR, without cents)</i>	Ordinary shares	Reserved shares	Total	Own shares	Share capital less the own shares
Balance as at 31 December 2022	30,098,135	314,829	30,412,964	(229,335)	30,183,629
Balance as at 31 December 2023	30,105,098	314,902	30,420,000	(137,207)	30,282,793

As at 31 December 2023, the share capital of the Company amounted to EUR 30,420,000.00, and it is divided into 2,413,488 no-par-value ordinary shares.

In 2023, the Company acquired 7,841 own shares, at the cost of acquisition of EUR 199,279.00. As at 31 December 2023, the balance of own shares amounted to 5,043 shares (2022: 10,881) at investment cost of EUR 137,206.84 (2022: EUR 229,335.24). In 2023, for the benefit of its employees, free of charge, the Company released a total of 13,679 own shares constituting 0.57% of the share capital, for their contribution to the realisation of the Company's operating results.

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 31/12/2023, the number of reserved shares amounted to 24,984, or 1.0352% (2022: 1.0352%).

As at 31/12/2023
(All amounts are provided in EUR)

NOTE 14 – SHARE CAPITAL AND OWN SHARES (continued)

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

	31 December 2023	31 December 2022
Arsenal Holdings d.o.o., Zadar	59.21	59.21
Ilirija d.d., Biograd na moru (own shares)	0.21	0.45
AZ mandatory pension fund	16.51	16.51
AZ voluntary pension fund	3.03	3.03
Centre for restructuring and sale (CERP)	1.06	1.13
Other shareholders	19.98	19.67
	<u>100.00</u>	<u>100.00</u>

NOTE 15 – RESERVES

<i>(In EUR, without cents)</i>	2023	2022
Legal reserves	3,195,698	3,195,698
Reserves for own shares	925,837	925,837
Other reserves	991,395	998,431
	<u>5,112,930</u>	<u>5,119,966</u>

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 31/12/2023

(All amounts are provided in EUR)

NOTE 16 – BORROWINGS

<i>(In EUR, without cents)</i>	Approved principal	Interest rate	2023	2022
Short-term				
Erste&Steiermärkische Bank d.d., Rijeka	EUR 750,000.00	2.30%	450,000	300,000
Erste&Steiermärkische Bank d.d., Rijeka	EUR 331,807.02	2.40%	312,505	294,648
			762,505	594,648
Plus: current due amounts of long-term borrowings and leasing			2,421,019	2,236,990
Total short-term portion			3,183,524	2,831,638
Mid-term and long-term				
Erste&Steiermärkische Bank d.d., Rijeka	EUR 1,680,000.00	3%	1,196,812	1,287,613
Erste&Steiermärkische Bank d.d., Rijeka	EUR 7,491,008.67	2.60 %	4,524,470	4,994,006
Erste&Steiermärkische Bank d.d., Rijeka	EUR 6,000,000.00	2.60 %	3,708,284	4,109,180
Erste&Steiermärkische Bank d.d., Rijeka	EUR 600,000.00	2.60 %	100,224	300,000
Erste&Steiermärkische Bank d.d., Rijeka	EUR 2,000,000.00	2.25%	1,802,247	1,990,842
S - Leasing d.o.o., Zagreb	EUR 4,217,988.00		3,100,827	3,080,895
			14,432,864	15,762,536
Minus: current due amounts of long-term borrowings and leasing			(2,421,019)	(2,236,990)
Total mid-term and long-term debt			12,011,845	13,525,546
Total borrowings			15,195,369	16,357,184

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 31 December 2023, up to EUR 330,000.00 with a fixed interest rate of 4.10%.

- revolving loan approved on 24 November 2023, in the amount of EUR 750,000.00, for financing working capital, at a fixed interest rate of 3.90% p.a. The repayment date is 28 November 2024.

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. The loan balance as at 31 December 2023 amounted to EUR 99,999.90.

- 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

The following notes form an integral part of these financial statements

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 16 – BORROWINGS (CONTINUED)

in the amount of EUR 27,991.59, the last instalment being due on 30 June 2034. The loan balance as at 31 December 2023 amounted to EUR 1,186,861.87.

- 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. The loan balance as at 31 December 2023 amounted to EUR 4,494,605.26.

- 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. The loan balance as at 31 December 2023 amounted to EUR 3,700,000.23.

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. The loan balance as at 31 December 2023 amounted to EUR 1,791,757.91.

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 rates on all contracts are fixed, of which 34 contracts have an interest rate of 3.15%, and 9 contracts have an interest rate of 2.90%, 11 contracts have an interest rate of 5.75%, 2 contracts have an interest rate of 5.93%, 1 contract has an interest rate of 5.57%, 1 contract has an interest rate of 5.51%, and 1 contract has an interest rate of 5.24%. 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 EUR, without cents)

2024	2,714,568
2025	2,417,792
2026	2,165,936
2027	1,999,956
2028	1,637,057
after 2029	3,497,555
	14,432,864

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 17 – PROVISIONS

<i>(In EUR, without cents)</i>	2023	2022
Provisions per initiated legal proceedings	154,107	154,107
	154,107	154,107

NOTE 18 - TRADE AND OTHER PAYABLES

<i>(In EUR, without cents)</i>	2023	2022
Trade payables	1,796,090	1,295,716
Trade payables - Group, Arsenal Holdings, TCZ	2,014	12,426
Payables under received advances	11,293	11,286
Residence tax	11,546	2,605
Fee for the use of maritime domain	24,918	21,595
Advances from individual guests	170,159	169,284
Advances from agencies	235,473	88,992
Dividend payables	10,627	6,519
Employee payables	365,138	329,401
Liabilities to the government	235,923	218,525
Corporate income tax receivables	219,215	370,969
Other payables	14,051	9,967
	3,096,447	2,537,285

As at 31/12/2023

(All amounts are provided in EUR)

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 organised 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 31/12/2023

(All amounts are provided in EUR)

Year ended 31 December 2023 (In EUR, without cents)	Hotel sector	Nautical sector	Camping sector	Ilirija Travel	City Galleria	Total
Revenue	8,929,053	8,374,583	7,458,287	1,055,035	2,029,265	27,846,223
Revenue from leases – the Group, Arsenal Holdings					2,040	2,040
Total revenue	8,929,053	8,374,583	7,458,287	1,055,035	2,031,305	27,848,263
Result						
Segment result	(161,770)	3,055,049	1,770,784	(931,893)	585,430	4,317,600
Net financial expenses	(4,466)	(8,894)	(128,062)	(3,161)	(102,600)	(247,183)
Profit before tax	(166,236)	3,046,155	1,642,722	(935,054)	482,830	4,070,417
(i) Cost of corporate income tax	(32,300)	591,872	319,183	(181,682)	93,814	790,887
Net profit for the year	(133,936)	2,454,283	1,323,539	(753,372)	389,016	3,279,530
<i>For the year ended on 31/12/2023 (in EUR, without cents)</i>						
<i>As at 31/12/2023</i>						
Assets and liabilities						
Segment assets	24,240,662	14,017,171	16,613,227	4,606,133	11,043,679	70,520,872
Non-allocated assets						1,039,318
Total assets						71,560,190
Segment liabilities	977,738	2,194,192	3,471,899	85,960	3,941,101	10,670,890
Non-allocated liabilities						7,555,818
Corporate income tax receivables						219,215
Total liabilities						18,445,923
Other segment details						
Capital investments:						
Non-allocated						31,981
Property, plant and equipment	855,035	409,022	1,594,321	234,671		3,093,049
Intangible assets				42,093		42,093
Investment property					62,956	62,956
Depreciation of property, plant and equipment	1,029,717	370,690	1,254,585	201,873		2,856,865
Non-allocated depreciation						102,402
Total property, plant and equipment depreciation						2,959,267
Depreciation of intangible assets				13,177		13,177
Depreciation of investment property					266,841	266,841

The following notes form an integral part of these financial statements

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 19 – SEGMENT REPORTING (continued)

<i>Year ended 31 December 2022 (In EUR, without cents)</i>	Hotel sector	Nautical sector	Camping sector	Ilirija Travel	City Galleria	Total
Revenue	6,908,940	7,280,922	6,623,625	934,057	1,799,144	23,546,688
Revenue from leases – the Group, Arsenal Holdings	2,787	2,787	1,991		2,389	9,954
Total revenue	6,911,727	7,283,709	6,625,616	934,057	1,801,533	23,556,642
Result						
Segment result	(223,407)	2,819,027	1,983,198	(787,233)	475,293	4,266,878
Net financial expenses	(79,682)	(89,707)	(113,699)	(509)	(124,084)	(407,681)
Profit before tax	(303,089)	2,729,320	1,869,499	(787,742)	351,209	3,859,197
(i) Cost of corporate income tax	(58,231)	524,367	359,175	(151,344)	67,476	741,443
Net profit for the year	(244,858)	2,204,953	1,510,324	(636,398)	283,733	3,117,754
<i>For the year ended on 31/12/2022 (in EUR, without cents)</i>						
<i>As at 31/12/2022</i>						
Assets and liabilities						
Segment assets	23,482,519	13,578,789	16,229,861	4,510,564	11,206,398	69,008,131
Non-allocated assets						1,106,761
Total assets						70,114,892
Segment liabilities	732,572	2,300,548	2,934,105	106,719	4,252,001	10,325,945
Non-allocated liabilities						8,351,662
Corporate income tax receivables						370,969
Total liabilities						19,048,576
Other segment details						
Capital investments:						
Land - unallocated						366,701
Property, plant and equipment	568,727	221,135	1,423,949			2,213,811
Intangible assets				121,602		121,602
Investment property					51,396	51,396
Depreciation of property, plant and equipment	981,285	366,527	1,063,984	182,747		2,594,543
Non-allocated depreciation						87,402
Total property, plant and equipment depreciation						2,681,945
Depreciation of intangible assets				16,722		16,722
Depreciation of investment property					265,233	265,233

The total assets of the Company and capital investments in assets are in the Republic of Croatia.

The following notes form an integral part of these financial statements

As at 31/12/2023

(All amounts are provided in EUR)

Revenue – per geographical area

Sales revenues may also differ according to the geographical affiliation of customers.

<i>(In EUR, without cents)</i>	2023	2022
Domestic sales revenue	22,500,284	19,069,350
Domestic sales revenue - Group, Arsenal Holdings	2,040	10,003
Revenues from sales abroad	5,345,939	4,477,289
	27,848,263	23,556,642

Domestic sales revenues also include foreign trade receivables in domestic agency arrangements.

NOTE 20 - OTHER OPERATING REVENUE

<i>(In EUR, without cents)</i>	2023	2022
Exchange office commission fee	325	26,960
Insurance damages collected	44,083	30,541
Revenue from joint financing	60,614	53,608
Other revenue	94,524	63,590
	199,546	174,699

NOTE 21 - COST OF RAW MATERIAL, MATERIALS AND ENERGY

<i>(In EUR, without cents)</i>	2023	2022
Raw materials and materials consumed	2,674,514	2,298,495
Energy	1,134,308	1,071,014
Small inventory	237,527	281,262
	4,046,349	3,650,771

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 22 - COST OF SERVICES

<i>(In EUR, without cents)</i>	2023	2022
Transport, telephone, postal fees	255,161	205,535
Repairs and maintenance	999,725	996,357
Cost of fairs	21,608	4,592
Leases	655,418	448,137
Rents - Group, Arsenal Holdings, TC	242,087	216,869
Rents - related party, natural person	38,823	27,781
Promotion costs	684,135	458,010
Promotion costs - Group, Arsenal Holdings	413	531
Costs of public announcement systems and lighting	-	21,203
Municipal utility services	763,879	637,741
Utility and water fees	345,103	270,361
Other services	15,119	20,527
	4,021,471	3,307,644

NOTE 23 - STAFF COSTS

<i>(In EUR, without cents)</i>	2023	2022
Net salaries	4,717,933	3,838,356
Taxes and contributions from/on salaries	3,175,267	2,480,177
Key management rewards	74,764	-
Taxes and contributions from/on key management award	18,863	-
Other regulatory disbursements	428,319	315,762
	8,415,146	6,634,295

At the end of the year the number of staff employed by the Company was 312 (2022: 311). 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 2023 amounted to EUR 455,773.09 (2022: EUR 381,376.95).

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 24 - OTHER OPERATING EXPENSES

<i>(In EUR, without cents)</i>	2023	2022
Travel expenses	140,704	66,698
Commission fees	756,878	547,944
Supervisory Board - related parties	171,497	87,230
Agency fees	336,524	296,636
Service contract (net)	474,689	402,858
Service contract (net) - related parties	29,916	25,067
Intellectual services (lawyer, notary and other)	24,622	26,900
Entertainment programme organisation	231,091	129,710
Security services	245,762	218,285
Entertainment expenses	165,968	145,182
Insurance premiums	146,573	143,140
Memberships, taxes and contributions	229,300	229,263
Bank and payment transaction charges	50,846	34,433
Concessions	249,740	223,024
Donations, sponsorships	104,640	84,028
Deficits	11,421	15,913
Subsequently identified expenses from previous years	16,319	2,131
Write-off of uncollected trade receivables for which legal proceedings or forced collection are initiated	-	-
Other	621,468	229,410
	4,007,958	2,907,852

NOTE 25 - NET FINANCIAL EXPENSES

<i>(In EUR, without cents)</i>	2023	2022
Financial revenues		
Foreign exchange gains	119	47,141
Interest income	238,812	3
Total financial revenue	238,931	47,144
Financial expenses		
Foreign exchange losses	(1,286)	(36,171)
Interest expenses	(478,250)	(414,670)
Other financial expenses	(6,577)	(3,984)
Total financial expenses	(486,113)	(454,825)
Net financial expenses	(247,182)	(407,681)

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 26 - CORPORATE INCOME TAX

Corporate income tax is calculated in accordance with Croatian legislation. Tax rate on taxable income is 18% (2022: a 18%). As at 31 December 2023, the corporate income tax liability amounted to EUR 790,887.36 (2022: EUR 741,443.63).

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 EUR, without cents)</i>	31 December 2023	31 December 2022
Profit before tax	4,070,418	3,859,197
Tax calculated at a rate of 18%	732,675	694,656
Tax effect of net expenses non-deductible for tax purposes	58,212	46,789
Tax effect of net income not subject to tax	-	-
Tax liability	790,887	741,443
Benefit under the Investment Promotion Act	-	-
Final tax liability	790,887	741,443

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).

	2023	2022
Net profit attributable to shareholders <i>(in EUR)</i>	3,279,530	3,117,754
Weighted average number of issued ordinary shares	2,404,310	2,413,655
Basic earnings per share <i>(in EUR)</i>	1.37	1.29

As at 31/12/2023

(All amounts are provided in EUR)

NOTE 28 - CASH GENERATED FROM OPERATIONS

Adjustment of profit with cash generated from operations as follows:

<i>(In EUR, without cents)</i>	2023	2022
Profit for the current year	4,070,418	3,859,197
Adjustment for:		
Depreciation of intangible assets (Note 6)	13,177	16,722
Property, plant and equipment depreciation (Note 7)	2,976,524	2,698,099
Depreciation of investment property (Note 8)	249,585	249,079
Sold and disposed intangible assets (Note 7)	(11,421)	99,050
Distribution of own shares (Note 14)	(291,407)	73,894
Corporate income tax paid	(942,641)	(926,186)
Other adjustments	173,823	(19,885)
Changes in working capital:		
- trade receivables	(269,620)	(52,299)
- other receivables	138,674	(65,750)
- inventories	(13,725)	(57,286)
- trade payables	489,960	555,497
- liabilities to the government	(113,898)	(100,109)
- employee payables	35,737	97,536
- other payables	9	(55,081)
Cash inflow generated from operations	6,505,195	6,372,478

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 EUR, without cents)</i>	2023	2022
Domestic trade receivables (Note 11)	-	1,042
Other receivables from co-owners (Note 11)	3,583	5,176
Trade payables (Note 18)	2,014	12,426

As at 31/12/2023

(All amounts are provided in EUR)

During the year the Company had the following related party transactions which are reflected in the income statement:

<i>(In EUR, without cents)</i>	2023	2022
Service revenues (Note 19)	2,040	10,003
Rents (Note 22)	280,910	244,650
Promotion (Note 22)	413	531
Gross salaries of key management (Note 23)	455,773	381,376
Service contract (net) (Note 24)	29,916	25,067
Supervisory Board (Note 24)	171,497	87,230

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. 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 31/12/2023

(All amounts are provided in EUR)

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.

(In EUR, without cents)	Weighted average effective interest rate %	Up to 1 month	From 1 to 3 mos	From 3 mos to 3 yr	Over 1 yr	Total
2022						
Interest-free	-	1,319,428	0	0	0	1,319,428
Interest	3.09%	235,970	471,940	2,123,729	13,525,546	16,357,184
		1,555,398	471,940	2,123,729	13,525,546	17,676,612
2023						
Interest-free	-	1,809,396	0	0	0	0
Interest	3.09%	265,294	530,587	2,387,643	12,011,845	15,195,369
		2,074,690	530,587	2,387,643	12,011,845	15,195,369

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 31/12/2023

(All amounts are provided in EUR, without cents)

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 EUR, without cents)</i>	Weighted average effective interest rate yr. %	Up to 1 month	From 1 to 3 mos	From 3 mos to 1 yr	From 1 to 5 yrs	Total
2022						
Receivables and cash balances	-	813,033	0	0	0	813,033
Deposits and loans	0.01%	0	0	10,671,584	0	10,671,584
		813,033	0	10,671,584	0	11,484,617
2023						
Receivables and cash balances	-	868,417	0	0	0	868,417
Deposits and loans	2,70%	0	0	12,000,000	0	12,000,000
		868,417	0	12,000,000	0	12,868,417

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

On 12 July 2023, 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 2023 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.

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.

As at 31/12/2023

(All amounts are provided in EUR, without cents)

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 EUR 66.361 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 EUR 59.917 with a validity period until 09 April 2025.

NOTE 32 – EVENTS FOLLOWING THE REPORTING PERIOD

After 31 December 2023, 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.

NOTE 33 - FINANCIAL STATEMENTS AUTHORISATION

The Company Management Board adopted the financial statements and authorised their issuing on 26 February 2024.

Signed on behalf of the Company's Management Board

Goran Ražnjević, member of the
Management Board

As at 31/12/2023

(All amounts are provided in EUR, without cents)

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 2023

Amounts in EUR

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		58,440,502	58,488,275
I INTANGIBLE ASSETS (ADP 004 to 009)	003	6	43,953	31,919
1 Research and development	004		0	0
2 Concessions, patents, licences, trademarks, software and other rights	005		0	0
3 Goodwill	006		0	0
4 Advances for the purchase of intangible assets	007		0	0
5 Intangible assets in preparation	008		0	0
6 Other intangible assets	009		43,953	31,919
II TANGIBLE ASSETS (ADP 011 to 019)	010	7	58,391,632	58,451,439
1 Land	011		5,894,095	5,894,095
2 Buildings	012		33,247,269	33,339,733
3 Plant and equipment	013		8,731,545	8,981,620
4 Tools, working inventory and transportation assets	014		0	
5 Biological assets	015		0	
6 Advances for the purchase of tangible assets	016		184,305	42,547
7 Tangible assets in preparation	017		159,339	205,783
8 Other tangible assets	018		0	0
9 Investment property	019	8	10,175,079	9,987,661
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	9	4,917	4,917
1 Investments in holdings (shares) of undertakings within the group	021		4,917	4,917
2 Investments in other securities of undertakings within the group	022		0	0
3 Loans, deposits, etc. to undertakings within the group	023		0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024		0	0
5 Investment in other securities of companies linked by virtue of participating interests	025		0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interests	026		0	0
7 Investments in securities	027		0	0
8 Loans, deposits, etc. given	028		0	0
9 Other investments accounted for using the equity method	029		0	0
10 Other fixed financial assets	030		0	0
IV RECEIVABLES (ADP 032 to 035)	031		0	0
1 Receivables from undertakings within the group	032		0	0
2 Receivables from companies linked by virtue of participating interests	033		0	0
3 Trade receivables	034		0	0
4 Other receivables	035		0	0

The following notes form an integral part of these financial statements

As at 31/12/2023

(All amounts are provided in EUR, without cents)

Balance sheet of ILIRIJA d.d. (continued)**As at 31 December 2023**

Amounts in EUR

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		11,674,390	13,071,915
I INVENTORIES (ADP 039 to 045)	038	10	189,773	203,498
1 Raw material and materials	039		189,773	203,498
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	11	712,054	843,000
1 Receivables from undertakings within the group	047		0	0
2 Receivables from companies linked by virtue of participating interests	048		0	0
3 Trade receivables	049		260,731	530,351
4 Receivables from employees and members of the undertaking	050		20,563	20,399
5 Receivables from government and other institutions	051		253,290	39,082
6 Other receivables	052		177,470	253,168
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	12	10,671,584	12,000,000
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		10,671,584	12,000,000
9 Other financial assets	062		0	0
IV CASH AT BANK AND IN HAND	063	13	100,979	25,417
D) PREPAID EXPENSES AND ACCRUED INCOME	064		0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065		70,114,892	71,560,190
F) OFF-BALANCE SHEET ITEMS	066		0	0

The following notes form an integral part of these financial statements

As at 31/12/2023

(All amounts are provided in EUR, without cents)

Balance sheet of ILIRIJA d.d. (continued)**As at 31 December 2023**

Amounts in EUR

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		51,066,317	53,114,266
I INITIAL (SUBSCRIBED) CAPITAL	068	14	30,412,964	30,420,000
II CAPITAL RESERVES	069	15	389,195	389,195
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070		4,890,631	4,975,723
1 Legal reserves	071	15	3,195,698	3,195,698
2 Reserves for own shares	072	15	925,837	925,837
3 Treasury shares and holdings (deductible item)	073	14	-229,335	-137,207
4 Statutory reserves	074		0	0
5 Other reserves	075	15	998,431	991,395
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	15	12,255,773	14,049,818
1 Retained profit	084		12,255,773	14,049,818
2 Loss brought forward	085		0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	15	3,117,754	3,279,530
1 Profit for the business year	087		3,117,754	3,279,530
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 31/12/2023

(All amounts are provided in EUR, without cents)

Balance sheet of ILIRIJA d.d. (continued)

As at 31 December 2023

Amounts in EUR

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	16	13,525,546	12,011,845
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		13,525,546	12,011,845
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		5,264,754	6,028,447
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	16	2,831,638	3,183,524
7 Payables under advances	116	18	11,285	11,293
8 Trade payables	117	18	1,308,143	1,798,103
9 Liabilities for securities	118		0	0
10 Employee payables	119		329,401	365,138
11 Taxes, contributions and similar liabilities	120		630,180	516,282
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	117	154,107	154,107
E) ACCRUALS AND DEFERRED INCOME	124	118	258,275	405,632
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125		70,114,892	71,560,190
G) OFF-BALANCE SHEET ITEMS	126		0	0

9.8 FINANCIAL REPORT FOR THE YEAR 2023

Annex 1

ISSUER'S GENERAL DATA

Reporting period: 01/01/2023 to 31/12/2023

Year: 2023

Annual financial statements

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

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): 312

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 31/12/2023			in EUR
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	58.440.502	58.488.275
I INTANGIBLE ASSETS (ADP 004 to 009)	003	43.953	31.919
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	0	0
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	43.953	31.919
II TANGIBLE ASSETS (ADP 011 to 019)	010	58.391.632	58.451.439
1 Land	011	5.894.095	5.894.095
2 Buildings	012	33.247.269	33.339.733
3 Plant and equipment	013	8.731.545	8.981.620
4 Tools, working inventory and transportation assets	014	0	0
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	184.305	42.547
7 Tangible assets in preparation	017	159.339	205.783
8 Other tangible assets	018	0	0
9 Investment property	019	10.175.079	9.987.661
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	4.917	4.917
1 Investments in holdings (shares) of undertakings within the group	021	4.917	4.917
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	11.674.390	13.071.915
I INVENTORIES (ADP 039 to 045)	038	189.773	203.498
1 Raw materials and consumables	039	189.773	203.498
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	0	0
5 Advances for inventories	043	0	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0

II RECEIVABLES (ADP 047 to 052)	046	712.054	843.000
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	260.731	530.351
4 Receivables from employees and members of the undertaking	050	20.563	20.399
5 Receivables from government and other institutions	051	253.290	39.082
6 Other receivables	052	177.470	253.168
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	10.671.584	12.000.000
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	10.671.584	12.000.000
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	100.979	25.417
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065	70.114.892	71.560.190
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	51.066.317	53.114.266
I INITIAL (SUBSCRIBED) CAPITAL	068	30.412.964	30.420.000
II CAPITAL RESERVES	069	389.195	389.195
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	4.890.631	4.975.723
1 Legal reserves	071	3.195.698	3.195.698
2 Reserves for treasury shares	072	925.837	925.837
3 Treasury shares and holdings (deductible item)	073	-229.335	-137.207
4 Statutory reserves	074	0	0
5 Other reserves	075	998.431	991.395
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	12.255.773	14.049.818
1 Retained profit	084	12.255.773	14.049.818
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	3.117.754	3.279.530
1 Profit for the business year	087	3.117.754	3.279.530
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	13.525.546	12.011.845
1 Liabilities towards undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	099	0	0
3 Liabilities towards companies linked by virtue of participating interest	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities towards banks and other financial institutions	103	13.525.546	12.011.845
7 Liabilities for advance payments	104	0	0
8 Liabilities towards suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	0	0
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	5.264.754	6.028.447
1 Liabilities towards undertakings within the group	110	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	111	0	0
3 Liabilities towards companies linked by virtue of participating interest	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities towards banks and other financial institutions	115	2.831.638	3.183.524
7 Liabilities for advance payments	116	11.285	11.293
8 Liabilities towards suppliers	117	1.308.143	1.798.103
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	329.401	365.138
11 Taxes, contributions and similar liabilities	120	630.180	516.281
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	154.107	154.108
E) ACCRUALS AND DEFERRED INCOME	124	258.275	405.632
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	70.114.892	71.560.190
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS			
for the period 01/01/2023 to 31/12/2023			
			in EUR
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (ADP 128 to 132)	127	23.731.340	28.047.809
1 Income from sales with undertakings within the group	128	10.003	2.040
2 Income from sales (outside group)	129	23.546.638	27.846.223
3 Income from the use of own products, goods and services	130	2.883	4.455
4 Other operating income with undertakings within the group	131	0	0
5 Other operating income (outside the group)	132	171.816	195.091
II OPERATING EXPENSES (ADP 134+135+139+143+144+145+148+155)	133	19.464.461	23.730.209
1 Changes in inventories of work in progress and finished goods	134	0	0
2 Material costs (ADP 136 to 138)	135	6.958.415	8.067.820
a) Costs of raw material	136	3.650.771	4.046.349
b) Costs of goods sold	137	0	0
c) Other external costs	138	3.307.644	4.021.471
3 Staff costs (ADP 140 to 142)	139	6.318.533	7.893.200
a) Net salaries and wages	140	3.838.370	4.717.933
b) Tax and contributions from salaries expenses	141	1.582.333	2.054.077
c) Contributions on salaries	142	897.830	1.121.190
4 Depreciation	143	2.963.900	3.239.285
5 Other expenses	144	3.080.407	3.979.260
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	143.206	550.644
III FINANCIAL INCOME (ADP 157 to 166)	156	47.144	238.931
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	3	238.812
8 Exchange rate differences and other financial income	164	47.141	119
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	454.826	486.114
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	414.670	478.251
4 Exchange rate differences and other expenses	171	36.171	1.286
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	3.985	6.577
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	23.778.484	28.286.740
X TOTAL EXPENDITURE (ADP 133+167+177 + 178)	180	19.919.287	24.216.323
XI PRE-TAX PROFIT OR LOSS (ADP 179-180)	181	3.859.197	4.070.417
1 Pre-tax profit (ADP 179-180)	182	3.859.197	4.070.417
2 Pre-tax loss (ADP 180-179)	183	0	0
XII INCOME TAX	184	741.443	790.887
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 181-184)	185	3.117.754	3.279.530
1 Profit for the period (ADP 181-184)	186	3.117.754	3.279.530
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	3.117.754	3.279.530
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	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	208	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	209	0	0
4 Actuarial gains/losses on the defined benefit obligation	210	0	0
5 Other items that will not be reclassified	211	0	0
6 Income tax relating to items that will not be reclassified	212	0	0
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	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	215	0	0
3 Profit or loss arising from effective cash flow hedging	216	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	217	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	218	0	0
6 Changes in fair value of the time value of option	219	0	0
7 Changes in fair value of forward elements of forward contracts	220	0	0

8 Other items that may be reclassified to profit or loss	221	0	0
9 Income tax relating to items that may be reclassified to profit or loss	222	0	0
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	3.117.754	3.279.530
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 01/01/2023 to 31/12/2023			
			in EUR
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	3.859.197	4.070.417
2 Adjustments (ADP 003 to 010):	002	3.481.504	3.615.828
a) Depreciation	003	2.963.899	3.239.285
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	99.051	-11.421
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	-3	-238.812
e) Interest expenses	007	414.670	478.251
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	4.467	1.168
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-580	147.357
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	7.340.701	7.686.245
3 Changes in the working capital (ADP 013 to 016)	012	316.225	251.967
a) Increase or decrease in short-term liabilities	013	497.844	133.993
b) Increase or decrease in short-term receivables	014	-117.913	131.699
c) Increase or decrease in inventories	015	-57.286	-13.725
d) Other increase or decrease in working capital	016	-6.420	0
II Cash from operations (ADP 011+012)	017	7.656.926	7.938.212
4 Interest paid	018	-358.262	-490.376
5 Income tax paid	019	-926.186	-942.641
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	6.372.478	6.505.195
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	3	127.920
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	3	127.920
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-2.837.360	-3.475.895
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-4.695.076	-1.328.416
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	-7.532.436	-4.804.311
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-7.532.433	-4.676.391
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	4.122.816	2.592.181
4 Other cash receipts from financing activities	038	0	291.408
V Total cash receipts from financing activities (ADP 035 to 038)	039	4.122.816	2.883.589
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-1.205.820	-2.499.865
2 Cash payments for dividends	041	-1.110.979	-1.319.601
3 Cash payments for finance lease	042	-967.059	-769.210
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	-73.894	-199.279

5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-3.357.752	-4.787.955
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	765.064	-1.904.366
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	-394.891	-75.562
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	495.870	100.979
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	100.979	25.417

STATEMENT OF CASH FLOWS - Direct method			
for the period 01/01/2023 to 31/12/2023			
in EUR			
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Cash receipts from customers	001	0	0
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	0	0
4 Cash receipts from tax refund	004	0	0
5 Cash payments to suppliers	005	0	0
6 Cash payments to employees	006	0	0
7 Cash payments for insurance premiums	007	0	0
8 Other cash receipts and payments	008	0	0
I Cash from operations (ADP 001 to 008)	009	0	0
9 Interest paid	010	0	0
10 Income tax paid	011	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 009 to 011)	012	0	0
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	013	0	0
2 Cash receipts from sales of financial instruments	014	0	0
3 Interest received	015	0	0
4 Dividends received	016	0	0
5 Cash receipts from repayment of loans and deposits	017	0	0
6 Other cash receipts from investment activities	018	0	0
II Total cash receipts from investment activities (ADP 013 to 018)	019	0	0
1 Cash payments for the purchase of fixed tangible and intangible assets	020	0	0
2 Cash payments for the acquisition of financial instruments	021	0	0
3 Cash payments for loans and deposits	022	0	0
4 Acquisition of a subsidiary, net of cash acquired	023	0	0
5 Other cash payments from investment activities	024	0	0
III Total cash payments from investment activities (ADP 020 to 024)	025	0	0
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 019 + 025)	026	0	0
Cash flow from financing activities			
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 01/01/2023 to 31/12/2023

in EUR

Item	ADP code	Attributable to owners of the parent																	Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent			
		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	30.412.964	389.195	3.195.698	925.837	155.441	0	998.431	0	0	0	0	0	0	10.430.478	2.942.793	49.139.955	0	49.139.955	
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	30.412.964	389.195	3.195.698	925.837	155.441	0	998.431	0	0	0	0	0	0	10.430.478	2.942.793	49.139.955	0	49.139.955	
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.117.754	3.117.754	0	3.117.754	
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	73.894	0	0	0	0	0	0	0	0	0	0	-73.894	0	-73.894	
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	-1.117.498	-1.117.498	0	-1.117.498	
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0	0	0	0	0	1.825.296	-1.825.296	0	0		
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	30.412.964	389.195	3.195.698	925.837	229.335	0	998.431	0	0	0	0	0	0	12.255.774	3.117.753	51.066.317	0	51.066.317	
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	3.117.754	3.117.754	0	3.117.754	
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	73.894	0	0	0	0	0	0	0	0	1.825.296	-2.942.794	-1.191.392	0	-1.191.392	

Current period																			
1 Balance on the first day of the current business year	28	30.412.964	389.195	3.195.698	925.837	229.335	0	998.431	0	0	0	0	0	0	12.255.773	3.117.753	51.066.316	0	51.066.316
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (AOP 28 to 30)	31	30.412.964	389.195	3.195.698	925.837	229.335	0	998.431	0	0	0	0	0	0	12.255.773	3.117.753	51.066.316	0	51.066.316
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.279.530	3.279.530	0	3.279.530
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	7.036	0	0	0	0	0	-7.036	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	199.279	0	0	0	0	0	0	0	0	0	0	-199.279	0	-199.279
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	-1.323.708	-1.323.708	0	-1.323.708
21 Other distributions and payments to members/shareholders	48	0	0	0	0	-291.407	0	0	0	0	0	0	0	0	0	0	291.407	0	291.407
22 Carryforward per annual plan	49	0	0	0	0	0	0	0	0	0	0	0	0	1.794.045	-1.794.045	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	30.420.000	389.195	3.195.698	925.837	137.207	0	991.395	0	0	0	0	0	0	14.049.818	3.279.530	53.114.266	0	53.114.266
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	7.036	0	0	0	0	0	-7.036	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	7.036	0	0	0	0	0	-7.036	0	0	0	0	0	0	0	3.279.530	3.279.530	0	3.279.530
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	-92.128	0	0	0	0	0	0	0	1.794.045	-3.117.753	-1.231.580	0	-1.231.580	

9.9 REPRESENTATION LETTER

ILIRIJA d.d.
BIOGRAD NA MORU

Biograd na Moru, 09/02/2024

Statement made by the persons responsible for the preparation of the financial statements for the period from 01/01/2023–31/12/2023

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 2023 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 31/12/2023, 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 31/12/2023.

Financial statements for the period form 01/1/2023 - 31/12/2023 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



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: 18/2024

In Biograd na Moru, 26 February 2024

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, 114/22, 18/23 and 130/23), 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 26 February 2024 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 2023 (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 2023 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 2023 Annual Financial Statements of the Company.
- III. The Company's Management Board hereby creates the 2023 Annual Statement of the Company (non-consolidated) consisting of the following:
 1. 2023 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 2023.
- IV. The Company Management Board hereby defines the Decision on Proposed Profit Allocation for 2023 in the total amount of: EUR 3.279.530,22 so the profit shall be allocated as follows:
 - EUR 1.593.618,72 into the retained profit;
 - EUR 1.685.911,50 for dividend distribution;
- V. This Decision, along with the 2023 Annual Financial Statement of the Company (non-consolidated), shall be referred to the Supervisory Board of the Company for consideration, i.e. approval.



Tel: Centrala ++385 23 383 165; Fax: ++385 23 384 564; Prodaja: ++385 23 383 556; sales@ilirijabiograd.com;
www.ilirijabiograd.com

- VI. The Company Management Board shall convene the General Assembly of the Company following the approval of the 2023 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



Tel: Centrala ++385 23 383 165; Fax: ++385 23 384 564; Prodaja: ++385 23 383 556; sales@ilirijabiograd.com;
www.ilirijabiograd.com

SUPERVISORY BOARD

Number:19/2024

In Biograd na Moru, 26 February 2024

Pursuant to Articles 300c and 300d of the Companies Act ("Official Gazette" No 152/11 — consolidated text, 111A2, 68/13, 110/15, 40/19, 34/22,114/22,18/23 and 130/23) and the Management Board Decision No 18/2023, of 26 February 2024, the Supervisory Board of ILIRIJA d.d. at its session held on 26 February 2024, adopted the following:

DECISION ON APPROVING THE ANNUAL FINANCIAL STATEMENTS AND DECISION ON PROPOSED PROFIT ALLOCATION

- I. The Company Supervisory Board hereby approves the 2023 Annual Statement of the Company (non-consolidated) consisting of the following:
 - 1) 2023 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 2023
- II. Following the approval by the 2023 Annual Statement of the Company (unconsolidated) it is considered that the Annual Financial Statements of the Company for 2023 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 2023 in the total amount of: EUR 3.279.530,22 as follows:
 - EUR 1.593.618,72 into the retained profit;
 - EUR 1.685.911,50 for dividend distribution;

President of the Supervisor's Board
Goran Medić



Ražnjevića Dvori

City Galleria

Arsenal Zadar

Vila Donat

Vila Primorje

Event Ship Nada

Marina Kornati

Restaurant Marina Kornati

Ilirija Travel

Hotel Kornati

Hotel Ilirija

Hotel Adriatic

Hotel Marina

Aquatic Center

Tennis Center

Restaurant Park Soline

Camp "Park Soline"

ILIRIJA D.D.

TINA UJEVIĆA 7, BIOGRAD NA MORU, REPUBLIC OF CROATIA

TEL: 023 383 165 FAX: 023 383 008 WWW.ILIRIJABIograd.COM