



 *Ilinija d.d.*

# ANNUAL REPORT FOR THE YEAR 2021

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Biograd na Moru, February 2022



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## INTRODUCTION BY THE PRESIDENT OF THE MANAGEMENT BOARD



Goran Ražnjević, President of the Management Board

Dear shareholders,

In a year whose first half was uncertain and unpredictable for the entire tourism sector, its business activities being strongly affected by the pandemic, despite such extraordinary or significantly difficult circumstances and thanks to an exceptionally tourism active second half of the year, in the second financial year marked with the global COVID-19 pandemic, the Company managed to achieve its key business objectives.

In 2021, or, specifically, its second half, tourism and hospitality recorded a recovery of demand, mostly generated in a very short period during the high season, due to a more favourable epidemiological situation resulting from the discovery of the vaccine, vaccination coverage, harmonisation and liberalisation of measures regarding movement and travel and the introduction of COVID certificates. This had a significant impact on the recovery, i.e. the exceptional growth of demand in the third quarter of the financial year, resulting in a strong growth of physical and financial turnover and profitability indicators.

This was a financial year that, according to the World Tourism Organisation (UNWTO) data, saw a billion tourist arrivals less on a global scale, i.e. 72%

arrivals less compared to the pre-pandemic 2019, with only the scope of business operations in the third quarter equal to the level of the pre-pandemic period, and the pre-season in most tourism sectors was entirely non-existent (hotel sector, camping, and destination management company), while the post-season recorded a mild recovery with symbolic results. Under such circumstances, the nautical and the real-estate sector, as the only sectors with continuous year-round business activity, showed stability of business operations, while the nautical sector also demonstrated exceptional resilience, which significantly contributed to the Company's performance in 2021. Thanks to results in the third quarter of the financial year, the camping sector achieved a significant growth of physical and financial results followed by a growth of profitability indicators, while the hotel sector and the destination management company recorded a slow recovery. Considering the circumstances during the financial year, especially in the tourism sectors, the Company considers the achieved physical and financial results of the sector as successful and satisfactory.

Having generated HRK 134,831,127.96 in total revenue, the Company achieved a 38% increase compared to the previous year, and at the same time 80.35% of revenue from 2019, which amounted

to HRK 167,797,556.86, as the best financial year concerning the realisation of revenue thus far. It is important to point out that during the first half of the year, the Company faced decreased demand, and during the entire year it operated at a lower capacity (hotel and restaurant in Sv. Filip i Jakov were closed in 2021), which partly affected the level of generated revenue. In terms of realisation of revenue, all Company sectors recorded a recovery, i.e. an increase in realised revenue compared to the previous year, especially in the camping and hotel sectors, the revenue of which was significantly lower in the previous year. It is important to note that the nautical sector achieved by far the best business results, which makes the nautical sector results much more significant.

In view of the achieved business profitability indicators expressed through operating profit, profit, EBITDA and EBIT, the Company achieved their strong recovery. Profit was generated in the amount of HRK 26,359,486.03, or 1,580% more compared to the previous year, while compared to the pre-pandemic period, it accounts for 84% of the profit from 2019, when it amounted to HRK 31,333,913.66. Furthermore, EBITDA was generated in the amount of HRK 48,789,796.17, showing an increase of 129% or HRK 27,494,895.09 compared to 2020, and at the same time it accounted for

97% of the amount from 2019, when it amounted to HRK 50,310,254.21, i.e. it was lower by only HRK 1,520,458.04. Strong growth of profitability indicators, especially in the EBITDA segment and its realisation that was almost at the 2019 level indicates a significant recovery and resilience of the Company due to growth and positive realisation of profitability indicators in the nautical, camping, hotel and real-estate sectors, while profitability of the destination management company was lacking. In the nautical and camping sectors, all profitability indicators generated growth, not only when compared with the previous year, but also when compared to 2019, which, along with rational cost management, affected the generated profitability of the Company.

The increase in realisation, both in revenue and profitability, contributed to the growth of financial position indicators, including asset value and equity and reserves. These increased compared to both the previous year and 2019. The Company's asset value equalled HRK 494,903,044.10, representing a 3.83% increase compared to the previous year, while compared to 2019, it increased by 1.98%, and it was generated through the increase in current assets of the Company. Equity and reserves were generated in the amount of HRK 370,244,993.55, increasing by 6.37% compared to

2021, resulting from an increase in profit, while compared to 2019, they increased by 6.77%.

Under continued difficult business conditions, the Company managed to reduce its liabilities, not only compared to the previous financial year, but also compared to 2019. Total liabilities for the reporting period amounted to HRK 124,658,050.55, and they decreased by 3.06%, or 9.99% compared to 2019, while the net debt for 2021, generated in the amount of HRK 59,783,368.01, was the lowest in the last 11 years, decreased by 34.69% compared to 2020, when it amounted to HRK 91,544,355.64, while compared to 2019 it decreased by 40.99%, when it amounted to HRK 101,317,234.91.

Dear shareholders, despite an uncertain first half of the financial year, by normalising its business activities in the third quarter, which reached the level of the pre-pandemic period, the Company managed to achieve business objectives in the context of the pandemic, and its results moved significantly closer to performance in 2019, especially with respect to profitability.

Furthermore, financial position indicators showed better results compared to the pre-pandemic period, while earnings per share also significantly increased. Along with the foregoing, the Company retained full employment and preserved material



rights arising from employment, which is why we find 2021 an exceptionally successful year, considering overall business conditions.

Also, the Management finds that, based on generated and achieved business results in 2021, after two years of absence, the Company managed to secure the possibility of dividend payments to its shareholders, which fully ensures the harmonisation of meeting expected and justified interests of all participants in the business processes of the Company.

Goran Ražnjević, President of  
the Management Board

A handwritten signature in blue ink, appearing to read 'Goran Ražnjević', written in a cursive style.

## OVERVIEW OF KEY PERFORMANCE INDICATORS IN 2021

**134,8M**

TOTAL REVENUE  
(HRK)  
+37,95%

**29,7M**

EBIT (HRK)  
+428,74%

**9,22**

EARNINGS  
PER SHARE  
EPS (HRK)  
+1195,24%

**22,2M**

NET PROFIT  
(HRK)  
+1,169%

**48,8M**

EBITDA (HRK)  
+129,11%

**494,9M**

ASSET  
VALUE(HRK)  
+3,83%

**59,8M**

NET DEBT  
(HRK)  
-34,69%

**124,7M**

TOTAL  
LIABILITIES (HRK)  
-3,06%

**370,2M**

EQUITY  
(HRK)  
+6,37%

**26,4M**

EARNINGS  
BEFORE TAXES (HRK)  
+1,579.51%

## OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE YEAR 2021

in HRK	2021	2020	2019	INDEX 2021/2020	INDEX 2021/2019
<b>Financial indicators</b>					
Total revenues	134.831.127,96	97.737.763,82	167.797.556,86	137,95	80,35
Operating revenues	134.470.753,01	97.640.558,48	167.711.919,32	137,72	80,18
<i>Hotel sector</i>	31.002.857,24	13.317.286,13	59.784.757,62	232,80	51,86
<i>Nautics</i>	49.185.727,37	43.370.116,44	48.610.539,64	113,41	101,18
<i>Camping</i>	33.399.299,81	19.609.983,95	35.305.818,53	170,32	94,60
<i>Ilijia Travel</i>	2.644.118,47	1.654.373,36	3.211.931,15	159,83	82,32
<i>Real-estate</i>	13.076.060,86	12.778.034,32	14.255.205,21	102,33	91,73
<i>Revenues from other profit centers</i>	5.162.689,26	6.910.764,28	6.543.667,17	74,71	78,90
Revenues from sales	128.515.939,95	90.004.256,80	165.072.177,40	142,79	77,85
EBITDA	48.789.796,17	21.294.901,08	50.310.254,21	229,11	96,98
EBITDA margin	36,28%	21,81%	30,00%	166,36	120,94
Adjusted EBITDA	49.215.174,64	22.474.619,53	51.216.000,21	218,98	96,09
Adjusted EBITDA margin	36,60%	23,02%	30,54%	158,99	119,84
EBIT	29.721.647,30	5.621.247,30	35.930.820,22	528,74	82,72
Adjusted EBIT	30.147.025,78	6.800.965,75	36.836.566,22	443,28	81,84
Earnings before taxes	26.359.486,03	1.021.879,54	31.333.913,66	2.579,51	84,12
Profit	22.172.476,03	1.021.879,54	31.333.913,66	2.169,77	70,76
Profit margin	19,60%	1,05%	18,68%	1.866,89	104,94

in HRK	31/12/2021	31/12/2020	31/12/2019	INDEX 2021/2020	INDEX 2021/2019
<b>Balance sheet indicators</b>					
Net debt	59.783.368,01	91.544.355,64	101.317.234,91	65,31	59,01
Net debt / EBITDA	1,23	4,30	2,01	28,50	61,19
Net debt /Adjusted EBITDA	1,21	4,07	1,98	29,85	61,35
Interest coverage	8,44	0,22	6,92	3.836,36	121,97
Capital investments	10.844.315,13	13.850.731,79	24.249.604,35	78,29	44,72
ROE	5,99%	0,29%	9,04%	2.065,03	66,25
ROA	4,48%	0,21%	6,46%	2.133,33	69,35
Adjusted ROCE	7,01%	1,47%	8,25%	476,87	84,97

in HRK	31/12/2021	31/12/2020	31/12/2019	INDEX 2021/2020	INDEX 2021/2019
<b>Indicators of the financial position</b>					
Value of assets	494.903.044,10	476.670.047,64	485.278.090,92	103,83	101,98
Capital	370.244.993,55	348.072.517,52	346.783.374,38	106,37	106,77
Total liabilities	124.658.050,55	128.597.530,12	138.494.716,54	96,94	90,01

in HRK	2021	2020	2019	INDEX 2021/2020	INDEX 2021/2019
<b>Achievements on the capital market</b>					
Market capitalization	405.514.253,76	421.105.386,24	453.204.776,64	96,30	89,48
EV	470.027.884,00	524.516.956,24	579.755.725,07	89,61	81,07
EV / EBITDA	9,63	24,63	11,52	39,11	83,63
EV / Adjusted EBITDA	9,55	23,34	11,32	40,92	84,37
P / E	18,50	41,07	15,26	45,05	121,23
EPS	9,22	0,42	13,00	2.195,24	70,92
DPS	0,00	0,00	3,50	#DIV/0!	0,00

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

Physical indicators	2021	2020	2019	INDEX 2021/2020	INDEX 2021/2019
<b>Hotel sector</b>					
Number of accommodation units	443	443	443	100,00	100,00
Overnight stays of tourist	76.113	31.738	146.815	239,82	51,84
Occupancy days	80	33	165	242,42	48,48
Annual occupancy	21,98%	8,94%	45,30%	245,86	48,52
<b>Nautical sector</b>					
Number of berths	805	805	805	100,00	100,00
Contracted vessels	719	717	740	100,28	97,16
Transit berth, overnight stay of vessels	10.219	9.799	11.227	104,29	91,02
Transit berth, inbound sail of vessels	2.667	1.585	3.418	168,26	78,03
Port service - number of operations	3.554	2.831	3.688	125,54	96,37
Days of work	365	365	365	100,00	100,00
<b>Camping</b>					
Number of accomodation units	1.208	1.208	1.220	100,00	99,02
Days od work	198	275	275	72,00	72,00
Occupancy days	98,36	116,72	149,72	84,28	65,70
Mobile homes	77,57	40,87	94,45	189,80	82,13
Individuals	31,94	13,14	45,36	243,07	70,41
Fixed lease	198,00	275,00	275,00	72,00	72,00
Lump sum	198,00	275,00	275,00	72,00	72,00
<b>Occupancy</b>	49,73%	42,44%	54,44%	117,18	91,26
Mobile homes	39,18%	14,86%	34,35%	263,66	114,06
Individuals	16,13%	4,76%	16,49%	338,87	97,82
Fixed lease	100,00%	100,00%	100,00%	100,00	100,00
Lump sum	100,00%	100,00%	100,00%	100,00	100,00
Overnight stays of tourists	236.878	139.052	290.487	170,35	81,55

Physical indicators	2021	2020	2019	INDEX 2021/2020	INDEX 2021/2019
<b>Ilirija Travel</b>					
Number of events	361	106	609	340,57	59,28
Number of persons (events)	12.167	9.658	54.749	125,98	22,22
<b>Real-estate</b>					
Number of lessees	37	36	37	102,78	100,00
Common contracts	36	35	36	102,86	100,00
Common areas	26	22	21	118,18	123,81
Advertising space	8	8	8	100,00	100,00
Garage - number of parking space	410	410	410	100,00	100,00
Rented area (m2)	9.924,60	9.924,60	9.897,60	100,00	100,27
Number of vehicles in the garage	669.197	599.329	763.982	111,66	87,59



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## KEY INFORMATION FOR 2021

**1) In the context of the financial year and its first half that was completely uncertain and unpredictable, the Company finds the achieved business results (physical, financial and profitability indicators) exceptionally successful, especially since in terms of its business profitability it moved towards the 2019 results, demonstrating extreme resilience, flexibility and liquidity, which greatly contributed to the overall stability of the Company and meeting of its core objectives in the context of carrying out business operations during the pandemic.**

The entire first half of 2021 was under the strong influence of the global COVID-19 pandemic, which was reflected in the decreased demand in the pre-season, later opening of facilities, unfavourable epidemiological situation and uneven measures regarding movement and travel of the population, which had a negative impact on business activities of certain tourism sectors of the Company (hotel sector, destination management company, and camping sector) in the first six months of the financial year. It was only from the third quarter of the financial year, from mid-July to the end of September, when the epidemiological situation improved and the epidemiological measures and recommendations were relaxed, more people were vaccinated in the EU and COVID passports were introduced, that the hotel and camping sectors, and the destination management company realised in peak season virtually the overall turnover, followed by a strong

growth of performance indicators compared to the previous year. The nautical and real-estate sectors recorded a stability of business operations in 2021, which was reflected in continuous activities during the entire financial year, having been less affected by the pandemic compared to the previous year.

**Despite the circumstances, certain sectors of the Company generated results that were better or equal to the pre-pandemic period, i.e. 2019. The nautical sector of the Company, which demonstrated exceptional resilience in 2020 as well, generated the best results so far, with regard to realisation of both revenue and profitability.** Moreover, the camping sector of the Company demonstrated a strong recovery in 2021, generating, with lower realisation of physical turnover, exceptional realisation of operating revenue, **as well as profitability, which was better than in 2019.** The hotel sector and the destination management company generated a significant increase in key performance indicators compared to the previous year, but as sectors whose business activity is partly based on realisation in both pre- and post-season, unsurprisingly, they did not bring about a stronger recovery.

**2) Total revenue of the Company amount to HRK 134,831,127.96, recording an increase of HRK 37,093,364.14 or 37.95% compared to the same period in 2020, when they amounted to HRK 97,737,763.82.**

**Revenue generated in the reporting period accounted for 80.35% of revenue generated in the best financial year for the Company, i.e. 2019, when it amounted to HRK 167,797,556.86.**

Operating revenue generated in the amount of HRK 134,470,753.01 increased by 37.72%, or HRK 36,830,194.53 compared to the same period of the previous year, and it was a result of a significant increase in sales revenue in all Company sectors, followed by a significant increase in realisation in both foreign and domestic markets. The significant increase in operating revenue compared to 2020 was certainly largely driven by the strong recovery of the camping sector, the realisation of the nautical sector, which exceeded the 2019 results, the growth and stabilisation of revenue in the real-estate sector and gradual recovery of the hotel sector and the destination management company Ilirija Travel.

Analysed by sectors, the nautical sector of the Company realised revenue in the amount of HRK 49,185,727.37, which represents an increase in revenue by 13% or HRK 5,815,610.93 compared to the previous year. The increase in revenue is the result of increased realisation of revenue generated in all nautical sector's profit centres, of which the most significant is the revenue from vessel accommodation services, i.e. Marina Kornati, which generated 86% of revenue for the entire sector. Furthermore, the nautical sector's revenue not only increased, but it ex-

ceeded the realisation from the pre-pandemic period, i.e. 2019, realised in the amount of HRK 48,610,599.64, it increased by 1.18% or HRK 575,187.73, making it the best business performance of the nautical sector thus far.

With the realisation of revenue in the amount of HRK 33,399,299.81 the camping sector brought about a strong recovery compared to 2020, i.e. an increase of 70%, or HRK 13,789,315.86, due to an increase in revenue for both of its profit centres, i.e. "Park Soline" campsite and the hospitality segment. The camping sector realised 95% of the revenue generated in 2019 in the amount of HRK 35,305,818.53, which had a major impact on the realisation of operating revenue for the Company.

The hotel sector realised revenue in the amount of HRK 31,002,857.24, representing an increase in revenue by 133%, or HRK 17,685,571.11 compared to 2020. At the same time, compared to 2019, when revenue was HRK 59,784,757.62, it realised 52% of revenue from the pre-pandemic period. These results are due to the non-existence of the pre-season, later opening of facilities and concentration of business activities in the high season, which is why, unsurprisingly, the stronger recovery of the hotel sector was also lacking.

The real-estate sector generated revenue in the amount of HRK 13,076,060.86, increasing by 2% compared to the previous year, but it was lower compared to 2019, which

was expected, considering the business conditions. With its realised revenue, the real-estate sector achieved stability of business operations, having a high occupancy of 99.77%.

The destination management company Ilirija Travel realised HRK 2,644,118.47 of revenue compared to the previous year and generated a 60% increase in revenue, or 82% of revenue from 2019, when it realised HRK 3,211,931.15 of revenue. Considering the nature of the service provided by the destination management company (organisation of events and gatherings), unsurprisingly, the recovery has been slow.

**3) All key operating profitability indicators at the Company level (operating profit, profit, EBITDA and EBIT) have strongly increased compared to the previous year, due to increased business activities in all sectors, especially tourism, where business activity was lacking to a great extent in 2020 (hotel, camping and destination management company) and rational cost management.**

Moreover, it is important to note that key tourism sectors of the Company had an increase in profitability compared to the previous year, even though, unsurprisingly, the destination management company did not demonstrate profitability. The nautical and camping sectors had a strong increase in all profitability indicators (operating

profit, profit, EBITDA and EBIT) and compared to 2019, which had a significant impact on the overall profitability of the Company.

**The Company's profit before tax for the reporting period amounted to HRK 26,359,486.03, increasing by HRK 25,337,606.49 or 1,579.51% compared to the previous financial year, when it amounted to HRK 1,021,879.54. The profit generated in 2021 accounts for 84.12% of the profit in 2019, realised in the amount of HRK 31,333,913.66, i.e. it was lower by HRK 4,974,427.63 or 15.88%.**

**Net profit in the reporting period amounted to HRK 22,172,476.03.**

**EBITDA was realised in the amount of HRK 48,789,796.17, recording an increase of 129.11% or HRK 27,494,895.09 compared to the same period in 2020 when it amounted to HRK 21,294,901.08. In the reporting period, it accounted for 96.98% of EBITDA from 2019, when it amounted to HRK 50,310,254.21.**

**EBIT was realised in the amount of HRK 29,721,647.30, recording an increase of 428.74%, or HRK 24,100,400.00 compared to 2020, and it accounted for 82.72% of EBIT in 2019, when it amounted to HRK 35,930,820.22.**

**Operating profit or profit from business activities of the Company was HRK 48,429,421.22, representing an**

**increase of 128.47%, or HRK 27,231,725.48 compared to 2020, when it amounted to HRK 21,197,695.74. At the same time, the realised operating profit accounted for 96.43% of operating profit in 2019, when it amounted to HRK 50,224,616.67.**

4) The total expenditure amounted to HRK 108,471,641.93, which is a 12.15% increase in comparison to HRK 96,715,884.28 from the previous year, as a result of an increase in operating expenses by 12.56% and depreciation by 22%. Operating expenses were generated in the amount of HRK 86,041,331.79, the increase of which was due to the increased costs of raw materials, materials and energy by 54%, costs of services by 14% and the increase in the gross wage cost by 11% following a significant increase of business activities in all Company sectors.

5) The Company's total liabilities amounted to HRK 124,658,050.55, decreasing by HRK 3,939,479.57 or 3.06% compared to 2020, when they amounted to HRK 128,597,530.12, which is a result of a decrease in long-term liabilities pertaining to loans and long-term financial leasing. Compared to 2019, they decreased by HRK 13,836,665.99 or 9.99%

6) **Net debt for the reporting period, which includes both current and non-current liabilities to banks minus cash at hand and deposits, amounted to HRK 59,783,368.01, making it, compared to the previous year**

**when it amounted to HRK 91,544,355.64, lower by HRK 31,760,987.63, or 34.69%. Compared to the pre-pandemic 2019, when it amounted to HRK 101,317,234.91, it was lower by HRK 41,533,866.90, or 40.99%. Under continued difficult business conditions, the Company managed to preserve its liquidity and cash flow stability.**

7) The value of the Company assets as at 31 December 2021 amounted to HRK 494,903,044.10, increasing by HRK 18,232,996.46 or 3.83% compared to 2020, when it amounted to HRK 476,670,047.64. Moreover, compared to 2019, when it amounted to HRK 485,278,090.92, the value increased by HRK 9,624,953.18, or 1.98%. The asset value was generated through the increase in current assets, which amounted to HRK 52,882,621.62 in the reporting period, and compared to the previous year when it amounted to HRK 27,768,063.49, it increased by 90.44%, or HRK 25,114,558.13. The increase in current assets was a result of the 108.57% increase in cash assets or HRK 25,385,476.30 compared to the previous year, which had a significant impact of the Company liquidity.

8) **Equity and reserves amounted to HRK 370,244,993.55, representing an increase of HRK 22,172,476.03, or 6.37% compared to 2020, when they amounted to HRK 348,072,517.52. This increase is due to the generated operating profit. Compared to 2019, there was an 6.77% increase in equity and reserves, or HRK 23,461,619.17.**

9) The Company is a beneficiary of the package of business measures adopted by the Government of the Republic of Croatia aimed at job retention in business conditions affected by the COVID-19 pandemic for the period of January, February, March, April and May 2021, which amounted to a total of HRK 4,951,862.82, i.e. HRK 2,500.00 per month and per employee for the said period.

10) On the capital market, total turnover of the Company shares designated as ILRA was generated in the amount of HRK 4,845,205.00, representing an increase of 912.73% compared to the turnover generated in the same period of the previous year, when it amounted to HRK 478,429.00, which is a result of increased liquidity of Company shares. The increased liquidity of the Company shares was, in part, a result of the increase of the number of Company shareholders due to a decision of the Centre for Restructuring and Sale (CERP) regarding the award of free ILRA shares to Croatian veterans of the War of Independence and family members of fallen and missing Croatian veterans of said war, as well as the Decision on placing ILRA shares on the list of shares to be transferred to previous owners of seized assets. Therefore, as at 31 December 2021, the Company had a total of 284 shareholders in its ownership structure, unlike the same period of the previous year when it had 186 shareholders.

11) The last share price was achieved in the amount of HRK 170.00 in comparison to HRK 130.00, which was the

last share price in the previous year, constituting an increase of 30.77%. Consequently, the market capitalisation increased by 30.77% or HRK 96,539,520.00, calculated by multiplying the last price and the number of shares, and it was generated in the amount of HRK 410,292,960.00. The average share price was realised in the amount of HRK 168.02, representing a 3.70% decrease compared to 2020, while the market capitalization calculated by multiplying the number of shares and the average share price was lower and amounted to HRK 405,514,253.76.

12) The average turnover per transaction in the reporting period amounted to HRK 22,747.44, increasing by 75.92%, while the average daily turnover per transaction amounted to HRK 57,002.41, increasing by 126.38% compared to the previous financial year. At the same time, earnings per share (EPS) amounted to HRK 9.22, increasing by 1,195.24% compared to 2020, when they amounted to HRK 0.42.

13) At its meeting held on 30 April 2021, the General Assembly adopted the Decision to Appoint a Member of the Supervisory Board, based on which it re-elected for the Member of the Supervisory board Mr Goran Medić from Zadar, Ive Senjanina 12c, PIN: 54770742757. The term of the Supervisory Board member started on 21 June 2021 with the possibility of re-appointment.

14) At the General Assembly held on 24 September 2021, the following decisions were adopted:

- New members of the Supervisory Board, i.e. the four existing members of the Supervisory Board, were elected for a new term (Davor Tudorović, David Anthony Tudorović, Prof. Darko Prebežac, PhD and Prof. Siniša Petrović, PhD), whose term starts on 18 December 2021.
- The Decision on the remuneration of Supervisory Board members was adopted.
- The certified auditing company UHY Rudan d.o.o. from Zagreb was awarded the audit work for 2021.

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

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

17) ADAC, the leading German auto-club, awarded "Park Soline" campsite 4\*\*\*\* stars and the TIPP designation for 2022, which represents their special recommendation for

accommodation, awarded to high-quality camps having at least 4 stars.

18) The 23rd international nautical fair Biograd Boat Show was successfully held between 20 and 24 October 2021, organised and hosted by the Company and in compliance with all epidemiological measures and recommendations. Biograd Boat Show was held as “four fairs in one” – exhibition, conference, charter, and business to business fair. More than 300 registered exhibitors and companies participated in the Boat Show, while over 100 owners, operators, and charter agents participated at the Croatia Charter Expo, and the conference part of the Boat Show was held as part of the 5th Nautical Days by the Croatian Chamber of Commerce, and its business segment was significantly strengthened by the B2B platform, hosting over 450 meetings.



## **REORGANISATION, I.E. CONTINUATION OF THE COMPANY'S BUSINESS ACTIVITIES PROCESSES AND OPERATIONS AND IMPLEMENTATION OF MEASURES AND ACTIVITIES IN RESPONSE TO THE GLOBAL COVID-19 PANDEMIC, ESPECIALLY IN THE FIRST HALF OF 2021**

In 2021, the travel, tourism and hospitality sectors were among the sectors most affected by the COVID-19 pandemic globally, as they are labour-intensive sectors which generate a great amount of business and other economic activities due to their direct and indirect impact on the national and global economy. It should be pointed out that since mid-2021 the epidemiological situation has significantly improved, allowing for more intense tourism activities of the Company in the second half of the year.

From the date of declaring the pandemic, i.e. as of 12 March 2020, the Company began adjusting its business processes to the new circumstances caused by the COVID-19 pandemic and implementing the new Organizational structure. In other words, the business reorganization and adjustment processes (organisational, staffing and operational-technical processes) were initiated in order to manage the crisis and mitigate its consequences, which remain its priorities in 2021 as well, all in the form of:

### **I Protection and preservation of health and life of the Company's employees and guests**

Even before the pandemic, the Company established the Occupational Safety, Health and Environmental Protection Department, i.e. a professional and operational team led by three educated and qualified persons (one holding a degree in sanitary engineering, one holding a degree in

health and safety, and one holding a degree in food engineering) from the domain of health control and safety, occupational safety, and hygiene and health standards and procedures in operational processes, with special emphasis on the food and beverage and the household departments. Among other, the expert and operational team consists of leaders from different Company's departments (Communications, Operational Business and Business Processes, Legal Sources and Human Resources) with the aim of quick and efficient implementation and coordination of Company's and competent authorities' measures and decisions in view of the COVID-19 pandemic.

The already high standards of hygiene and cleanliness we have been applying so far have been further improved. In addition, we have taken the necessary measures to further improve all measures and procedures aimed at protecting the health and safety of our employees and guests.

**II Preservation of the Company's assets, i.e. facilities and the four-star standard** we have already achieved for future business activity, i.e. the retention and preservation of all key facilities within the sector, i.e. our diversified tourism portfolio, which ensures the stability of Company's business system, market competitiveness and more flexible response to market demands in the new circumstances.

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

We have fully implemented the epidemiological measures in all facilities, our offer is fully in compliance with them and we have taken all necessary measures to protect the health and safety of our employees and guests. The company is closely monitoring the current situation and adjusting its business processes to measures and guidelines of the Croatian Institute of Public Health. The business activity of the Company was carried out in all sectors, even though the hotel and camping sectors and the destination management company did not record any significant business activities in the first half of the financial year due to an unfavourable epidemiological situation and the lack of demand, and it was normalised through a significant increase of business activities in the third quarter of the financial year, while the nautical and the real-estate sectors performed their business activity year-round.

**IV Job retention of existing employees and preservation of their financial position**, i.e. the retention of the Company's highly-qualified and professional employees work at all levels for future business activity of the Company, after the pandemic ends. The Company retained full employment, with 268 employees (including seasonal employees) as at 31 December 2021, of which 242 are active and have an assigned job position.

Due to increased business activity in the third quarter of the financial year and its nearing the extent of business activity typical for the pre-pandemic period, the Company increased its allocations for salaries, so in the last quarter the average paid net salary in the Company reached the average net salary in the Republic of Croatia.

### **V Use of aid granted by the Croatian Government for the preservation of employment**

In 2021, i.e. in its first half, the Company was a beneficiary of the package of business measures adopted by the Government of the Republic of Croatia aimed at job retention in business conditions affected by the COVID-19 pandemic for the period of January, February, March, April and May, which amounted to a total of HRK 4,951,862.82, i.e. HRK 2,500.00 per employee for the said period.

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

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

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

### **VII The conversion of an existing short-term loan in the amount of EUR 600,000.00 with repayment maturity in the summer of 2020 into a medium-term loan of the same amount with a three-year repayment period and a one-year grace period, with repayment to be started from 1 July 2021**

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

With such a credit arrangement, the Company, in agreement with Erste&Steiermärkische Bank d.d., essentially converted the loan from a short-term to a medium-term

loan, which is much more favourable in terms of preserving the current liquidity of the Company. In addition, such a credit transaction did not increase the Company's credit liabilities, as they remained the same.

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

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

Deferral of payment of all liabilities due in respect of the principal of the financial lease by the Company's commercial bank Erste&Steiermärkische Bank d.d. for the period from 01/04/2020 to 31/03/2021. Request for refinancing of all liabilities deferred in respect of the principal of the financial lease in the period from 1 April 2020 to 31 March 2021 and transferring to regular increased repayment scheme by lease instalments until the end of the Repayment Plan.

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

#### **IX Short-term limit with the commercial bank in order**

#### **to retain the current liquidity of the Company**

In June 2021, the Company concluded a Shot-Term Limit Agreement with the commercial bank Erste&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 the year for the purpose of maintaining current liquidity.

Moreover, in May 2021, the Company concluded a Permanent Working Capital Agreement with the commercial bank Erste&Steiermärkische Bank d.d. for the amount of HRK 15,000,000.00 to be used by 30 June 2022 with a one-year grace period and a five-year plan starting from 1 July 2023, for the purpose of reinforcing current liquidity if necessary. As at 31 December 2021, the Company has not used any funds provided by the loan.

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

#### **XI Cooperation with suppliers**

#### **XII Monitoring and management of trade receivables by implementing active collection**

#### **XIII Investments for the financial year 2021**

In view of the difficult and unfavourable business condi-

tions in the first half of the financial year, the Company made investments in the second half of the financial year in accordance with the current Investment Plan, namely in the camping, real-estate, and hotel sectors.

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

The Company preserved the CSR system and principles under difficult business conditions as much as possible and acceptable. Considering the extraordinary circumstances and the business environment in 2021 that especially endangered the economic goals of the Company, these goals are considered the priority by the Company in order to ensure its long-term financial stability and business viability.

#### **XV Digitalization of the Company and virtual business**

Following the first day of reorganisation of business activities and business processes due to COVID-19 pandemic, the Company ensured rapid digital transformation of most of the business processes. In other words, the Company established virtual business operations at the level of all sectors, especially the sales and marketing departments and corporate services department. The digitalisation of business processes involves technological and marketing solutions, as well as novelties in practical solutions.

**In conclusion:** By implementing the above mentioned measures and activities, pertaining to the period from the moment the pandemic was declared (12 March 2020) to the entire financial year 2020 and the first half of the financial year 2021, the Company has adjusted its business processes and activities to the new circumstances in order to: (I) maintain the long-term business stability of the Company, (II) ensure smooth operation of business processes in the sectors and profit centres in compliance with all health, epidemiological and sanitary measures and recommendations of the competent authorities, (III) preserve the Company's current liquidity, (IV) preserve the Company's assets and facilities, and (V) retain full employment and preserve the social and material rights of employees. Since the third quarter of 2021, i.e. mid-July, due to a significant market recovery and increased demand in the tourism sectors of the company, business activities of the Company have been returning to their pre-pandemic levels.



## 1 ABOUT ILIRIJA D.D.

### 1.1 BASIC INFORMATION

ILIRIJA d.d. is a public joint stock company registered for hospitality and tourism with registered office in Biograd na Moru, Tina Ujevića 7, that has been active in the Croatian tourist market for over **64** years. The business operations of ILIRIJA d.d. is based on the principles of corporate social responsibility as an integral part its corporate values.

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

AD 1307, event boat “Nada”), **sports-recreational and entertainment center** (Tennis center Ilirija with 20 tennis courts and Aquatic center with hospitality facilities), and since the month of December 2016, the Company’s portfolio includes the **Commercial-Shopping Center City Galleria** in Zadar with more than 28.500m<sup>2</sup> gross area in total six floors and total 9.924,60m<sup>2</sup> 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.

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## 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 m<sup>2</sup> 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 m<sup>2</sup> 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 m<sup>2</sup>, whereby it represents a center for holding almost all sports, entertaining and dance events in the City Biograd na Moru.

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

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

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

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

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

**Years 2000 – 2021** | During this period, that is, by 31 December 2021, the Company invested HRK 641,831,797.12 in construction, reconstruction, extension, upgrading, renovation and adaptation of accommodation facilities and establishments of the Company in order to enhance the quality, improve the overall service and standards in all sectors of the Company, develop new products, improve and increase the categorization of the accommodation facilities and nautical capacities, expand hospitality facilities with an aim to create a high-quality, recognizable and competitive tourism product and enhance the quality of the offer of the destination itself as well as the purchase of the City Galleria Business and Shopping Centre, which resulted in a growth in total revenues and newly created value in the mentioned period in the amount of HRK 1,029,959,913.31.

**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 500m<sup>2</sup> 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, Company Tax Number - OIB: 59794687464, holds 1,429.032 shares in the Company, which accounts for 59.21% of the shares in the share capital of the Company and the same number of votes in the Shareholders' Assembly.

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

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



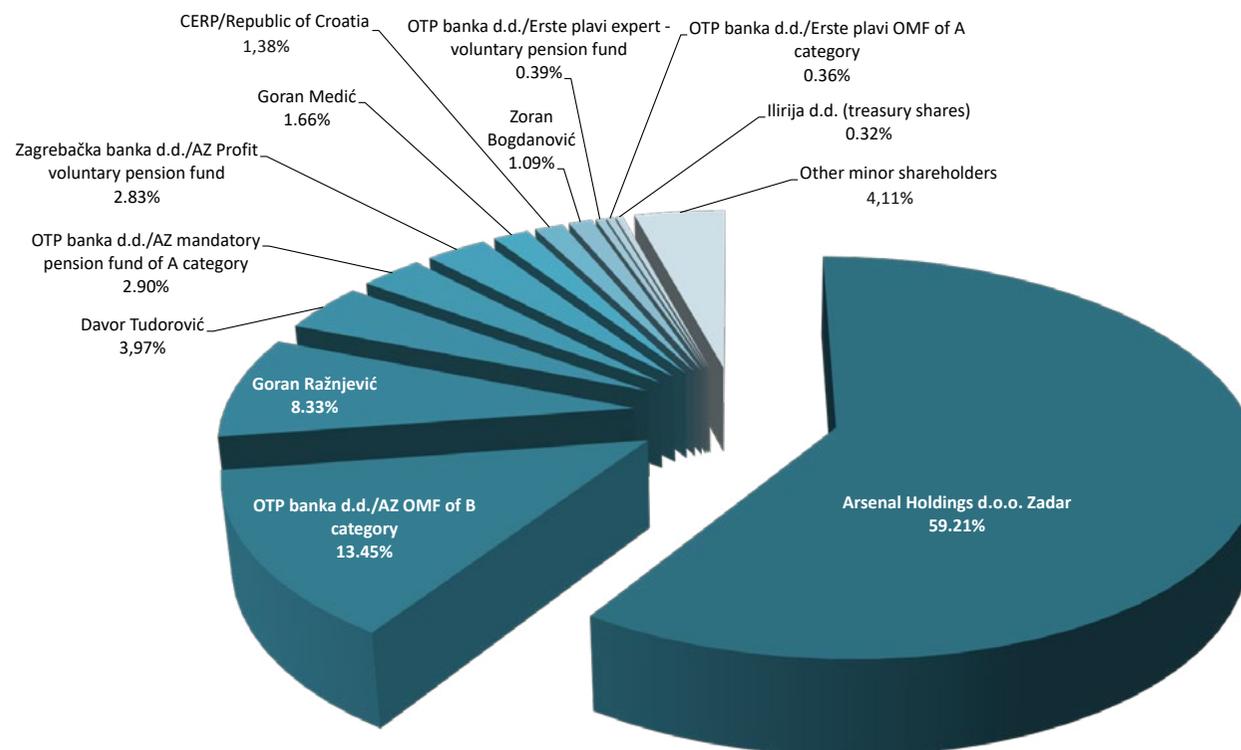
## 1.5 OWNERSHIP STRUCTURE OF THE COMPANY AND TRADING IN THE COMPANY'S SHARES AT THE ZAGREB STOCK EXCHANGE

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

As at 31 December 2021, there were no significant changes in the ownership structure, while an overview of the major shareholders of the Company as at 31 December 2021 is provided below.

Owners - shareholders	Number of shares	Share in %
Arsenal Holdings d.o.o. Zadar	1.429.032	59,21
OTP banka d.d./AZ OMF of B category	324.605	13,45
Goran Ražnjević	201.120	8,33
Davor Tudorović	95.744	3,97
OTP banka d.d./AZ mandatory pension fund of A category	69.898	2,90
Zagrebačka banka d.d./AZ Profit voluntary pension fund	68.200	2,83
Goran Medić	40.000	1,66
CERP/Republic of Croatia	33.403	1,38
Zoran Bogdanović	26.216	1,09
OTP banka d.d./Erste plavi expert - voluntary pension fund	9.526	0,39
OTP banka d.d./Erste plavi OMF of A category	8.631	0,36
Ilirija d.d. (treasury shares)	7.833	0,32
Other minor shareholders	99.280	4,11
<b>TOTAL</b>	<b>2.413.488</b>	<b>100,00</b>

## OWNERSHIP STRUCTURE OF THE COMPANY AS AT 31/12/2021



## TRADING IN COMPANY'S SHARES ON THE CROATIAN CAPITAL MARKET IN 2021

(amounts in HRK)	2021	2020	% of change
Total turnover	4.845.205,00	478.429,00	912,73%
Average share price	168,02	174,48	-3,70%
Average turnover per transaction	22.747,44	12.930,51	75,92%
Average daily turnover	57.002,41	25.180,47	126,38%
Last share price	170,00	130,00	30,77%
Market capitalization*	410.292.960,00	313.753.440,00	30,77%
Market capitalization**	405.514.253,76	421.105.386,24	-3,70%
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 2021, the turnover of the Company share designated as IRLA significantly increased compared to the previous financial year. During the reporting period, a total of 28,837 shares were traded, resulting in the total turnover of HRK 4,845,205.00, showing a 912.73% increase compared to 2020, when it amounted to HRK 478,429.00. The increased volume of trading, number of transactions and total turnover is partly the result of the capital market recovery, as well as the decision of the Republic of Croatia as the shareholder, whose shares are managed by the Centre for Restructuring and Sale (CERP), to reduce the amount of IRLA shares in the portfolio of the Republic of Croatia and transfer them to physical persons free of charge, i.e. to Croatian veterans of the War of Independence and family members of fallen and missing Croatian veterans of the said war, and the Decision on placing IRLA shares on the list of shares to be transferred to previous owners of seized assets, which resulted in the increase of turnover of the ILRA share on the capital market. The highest single transaction with the ILRA share was carried out on 2 December 2021, as a block trade in which 19,609 shares have been traded at the price of HRK 170.00 per share, generating a turnover in the amount of HRK 3,333,530.00.

In the reporting period, the highest share price amounted to HRK 175.00, while the average share price amounted to HRK 168.02, which is a 3.70% decrease compared to the previous financial year when it amounted to HRK 174.48. The average turnover per transaction was achieved in the amount of HRK 22,747.44, representing a 75.92% increase, and the average daily turnover was achieved in the amount of HRK 57,002.41, representing a 126.38% increase compared to the previous financial year.

The last share price amounted to HRK 170.00, which is a 30.77% increase compared to the last share price in 2020, which amounted to HRK 130.00. Consequently, market capitalization calculated by multiplying the last share price and the number of shares for the reporting period also increased and amounted to HRK 410,292,960.00, while market capitalization calculated by multiplying the average share price and the number of shares amounted to HRK 405,514,253.76 and it is lower by 3.70% due to a reduction of the average share price.

Moreover, the ILRA share price increased by 30.77% in 2021, from HRK 130.00 at the beginning of the year, to HRK 170.00 per share as at 31 December 2021. This increase is higher than the increase of the CROBEX index (19.55%) and the CROBEXtulist sector index (3.25%) in 2021.



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



## 1.6 COMPANY BUSINESS MODEL

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

- **Hotel sector** – 4 hotels, 443 rooms, 922 beds
- **Nautics** – 805 berths, 2,000 persons
- **Camping** – 1,208 pitches, 3,624 persons
- **Destination management company/DMC Ilirija Travel** – through which 361 special events for 12,167 persons were organised in 2021
- **Real-estate segment** – Commercial-shopping center City Galleria in Zadar, one of the two largest shopping centers in the Zadar region

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

ment and operations) within the sector or facility.

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

## 1.7 BRANDS OF THE COMPANY

**ILIRIJA RESORT**  
HOTELS & VILLAS

 **marina Kornati**

\*\*\*\* *camping park soline*

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

City Galleria

**ARSENAL**  
ZADAR

EVENT SHIP  
**Nada**

 **Villa Primorje**

 **RAŽNJEVIĆA DVORJ**  
POLAČA

 **TENIS CENTAR ILIRIJA**  
BIOGRAD NA MORU

 **ILIRIJA aquatic center**

 **salvia spa**  
medical wellness

**LAVENDER BAR**

 **Restaurant marina Kornati**

 **PARK SOLINE**  
RESTAURANT

**Donat BEACH BAR**

**BIOGRAD BOAT SHOW**

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## 1.8 QUALITY – STANDARDS AND CERTIFICATES

High quality and standards of the services, their continuous improvement and enhancement, customer and employee safety, meeting of customer needs and expectations, competitiveness and sustainability of products, continuous improvement of operational processes and continuous employee education are the main directions the Company aims to follow in service quality.

The Company implemented an integrated environmental and quality management system with the ISO 9001:2015 (quality management) and ISO 14001:2015 (environmental management) standards, focusing the Company on the continued improvement of processes connected to the service quality and standards enhancement, the enhancement of operational and management processes, at the same time connected to the environmental management system. By implementing the integrated Environmental and Quality Policy, through the integration of ISO standards, the Company confirms its main focus on long-term business stability based on responsible and sustainable business operations. During 2021, regular control audits of the quality management system and the recertification of the environmental management system were performed.

The recertification procedure was conducted for

the HACCP Codex Alimentarius system, which confirmed that the Company, in all its sectors providing food and beverage services, carries out a high degree of control during the process of production and distribution of food products.

Given the speed, flexibility and rapid development of services in tourism, the Company has implemented domestic and international quality systems in its operations in order to maintain a high level of service and standards at the level of its sectors and profit centres.

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

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

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

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

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

Since 2018 the Company has held the acknowledgement "Company – Friend of Health" for the introduction of special labels in the work environment, as well as enabling its employees to adopt healthy

lifestyle habits, promoting and encouraging health in the workplace and expressing concern for employee health.

"Company – Friend of Health" is a part of the national "Living Healthy" Programme, which was la-

unched by the Ministry of Health and the Croatian Institute of Public Health with the aim of encouraging business entities to promote health improvement activities at the workplace.



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## 1.9 AWARDS AND ACKNOWLEDGEMENTS

Ilirija d.d. and Marina Kornati are the winners of the Jutarnji list Nautical Patrol Award for the best organisation and the greatest contribution to the development of the Croatian nautical tourism during the COVID-19 pandemic.

Continuous investment in raising the quality and services of accommodation in the "Park Soline" campsite was also recognised by the German auto club ADAC. ADAC awarded the camp a 4-star quality rating and a TIPP for 2022, which is ADAC's special recommendation for accommodation. The TIPP recommendation is awarded to high-quality camps that have been awarded a minimum of 4 stars.

"Park Soline" campsite was named one of the top five camps in Croatia by the renowned German magazine Wohnmobil Tourguide.

The Croatian Association for Tourism and Rural Development awarded the „Sunflower of Croatian Rural Tourism" awards to the best ones in rural tourism across Croatia, and the Golden Charter in the category „Traditional (rural) households" category was presented to the diffused hotel Ražnjevića dvori.



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## 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.

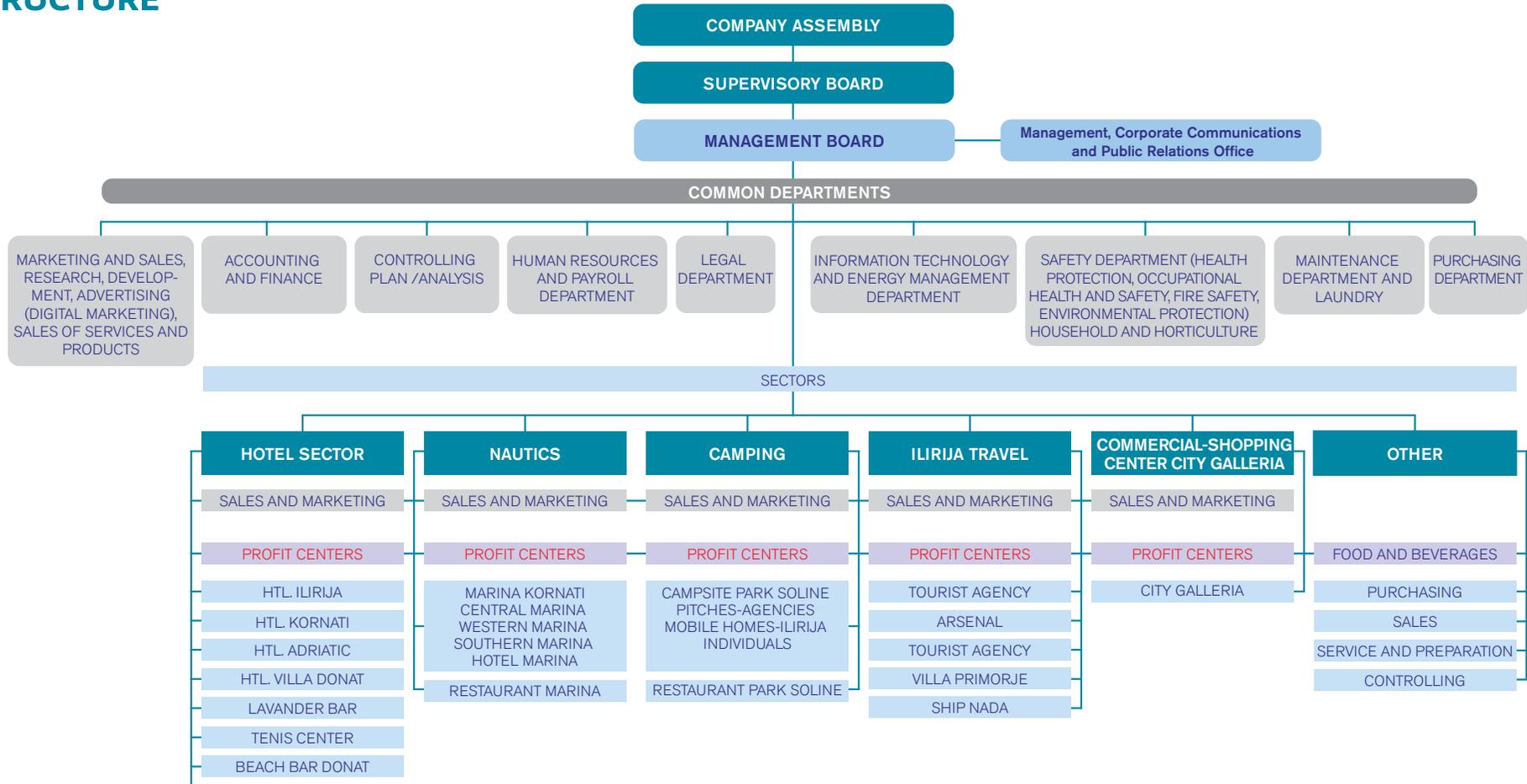
**Sustainability and responsibility** – in business, investment, relationship with its employees, business partners, clients (guests), local, regional and regional community, shareholders and day-to-day operations by integrating the economic, social aspects and environmental protection aspects into decision-making 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** - In its operations, the Company applies the principles of corporate social responsibility, taking into account the responsibilities towards all key groups of its stakeholders (guests, employees, shareholders, the state, local community, financial institutions and suppliers), where it creates added value for all stakeholder groups through the achieved business results. This business concept also implies the conservation of the natural and environmental resources managed by the Company.



## 2.2 ORGANIZATIONAL STRUCTURE



### 3 STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE CODE

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

in 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. Pursuant the Company’s Supervisory Board decision of 15 June 2020, Goran Ražnjević was appointed the sole member of the Management Board for a new five-year term starting on 18 June 2020. The Management Board represents the Company independently and individually and manages the Company’s 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 of the Company is listed in the chapter “Company’s bodies”. The Supervisory Board appoints the Audit Com-

mittee, which supervises the existence and functioning of internal controls, risk management and financial reporting, as well as independence of external auditors. Significant decisions adopted by the Supervisory Board in 2021 are indicated in the chapter "Significant Events".

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 2021, the Company had a total of 284 shareholders who held a total of 2,413,488 shares. In 2021, the Regular General Assembly was held on 30 April 2021, and on 24 September 2021, the Extraordinary General Assembly of the Company, whose decisions were published in accordance with the legal regulations and are available on the web site of the Company, [www.ilirijabiograd.com](http://www.ilirijabiograd.com), the Zagreb Stock Exchange ([www.zse.hr](http://www.zse.hr)), HANFA

(Croatian Financial Services Supervisory Agency) and the Central Storage of Regulated Information – SRPI ([www.hanfa.hr](http://www.hanfa.hr)), the Croatian News agency ([www.hina.hr](http://www.hina.hr)) and were submitted to the court register of the Commercial Court. All decision of the General Assembly are listed in the chapter "Significant Events".

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

The Company is allowed to acquire own shares based on the authorisation of the General Assembly of 24 May 2019. In 2021, the Company did not acquire own shares, therefore, as at 31 December 2021, the Company holds 7,833 own shares, constituting 0.3246% of the share capital.

The Company's significant shareholders are indicated in the chapter "Ownership Structure of the Company and Overview of Trading in Company's Shares at Zagreb Stock Exchange" An overview of the Company's ten major shareholders is available on a daily basis on the website of the Central Depository and Clearing Company Inc. (CDCC) [www.skdd.hr](http://www.skdd.hr).

The Company is a signatory of the Croatian Diversity Charter, which forms part of a broader regional project

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

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

Of the total number of employees as at 31 December 2021, women make up 57% 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 2021

### 4.1 BUSINESS EXPECTATIONS IN 2022

Given the current circumstances regarding COVID-19, including its new variants, compared to the same period of last year, and primarily considering the availability of vaccines and vaccination rate of the adult population at the global level, the preconditions for the easing of epidemiological measures, i.e. lifting of restrictions regarding movement and travel, have been created, which has ultimately enabled the recovery of the travel and tourism industry in the second half of 2021, and the same can be expected in 2022.

A further increase in the vaccination coverage of the EU population, including the key outbound markets for Croatian tourism, as well as the share of vaccinated population of the Republic of Croatia reaching the EU average, followed by vaccination with the third or booster dose, would create the basic assumptions for a more favourable epidemiological situation that would in turn have an effect on business results, particularly in the hospitality and tourism industry.

Further to all of the above, the Company opted for the business plan in its maximum-scale variant,

regardless of the current de-escalation of the COVID-19 disease. Business expectations in 2022 are based on the assumption that there will be no restrictive circumstances related to performing the year-round business operations (pre-season, high season and post-season) at the level of all sectors and profit centres of the Company. The Company expects a further significant recovery of tourist demand in 2022 and year-round business activities to continue, especially with regard to traditional European tourist markets for which Croatia is a destination reachable by car.

Furthermore, the Company is aware that the business expectations for 2022 expressed through the planned financial results, i.e. the Business Plan, in the light of the current epidemiological circumstances, represent a significant step forward. Taking into account the previously mentioned achieved preconditions for conducting year-round business activities (vaccine development and vaccination of the population) as well as the fact that Croatian tourism in 2021, in the period from the second half of July until the end of the financial year 2021, recorded a strong recovery, the Company considers that the realisation of its 2022 business plan is feasible under the assumption of these circumstances.

Main goals and priorities of the Company in 2022 are:

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

In addition to the above-mentioned determinants and preconditions of the 2022 Business Plan, we believe that it is possible for the Company to achieve the following business goals in 2022, reflected through the financial results listed below:

- a) achieving significant revenue growth at the level of all sectors, i.e. at the Company level, the revenue growth is planned in relation to the pre-pandemic period.
- b) realisation of EBITDA, i.e. its share in total revenues in accordance with the standards of the tourism industry.
- c) growth of other profitability indicators (profit, EBIT).

By achieving the said business goals that are considered as the maximum business limit, under the assumption of year-round business operations in its full scope, i.e. at the level of all sectors and profit centres and the absence of restricting factors caused by the COVID-19 disease, we believe that the Company has ensured long-term economic sustainability and

security, a stable financial position, long-term assets and capital as well as business operations and activities of the Company for 2022.

The Company further emphasizes the possibility of realising the business expectations in 2022 to a much lesser extent than planned, given the unpredictability and complexity of the situation surrounding COVID-19 and the basic measures aimed at controlling it (restrictions on movement and travel), which directly limits the Company's business activities in its tourism sectors.

## 4.2 INFORMATION ON ACQUISITION OF OWN SHARES

In 2021, the Company did not acquire own shares, and held 7,833 own shares as at 31 December 2021, which constituted 0.3246% of the share capital.

## 4.3 SUBSIDIARIES

Irija 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 operational).

## 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 the risks at the macro and micro level for each of the business sectors, assessing them according to the criterion of likelihood of risk occurrence and consequences or impact of each individual risk on the business processes and system as a whole.

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

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

The Company, as most entrepreneurs in the tourism sector, is exposed to currency, price, credit and liquidity risks, environmental risks, the risk of the tourism industry, the risk of macroeconomic developments and the risk of changes in tax and other regulations.

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

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

The repayment obligation regarding loans taken out with a currency clause, which the Company uses in proportion to its business load, depends on the movements of the exchange rate of the kuna against the euro. Negative aspects of exchange rate fluctuations with respect to loans are compensated by the fact that a significant portion of the Company's revenues are realised in the same currency (EUR). Indebtedness of the Company with the commercial bank is mainly subject to fixed interest rates, so taking this into consideration, the Company is not exposed to interest rates

based on that, but only due to exceptional circumstances and disturbance in the operations which are not attributable to the Company. For the purpose of reducing credit risk, the Company strives to reduce its credit liabilities to an adequate, i.e. optimum level in order for them to be lower than its own source of funds. Financial assets that may potentially expose the Company to credit risk are cash and trade receivables. Trade receivables pertaining to certain customers may entail credit risk, depending on the level of turnover realised with certain customers and the general state of liquidity in the country. Trade receivables are reported with reference to real values. The Company actively monitors and manages trade receivables, at the same time taking especially into account the difficult collection-related circumstances caused by the COVID-19 pandemic; where possible, it applies the measures of collection in instalments; and, if necessary, eventually undertakes measures of enforced collection, including by activating security instruments for the purpose of collection of its claims. An adjustment of the value of trade receivables is indicated when there is objective evidence that the Company will not be able to collect all of its claims in accordance with the agreed terms. Apart from the aforementioned, the Company has no exposure to any other significant credit risk.

Liquidity management implies maintaining a sufficient amount of money in order to settle the Company's liabilities. One of the primary Company

goals in the significantly changed business environment and in the absence of the hospitality and tourism industry activities caused by the global COVID-19 pandemic is to maintain its current liquidity for the duration of the global pandemic.

The Company is, therefore, undertaking activities to diversify its existing and secure new financing sources to overcome this period, it is trying to minimize and optimize all of its operating costs, and is actively cooperating with all significant creditors by settling the liabilities they had at the moment of the declaration of the global pandemic.

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

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

The Company is exposed to changes in tax and other regulations within the legal system of the Republic of Croatia. In particular, this applies to the regulations pertaining to the maritime domain and tourist land, in which domain the company has made significant long-term investments crucial for its business, while not all rights guaranteed by the Constitution from the field of vested rights be-

fore, during and after conversion, the protection of legal capital investments and legitimate expectations regarding legal investments have been fully realised under Art. 48 and 49 of the Constitution of the Republic of Croatia.

Pursuant to the Act on Tourism and Other Construction Land Not Evaluated in the Transformation and Privatization Process (hereinafter: the Act), adopted in July 2010 within the statutory deadline, i.e. in January 2011 the Company submitted to the Republic of Croatia a request for a concession on tourism land for the "Park Soline" campsite in Biograd na Moru for a period of 50 years. Due to unclear provisions of the Act, no decision has been rendered to date regarding the Company's request. According to the information available to the Company, no concession contract for tourism land plots in campsites has been concluded in the Republic of Croatia since the Act has come into force (01/01/2011) until its expiry (05/2020). Until the issue of concession for tourism land in campsites is resolved, the Company timely pays its debts arising from using the said land in the campsite.

In the meantime, in May 2020 the new Act on non-evaluated construction land was adopted, and thus the Act on tourist and other construction land not evaluated in the transformation and privatization process ceased to have effect. The new Act provides for the right of tourism companies to submit an application for leasing construction tourist land for a period of 50 years. In March 2021

the Company submitted the appropriate application for leasing construction land of the camp site for a period of 50 years to the competent authority of the Republic of Croatia, that is, to the Ministry of Physical Planning, Construction and State Assets. Under the provisions of the Act on non-evaluated construction land, a company shall become the owner of buildings, land under buildings and land in camp-sites that were evaluated and entered into the value of social capital in the transformation and privatization process, while the Republic of Croatia shall become the owner of buildings and land in camp-sites that were not evaluated and entered into the value of social capital in the transformation and privatization process (so called Parts of camp-sites owned by the Republic of Croatia).

The Company is a concessionaire of the Kornati nautical tourism port in Biograd na Moru (hereinafter: Marina Kornati) for a period of 32 years, counting from 13 January 1999 and in accordance with Article 22 of the Act on Maritime Domain and Seaports (hereinafter: ZPDML) on 17 October 2017 the Company submitted to the Government of the Republic of Croatia, through the competent Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia, a request for modification and amendment of the Decision on Concession and the Concession Agreement, that is, for extending the term of the concession by a period of 50 years, i.e. until the year 2049 (extension of the concession

term if new investments are economically feasible for it), primarily considering the same or similar cases from the recent Croatian practice where, according to the request for extension of the concession term submitted by other companies engaging in nautical tourism and which compete with Ilirija d.d., the concession term was extended to them in marinas by a period of 50 years. The mentioned request is yet to be decided on.

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

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

sudden and accidental risks of any nature to the highest degree possible.

Other business risks, such as large-scale fires, epidemics of contagious and highly contagious infectious diseases, accidental pollution of the coastal and marine waters, which are beyond the Company's influence and may potentially jeopardise the security of the Company's business, are circumstances that the Company attends to insofar as it can actively contribute to the lowest possible impact on the Company's long-term business viability, being aware of the fact that the Company's impact here is reduced to measures which cannot be of key importance to the elimination of all the risks posed to the Company. In the financial year 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. COVID-19 risk is also the biggest and most serious risk that the Company has faced so far, which it has successfully mitigated by implementing a series of measures and activities described in the chapter Reorganisation, i.e. continuation of the Company's business activities processes and operations and implementation of measures and activities in response to the global COVID-19

pandemic, especially in the first half of 2021.

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

With regard to the forgoing, we present an overview of the key obstacles, that is, of the risks and restrictions with regards to development of and investments in Croatian tourism:

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

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

(III) VAT rate on services in tourism and hotel in-

dustry is much higher than in competitive countries, which consequently makes Croatian tourism less competitive, hinders and slows down further investments both in the construction of new accommodation facilities and in improvement of the existing services and standards, affects new employment and salaries in tourism and hospitality,

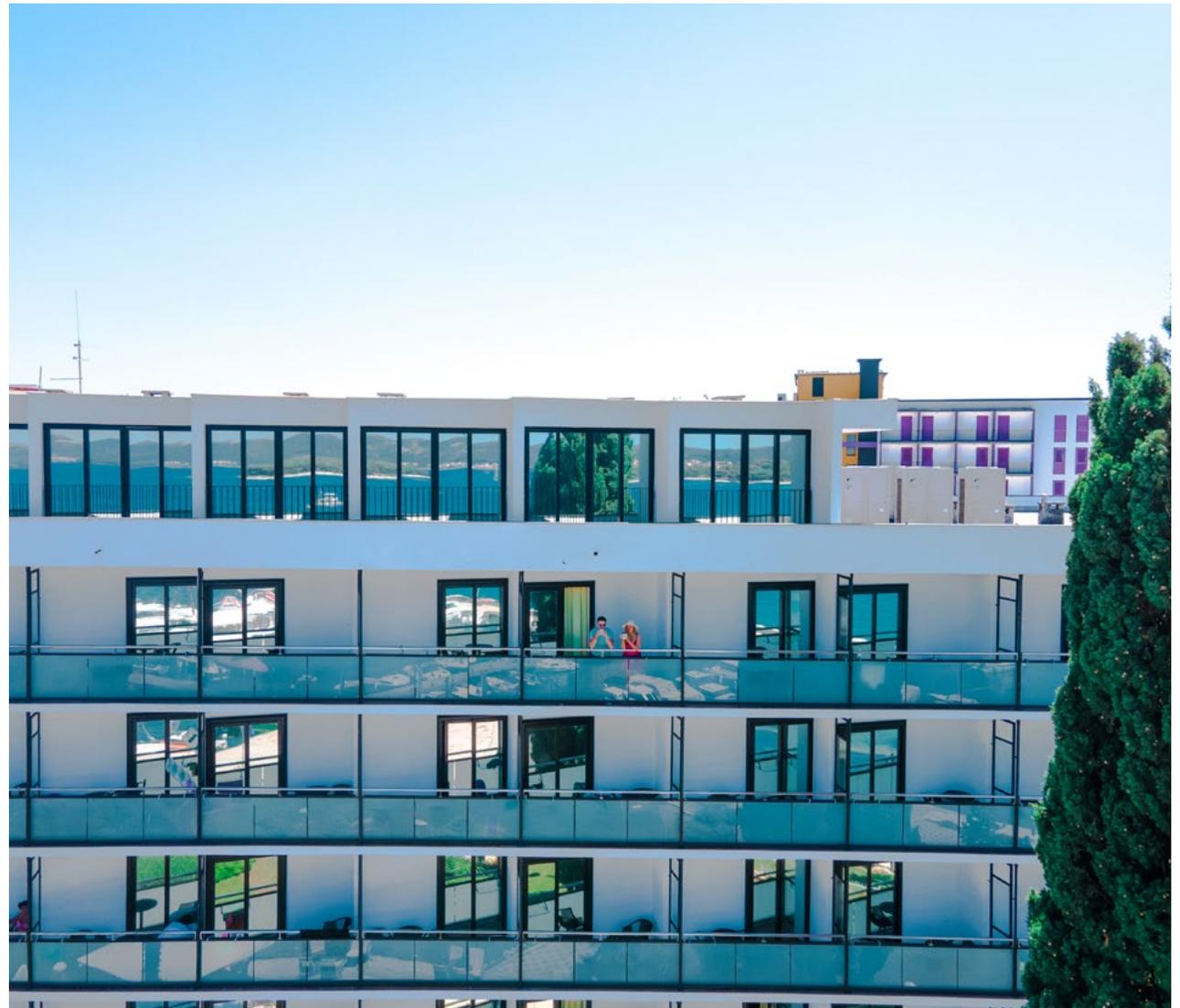
(IV) insurmountable obstacles regarding existing bureaucracy, administrative barriers, frequent changes to regulations,

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

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

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

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



## 4.6 SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

Although pursuant to the Accounting Act, it is not obliged to compile a non-financial report, for the purpose of providing a complete overview of its activities and business transparency, the Company draws up a separate non-financial report, i.e. Annual Report on Corporate Social Responsibility, in which it provides key environmental, social and governance information, data and indicators (both qualitative and quantitative) as well as a description of the Company's policies implemented as the three key corporate social responsibility areas: economic, social and environmental.

In the Annual Report for the Year 2021, this chapter summarises the business model of sustainable development and the basic policies followed by the Company in order to ensure economically sustainable and responsible operations.

### 1) Description of the business model of the undertaking from the aspect of corporate social responsibility

Tourism as the core activity of the Company has significant positive economic impacts on society, both at the local and national level. However, tourism is a very complex industry that involves many stakeholders and requires significant resources. As such, tourism can have opposing effects depending on

how tourism services are managed. In the event that tourist services and facilities are managed responsibly, tourism plays a positive role in the social, cultural, economic and environmental development of a destination and as such represents a significant opportunity for the local community.

For this reason, the Company is focused on comprehensive planning and management of sustainable tourism activities and facilities to ensure sustainable, long-term business while respecting the needs of the local community and all stakeholders of the Company. Stakeholders are a key factor in the successful and long-term development of the Company, thus, being a socially responsible company, the Company defines its business strategy in a dialogue with its stakeholders in order to understand their needs and expectations from the Company's operations. Dialogue with stakeholders helps define material non-financial or ESG (environmental, social, governance) issues that stakeholders perceive as those in which the Company has the greatest impact on the society, the environment and the economy. Material ESG issues identified through dialogue with stakeholders are included in the content of the report on corporate social responsibility of the Company and form the basis of the business ESG model and strategy of the Company.

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

By applying the principles of corporate social responsibility, the Company creates added value for all stakeholder groups using the achieved business results. The Company put focus on creating added value for its employees, which was especially notable in the extraordinary business circumstances of 2021, when the Company retained full employment and preserved the jobs of the existing employees and their financial situation. The concept of corporate social responsibility also implies the conservation of the natural and environmental resources managed by the Company.

## **2) Socially responsible and environmental policies, procedures, standards and operational practices of the Company**

The Company has set policies, procedures, standards and operational practices related to the environment, quality and governance, which cover a part of the Company's activities in the area of corporate social responsibility, quality and environmental protection.

### **Environmentally responsible policies of the Company**

As the leading tourist company in Biograd na Moru and its surroundings, the Company is aware of the impact of its business activities and operations on the environment, which is why it is committed, in the long term, to protecting and preserving the environment as the basic resource for tourist activities, as well as to preventing pollution, i.e. minimising it, in all of its business processes and activities. This is why environmental issues are of a major significance for the company given their possible impacts on the economic, environmental and social aspects of its business. In Ilirija, environmental protection implies a rational management of all natural resources and a systemic pursuit to decrease adverse impacts of our operations on the environment, natural resources and cultural heritage. Moreover, the Company has

drafted its Environmental and Quality Policy which outlines the key goals and principles of governance for the purpose of achieving said goals. In addition, the Company has internal rulebooks and manuals related to the area of environmental and quality management as part of the integrated management system ISO 9001:2015 and ISO 14001:2015.

Detailed data on environmentally responsible activities and standards of the Company are described in the chapters Quality – Standards, Certificates and Occupational Health and Safety.

### **Socially responsible activities of the Company (employees, occupational health and safety, and the community)**

Employees are among the key stakeholders of any company, and especially of a tourist company, as they perform the entire business process, provide services to end customers and take part in the creation and development of new products and services, thus significantly influencing the development of new services, products and amenities, as well as the Company's competitiveness; i.e., with their engagement, they influence the Company's bottom line. Therefore, one of the main Company priorities in these exceptional circumstances is to preserve the jobs and financial status of its existing employees, i.e.

to retain its able-bodied, highly-qualified and professional employees at all levels. Since the outbreak of the global pandemic, the Company has retained full employment, preserved the material rights of employees and additionally, in 2021, strengthened its staff structure by retaining additional employees after the end of the high season.

At the same time, the Company's overall activities contribute not only to its development, but also to the development of the community through an active employment policy for the local population; activities focused on the position and recognition of the destination and the development of year-round business activities; fiscal contributions through fiscal and parafiscal levies such as taxes and contributions, utility fees and other similar fees, leases and concessions, residence taxes and other contributions made to associations; supports projects of wider interest to the community through corporate philanthropic activities; participation in the work of professional associations, etc.

In the field of health and safety (health care, occupational health and safety and fire protection) through regulations, protocols, written procedures, policies and implementation of domestic and international standards, ensuring optimum working conditions, adequate equipment and continuous training, the

Company reduces the number and the frequency of injuries at work, increases productivity and employee satisfaction, while simultaneously increasing the quality and standard of service and safety of guests. Detailed information on activities and standards in the field of health and safety of the Company is available in the chapter Occupational Health and Safety.

In 2022, the Company will compile and publish a separate report on its activities in the area of corporate social responsibility for 2021.



## 5 BUSINESS CAPACITIES OF THE COMPANY AND ADDITIONAL FACILITIES

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





## 5.1 HOTEL SECTOR

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

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

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

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

### ILIRIJA RESORT – HOTEL & VILLAS

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

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

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

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





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## 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 the Croatian Radio and Television, as the best marina in the category 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 "Large Marina" category. 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, organised by the Croatian Chamber of Commerce and Croatian Radiotelevision, it ranked 2nd in the "Large Marina" category. The nautical patrol of the Jutarnji list newspaper awarded Marina Kornati a special recognition for its outstanding contribution to the organisation and success of the nautical patrol, and in 2021, it awarded the marina a recognition for its outstanding contribution to the development of the nautical tourism during the COVID-19 pandemic.

Ilirija d.d. is also the organiser of the leading nautical fair in Croatia, "BIOGRAD BOAT SHOW", which has been continuously held in Marina Kornati for 23 years in a row.



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## 5.3 CAMPSITE "PARK SOLINE"

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

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

With its enriched offer of restaurants, a newly built promenade along the entire campsite and a beach leading to the centre of Biograd, the "Park Soline" campsite 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 campsite 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.

With regard to the "Park Soline" campsite, from 2000 to the end of the financial year 2021 the value of investments amounted to approximately HRK 215,000,000.00 and owing to said investments the number of overnight stays increased from 4,556 in 1996 to 290,487 overnight stays in 2019, i.e. to 236,878 overnight stays in the difficult business circumstances in 2021.



## 5.4 ILIRIJA TRAVEL

### **Ilirija Travel – destination management company:**

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

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

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

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

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

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

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



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## 5.5 HOSPITALITY

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

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

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

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



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## 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 organised 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 organise 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 Organised 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 organisers (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 the current association members were mostly organised in the world's leading destinations, and the fact that the Biograd Boat Show was organised in a town with only 5,000 residents makes this success even more significant and represents a great recognition not only to the Company as the organiser

of the fair but also to the 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 organisations in tourism and the nautical sector as well as professional associations. Owing to this partnership with all the relevant subjects, and now long-time exhibitors and partners, we have developed Biograd Boat Show by listening to their needs, keeping up with trends in the nautical and trade fair industry while implementing our own vision of its development by creating a high-quality, recognizable, and above all, sustainable economic and tourism product, which has since its beginnings further enriched the Croatian tourism offer, especially during post-season.

In 2021, the fair, which celebrated its 23rd anniversary, was attended by more than 300 registered exhibitors, more than 100 owners, operators and charter agents at the Croatia Charter Expo from 15 countries, the congress part of the fair was held through the Croatian Chamber of Commerce's Nautical Days, and its business segment was significantly strengthened through the B2B platform.

**Sports facilities:**

“Tenis centar Ilirija”, located in a pinewood Soline near the old city center, covers an area of 48.000 m<sup>2</sup>, consists of 20 tennis courts and multipurpose courts (14 clay and 6 artificial grass tennis courts) with night lighting, restaurant and changing rooms as well as related facilities.





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## 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 broader Zadar region, completed and opened to the public in October 2008, with a total gross surface area of more than 28,500 m<sup>2</sup> 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 m<sup>2</sup>, 9,924.60 m<sup>2</sup> of net rentable area, as well as ancillary rooms and corridors. As at 31 December 2021, the occupancy of the centre amounted to 99.77% of total capacities.

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

Unique features of the City Galleria Business and Shopping Centre were recognized on the international level as well, more precisely at 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 summarized in a few examples, such as: a very attractive location within the city's pedestrian zone that provides great visibility of the building, local town market with accompanying facilities in the Centre and the first and only multiplex cinema in the city of Zadar.

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## 6 KEY OPERATING PERFORMANCE INDICATORS OF THE COMPANY

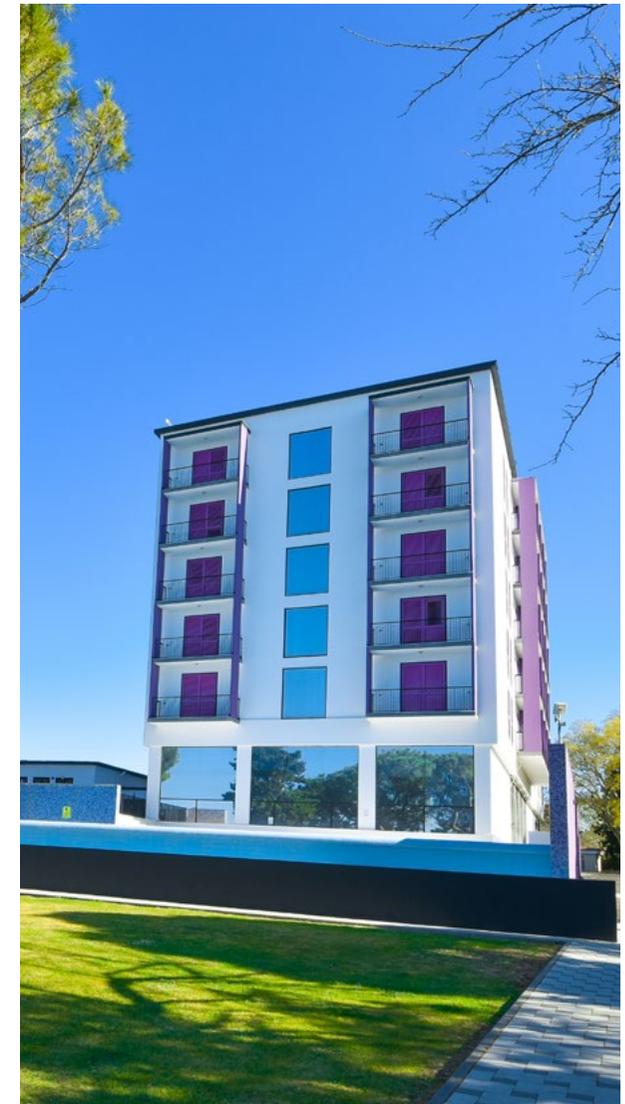
The first half of 2021 was still strongly affected by the pandemic, the impact of which was especially prominent in the tourism sectors of the Company, i.e. the hotel and camping sectors and the destination management company, recording a substantial absence of more significant business activities in the pre-season. In other words, the majority of the physical results generated was achieved in a very short period, starting with the peak season, with a slight recovery of business activities in the post-season. In the Company's tourism sectors, with an exception of the nautical sector, business activities were mostly carried out in the third quarter of the financial year due to the improvement of the epidemiological situation and the relaxation of measures and travel restrictions. As a result, the largest proportion of the turnover, physical and financial, was realised in the hotel and camping sectors and the destination management company in the period from mid-July to the end of September. Further to the above, the Company considers the achieved business results to be extremely successful. We would especially like to point out the achievements in the nautical sector, i.e. in the operations of Marina Kornati, which has achieved by far the best financial results since the beginning of its business activities, including the period before the pandemic. Furthermore, in the camping sector, in the segment of accommodation services, i.e. in the "Park Soline" campsite an exceptional growth of physical

business indicators was attained compared to the previous year. At the same time, the financial indicators of the "Park Soline" campsite achieved higher growth compared to the physical indicators, i.e. they draw close to the best results of the camp from 2019, allowing the campsite to realise an exceptionally successful financial year. The results of the hotel sector and the destination management company show that their business activities are recovering gradually and slowly, especially considering that their operations suffered the most severe effects of the pandemic, so the Company considers the achieved results to be satisfactory. In the real-estate sector, the City Galleria Business and Shopping Centre, revenue increased compared to the previous year and the Centre's occupancy rate remained high, which the Company considers successful given the circumstances.

Revenue in the amount of HRK 42,234,732 was generated by Marina Kornati, a key profit centre of the nautical sector, which also represents 86% of the revenue of the entire sector. Marina Kornati generated the revenue planned for 2021 already in the third quarter of the financial year, making the revenue generated in 2021 the Marina's best achievement so far. In comparison to 2019, when Marina Kornati generated revenue in the amount of HRK 40,880,637, the revenue increased by 3%, whereas compared to the previous year, it increased by 8%. Also, the financial results ac-

hieved in the course of operations, which showed an increase in all key segments of Marina Kornati compared to the previous year, were not accompanied by an increase in the area of physical indicators compared to 2019, which made the result achieved in the reporting period that much more significant. In 2021, 719 vessels were contracted, whereby the number of contracted individual vessels increased by 2% compared to the previous year. Despite a decrease in the number of contracted charter vessels by 2%, compared to the previous year when 717 vessels were contracted, the number of vessels remained at the same level. Revenue from contracted berths, the most important revenue item of Marina Kornati, amount to HRK 31,350,024, representing a revenue increase of 5% compared to the previous year and 4% compared to 2019. Significant recovery in comparison to the previous year was recorded in the area of transit, arrival and overnight stays of vessels, with results increasing by 68% as regards the arrival of vessels, and by 4% as regards overnight stays, which resulted in an increase of revenue of 27%, as well as in an increase in port services operations of 26% and related revenue of 12%. An increase in all key operational indicators of Marina Kornati, followed by an increase in all its revenue items, resulted in the Marina achieving its best business results so far, and ultimately the best business results of the entire nautical sector, given that Marina Kornati is its most important component.

In the very short and intense period of business, the camping sector, with its business activity being of an exceptionally seasonal character even during regular business conditions, due to the nature of the Croatian camping tourism, recorded 34,586 arrivals and 236,878 overnight stays in the period from April to the end of September 2021, most of which occurred during the peak of the season, realised 34,586 arrivals and 236,878 overnight stays, equalling 83%, i.e. 82% of the results achieved in 2019. At the same time, in comparison to the previous year, arrivals increased by 74% and overnight stays by 70%. An increase in overnight stays was realised in all key market segments of the campsite, with special emphasis on the strong increase recorded in the individual guests (+ 151%) and holiday homes segments (+ 83%). In terms of financial performance indicators, the "Park Soline" campsite generated a revenue of HRK 30,131,572.28, corresponding to 94% of revenue generated in 2019 (which amounted to HRK 32,036,373.30), while in comparison to the previous year, this year's revenue represents an increase of 67%. The increase in revenue was for the most part driven by the revenue generated in the market segments of individual guests (+163%) and holiday homes (+113%), with these segments recording a strong recovery as evidenced by the realisation of 93% of overnight stays and 99% of revenue in comparison to 2019. Ultimately, these two segments generated 82% of total increase in revenue. An incre-



ase in capacity occupancy by 17.06% was also recorded, as well as a 99.17% increase in the average price and a 133.35% increase in accommodation revenue per campsite unit, based on campsite unit occupancy on the basis of days of availability. The Company considers the achievements of the camping sector to be exceptionally successful given the circumstances of the financial year, i.e. the absence of a pre-season as well as the later start of the peak season and its much earlier end.

The hotel sector, along with the destination management company, is the tourism sector that has been affected by the pandemic the most, and its strong impact was still evident in the first six months of 2021. Significant business activity started in the second half of July and lasted until the end of September, and in this short period the hotel sector recorded a recovery evidenced by the increase in all key operating results, physical and financial, compared to the previous financial year. Given the nature of the services in this sector, the epidemiological measures, numerous restrictions regarding gatherings, movement and travel as well as new variants of the virus significantly affected its much slower recovery in comparison to the pre-pandemic period. In such business conditions, the hotel sector recorded 76,113 overnight stays, corresponding to 52% of overnight stays from the pre-pandemic period, while at the same time it gene-

rated HRK 31,002,857.24 in revenue, an amount which corresponds to 52% of revenue from 2019. Considering the increase in business activity, the occupancy rate also increased significantly, as expected. In 2021, it amounted to 80 days, in comparison to only 33 days with an occupancy rate of 21.98% in the previous year. At the same time, the generated revenue per room amounted to EUR 115.94, which represents an increase of 4.93% compared to the pre-pandemic 2019, and is a direct consequence of an extremely short peak season.

The destination management company Ilirija Travel, the operations of which are based on the development of the offer through the organisation of various types of events and programmes, is recording a positive trend even though the nature of its services consists of different types of events which build on gathering a large number of persons. In the reporting period, 361 events were organised, which gathered 12,167 persons and generated a revenue of HRK 4,085,506.22 which was partly realised in profit centres of other sectors. In comparison to the previous year, significant increase was achieved as regards all indicators, indicating a slight recovery of the sector. However, considering the nature of services within the sector, the complete absence of a pre-season and the imposed epidemiological measures resulted in inability to achieve significant recovery and business

results similar to those recorded before the pandemic, meaning also that the results achieved were significantly lower in comparison to the period before the pandemic, i.e. 2019.

The real estate sector generated a revenue of HRK 13,076,060.86, representing an increase of 2% compared to the previous year (or HRK 12,778,034.32), while at the same time it corresponds to 92% of revenue generated in 2019. The increase in revenue can partly be attributed to maintaining a high occupancy rate within the Centre (i.e. 99.08% occupancy of the total rentable area) in combination with a considerably larger number of visits, with the increase in question largely consisting of revenue from leasing parking spaces in the garage, which increased by 36%.



## 6.1 HOTEL SECTOR

In 2021, the hotel sector recorded 17,875 guest arrivals, or 138% more than in 2020, when it recorded 7,515 arrivals. In comparison with 2019, this number corresponds to 39% of arrivals recorded that year. The 76,113 overnight stays recorded represent an increase of 140% in comparison to the 31,738 overnight stays recorded in the previous year, whereas in comparison to 2019, this number corresponds to 52% of overnight stays recorded that year, which was the best financial year of the hotel sector so far. After a drastic decline in business activities of the hotel sector in the previous financial year, in 2021, the hotel sector of the Company recorded a recovery.

The achieved physical operating results are a direct consequence of the global pandemic, which significantly affected tourism and hospitality, especially the hotel sector, marking the cessation of a period of significant and continuous increase in physical and financial indicators. The financial year 2021 in the hotel sector was marked by two periods with significantly different effects on business. The first six months saw a partial liberalisation of measures, but also a continuation of negative consequences of the COVID-19 pandemic, as well as a series of restrictions in outbound markets. Within the third

quarter, the hotel sector operations experienced a revival with the introduction of COVID certificates, establishment of a network of PCR testing sites, easing of the travel restrictions and a significant rise of vaccination rates in our outbound markets. Operating in completely different conditions under the threat of a fourth pandemic wave required intensified efforts and a swift adjustment of sales and marketing activities.

With the Ilirija Hotel remaining permanently open, the Adriatic Hotel opening during the second half of June and the Kornati Hotel opening at the beginning of July marked the opening of all hotels in Biograd na Moru, whereas the Villa Donat Hotel in Sveti Filip i Jakov remained closed. In the last quarter of the financial year, even though it is a period in which the Croatian tourism is usually characterised by reduced business activity and which was in this case marked by new, albeit not so restrictive, measures, the Company kept open the hotels Ilirija and Kornati for Christmas and New Year holidays despite the conditions.

In such conditions, just as in the previous year, domestic guests represented the most significant share in the hotel sector with 35.3%; however, this

is a significant decrease from a share of 51.9% in the same period of the previous year. Nonetheless, overnight stays for that group saw a growth of 63%. The Slovenian market saw a growth of 111%, thus remaining the second most significant market, just as last year, with a share of 13.9%, whereas German guests had a substantial comeback, showing an increase of 234%, as the third most significant market in terms of the share of overnight stays of 11.1%. Thanks to a significant return of guests, the Austrian market follows with a growth rate of 250%, now at 8% of total turnover. The fifth market is the Slovak market, with a growth rate of 388% and a share of 7.2%.

The Company's hotel sector experienced an exceptionally encouraging growth and saw a trend of strengthening in various foreign markets, not just the "long haul" markets (Korea, China, etc.), which is a general and expected feature of the Croatian tourism on the whole. With this, the Company's hotel sector is on its way to returning to its previous results achieved over the many years of effort to spread the risk by establishing the Company's presence in an increasing number of markets. Special emphasis was put on activities aimed at markets which are not exclusively linked to peak season, but

they were replaced with activities aimed at only a few of the closest European markets for which Croatia is a destination reachable by car, making the quality of being reachable by car an important determinant of this season as well, especially in the hotel sector.

Along with an increase in turnover of all segments, the most significant changes in sales channels are linked to the decreased share of individual guests from the previous 43.6% in 2020 to 39.7% in 2021 (in 2019 this share amounted to only 18.2%), together with a complete lack of fixed leases. Another significant change is visible in the increased share of groups, from 17.6% in 2020 to 20.4% in 2021; however, this is still far from the 40.4% realised in 2019. The slower recovery in the group segment was the result of virtually non-existent business travel, conferences, seminars, team building, and the previously reinforced combination of business and holiday stays, with which the Company usually managed to significantly prolong the season throughout the years. The second part of the increase refers to allotments, i.e. business operations related to returning agencies and tour operators. Despite caution and their operations being reduced to the peak season, their share now amounted to 39.9%.

The average hotel occupancy in 2021 amounted to 80 days, and compared to the previous year when the occupancy amounted to only 33 days, it is evident that there has been an increase and that recovery was achieved, although this number is still significantly smaller than the 165 days of average occupancy in 2019. All of this was expected considering that the business activity of the hotel sector was in full swing from the middle of July, in August and September.

The hotel sector revenue in the amount of HRK 28,080,526.35 corresponded to an increase of 141% compared to the 2020 revenue (HRK 11,645,751.94), which at the same time corresponds to the realisation of 50% of the 2019 revenue, when HRK 55,822,975.50 was generated. In comparison to 2020, this is the result of a significant increase in turnover despite the ongoing pandemic, but it is also the result of maintaining the prices from 2020, which are 5% lower than those in the pre-pandemic 2019. The average room price on the basis of accommodation with board services in the reporting period amounted to HRK 368.93 (EUR 49.03), showing an increase in comparison to the previous year when the price amounted to HRK 366.93 (EUR

48.73), but at the same time a decrease in comparison to 2019 when it amounted to HRK 380.23 (EUR 51.27). The revenue per room thus decreased to EUR 105.01 compared to EUR 106.98 in 2020, but it increased compared to EUR 102.76 in 2019, as a result of specific circumstances of the previous two seasons. The entire business operations in 2020 were mostly reduced to the peak season, when, despite the inevitable discounts, prices are commonly greater than during year-round operation.

Also, leases were missing from the sales channels, group sales were drastically reduced, and the greater part of business activities came down to individual arrivals, which led to a greater average price. The significant increase in the volume of business activities in the periods outside the two-month peak season, as well as the return of other sales channels, resulted in 2021 in a relative decline in average prices compared to the previous year, but at the same time in an evident increase compared to 2019 because that year we approached the goal of year-round tourism and recorded more significant shares of other sales channels.

If we add to that the revenue generated by the profit centres associated with the hotel sector

offering hospitality and other services, which were carried out by the Aquatic centre, the Tennis centre, and the hospitality facilities, the total revenue generated in the hotel sector amounted to HRK 31,002,857.24, representing a 133% increase compared to the previous year's revenue and corresponding to 52% of the revenue generated in 2019. The revenue per room in 2021 thus amounted to EUR 115.94, which represents a decrease of 5.8% compared to the EUR 122.33 of revenue per room rea-

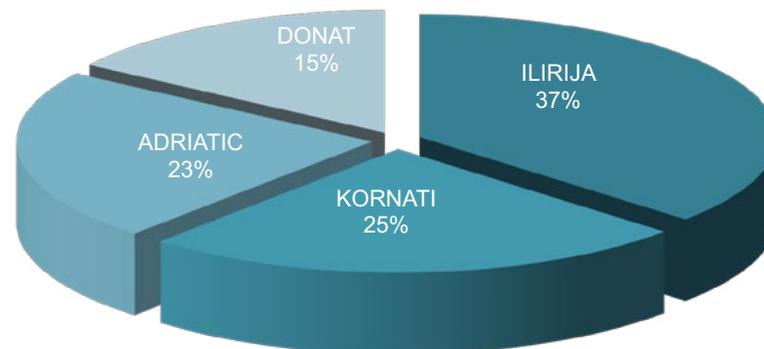
lised in the previous year, and at the same time an increase of 4.93% compared to the pre-pandemic 2019, all of this being a direct consequence of the previously described duration of the season.



## Hotel sector capacities

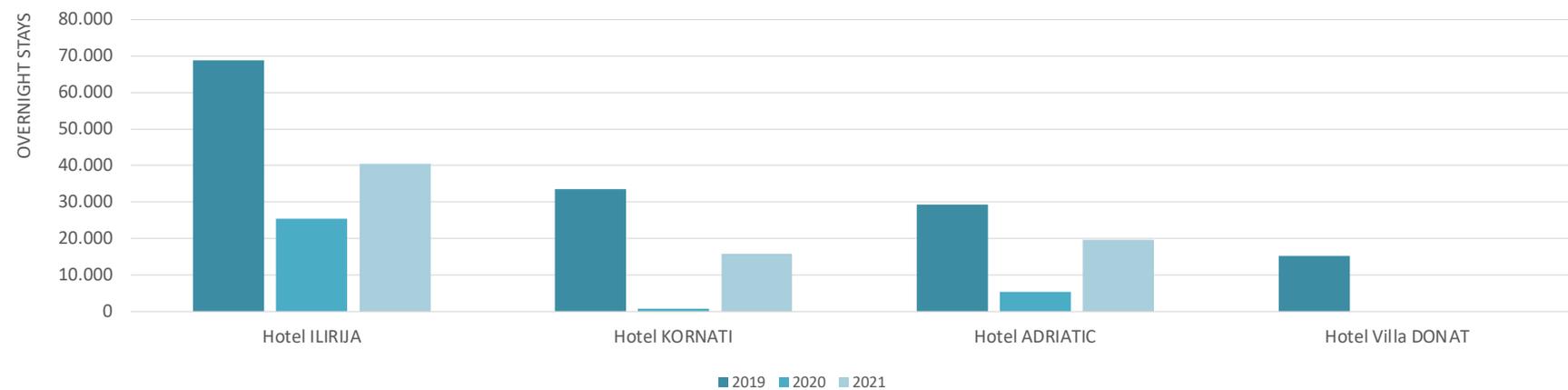
ILIRIJA D.D.	NUMBER OF ROOMS				NUMBER OF BEDS			
	2019	2020	2021	INDEX 2021/2020	2019	2020	2021	INDEX 2021/2020
ILIRIJA	165	165	165	1,00	337	338	338	1,00
KORNATI	106	106	106	1,00	216	230	230	1,00
ADRIATIC	100	100	100	1,00	210	210	210	1,00
DONAT	72	72	72	1,00	144	144	144	1,00
TOTAL	443	443	443	1,00	907	922	922	1,00

% Share of indiv. hotel (number of beds )

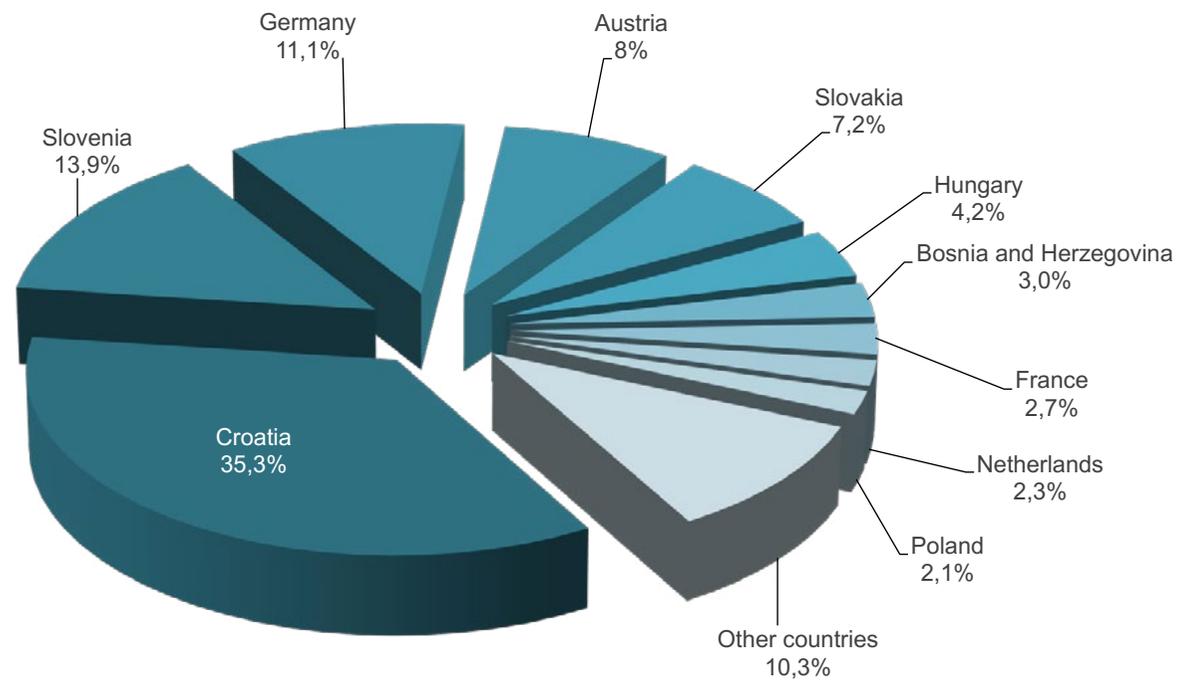


## Overview and comparison of realised arrivals and overnight stays in 2021 with 2019 and 2020

PROFIT CENTER	HOTELIJERSTVO									
	ARRIVALS			INDEX	INDEX	OVERNIGHT STAYS			INDEX	INDEX
	2019	2020	2021	2021/2019	2021/2020	2019	2020	2021	2021/2019	2021/2020
Hotel ILIRIJA	25.573	6.075	10.304	40	170	68.706	25.554	40.533	59	159
Hotel KORNATI	10.784	451	3.752	35	832	33.551	784	15.881	47	2.026
Hotel ADRIATIC	6.979	989	3.819	55	386	29.307	5.400	19.699	67	365
Hotel Villa DONAT	2.960	0	0	0	#DIV/0!	15.251	0	0	0	#DIV/0!
<b>TOTAL</b>	<b>46.296</b>	<b>7.515</b>	<b>17.875</b>	<b>39</b>	<b>238</b>	<b>146.815</b>	<b>31.738</b>	<b>76.113</b>	<b>52</b>	<b>240</b>



Graph of the realized overnight stays by source markets for the year 2021



## Capacity occupancy in 2021 and a comparison with 2019 and 2020

## Percentage share

MONTH	GRAND TOTAL						
	Room total	2019	%	2020	%	2021	%
JANUARY (I)	13.733	1.371	9,98%	843	6,14%	0	0,00%
FEBRUARY (II)	12.404	473	3,81%	831	6,70%	0	0,00%
MARCH (III)	13.733	1.716	12,50%	278	2,02%	23	0,17%
APRIL (IV)	13.290	4.463	33,58%	0	0,00%	294	2,21%
MAY (V)	13.733	7.749	56,43%	12	0,09%	559	4,07%
JUNE (VI)	13.290	10.426	78,45%	1.187	8,93%	2.689	20,23%
JULY (VII)	13.733	12.187	88,74%	3.120	22,72%	7.599	55,33%
AUGUST (VIII)	13.733	12.929	94,15%	5.729	41,72%	11.010	80,17%
SEPTEMBER (IX)	13.290	10.921	82,17%	838	6,31%	7.269	54,70%
OCTOBER (X)	13.733	7.404	53,91%	1.079	7,86%	4.326	31,50%
NOVEMBER (XI)	13.290	1.788	13,45%	436	3,28%	818	6,16%
DECEMBER (XII)	13.733	1.824	13,28%	104	0,76%	952	6,93%
<b>TOTAL</b>	<b>161.695</b>	<b>73.245</b>	<b>45,30%</b>	<b>14.457</b>	<b>8,94%</b>	<b>35.539</b>	<b>21,98%</b>

## Occupancy days

MONTH	GRAND TOTAL						
	Room total	2019	Days 2019	2020	Days 2020	2021	Days 2021
JANUARY (I)	13.733	1.371	3	843	2	0	0
FEBRUARY (II)	12.404	473	1	831	2	0	0
MARCH (III)	13.733	1.716	4	278	1	23	0
APRIL (IV)	13.290	4.463	10	0	0	294	1
MAY (V)	13.733	7.749	17	12	0	559	1
JUNE (VI)	13.290	10.426	24	1.187	3	2.689	6
JULY (VII)	13.733	12.187	28	3.120	7	7.599	17
AUGUST (VIII)	13.733	12.929	29	5.729	13	11.010	25
SEPTEMBER (IX)	13.290	10.921	25	838	3	7.269	16
OCTOBER (X)	13.733	7.404	17	1.079	1	4.326	10
NOVEMBER (XI)	13.290	1.788	4	436	1	818	2
DECEMBER (XII)	13.733	1.824	4	104	0	952	2
<b>TOTAL</b>	<b>161.695</b>	<b>73.245</b>	<b>165</b>	<b>14.457</b>	<b>33</b>	<b>35.539</b>	<b>80</b>

## Monthly comparison of revenue/overnight stays of the Ilirija Resort Hotels in 2021 and a comparison with 2019 and 2020

MONTH	GENERATED REVENUES					OVERNIGHT STAYS					AVERAGE PRICE (HRK)			AVERAGE PRICE (HRK)				
	2019	2020	2021	INDEX 2021/2019	INDEX 2021/2020	2019	2020	2021	INDEX 2021/2019	INDEX 2021/2020	2019	2020	2021	2019	2020	2021	INDEX 2021/2019	INDEX 2021/2020
JANUARY	1.406.055,11	777.544,20	4.318,06	0,00	0,01	2.322	1.437	0	0,00	0,00	605,54	541,09	#DIV/0!	81,58	72,73	#DIV/0!	#DIV/0!	#DIV/0!
FEBRUARY	351.380,76	388.042,39	29.483,29	0,08	0,08	869	1.484	0	0,00	0,00	404,35	261,48	#DIV/0!	54,45	35,11	#DIV/0!	#DIV/0!	#DIV/0!
MARCH	963.108,71	199.027,83	19.403,36	0,02	0,10	3.084	503	50	0,02	0,10	312,29	395,68	388,07	42,06	52,42	51,23	1,22	0,98
APRIL	2.216.611,41	0,00	195.256,90	0,09	#DIV/0!	8.369	0	656	0,08	#DIV/0!	264,86	#DIV/0!	297,65	35,73	#DIV/0!	39,34	1,10	#DIV/0!
MAY	4.619.475,38	41.829,77	329.714,27	0,07	7,88	13.173	21	1.038	0,08	49,43	350,68	1991,89	317,64	47,27	263,20	42,23	0,89	0,16
JUNE	7.728.383,78	806.424,91	1.554.939,29	0,20	1,93	20.192	2.377	5.320	0,26	2,24	382,74	339,26	292,28	51,77	44,84	39,00	0,75	0,87
JULY	11.236.894,24	3.078.461,88	7.201.132,28	0,64	2,34	29.848	7.609	19.101	0,64	2,51	376,47	404,58	377,00	51,06	53,71	50,29	0,98	0,94
AUGUST	13.389.920,46	5.722.058,28	10.352.861,55	0,77	1,81	31.415	14.124	27.161	0,86	1,92	426,23	405,13	381,17	57,63	54,03	50,89	0,88	0,94
SEPTEMBER	7.560.643,75	763.847,92	5.012.628,80	0,66	6,56	18.795	1.518	12.718	0,68	8,38	402,27	503,19	394,14	54,34	67,10	52,65	0,97	0,78
OCTOBER	3.914.412,58	593.383,96	2.623.244,43	0,67	4,42	12.200	1.679	6.922	0,57	4,12	320,85	353,42	0,00	43,05	46,70	0,00	0,00	0,00
NOVEMBER	866.306,40	-796.387,07	492.042,65	0,57	-0,62	3.358	798	1.510	0,45	1,89	257,98	-997,98	0,00	34,69	-132,02	0,00	0,00	0,00
DECEMBER	1.569.782,92	71.517,87	265.501,47	0,17	3,71	3.190	188	1.637	0,51	8,71	492,09	380,41	0,00	66,15	50,47	0,00	0,00	0,00
TOTAL	55.822.975,50	11.645.751,94	28.080.526,35	0,50	2,41	146.815	31.738	76.113	0,52	2,40	380,23	366,93	368,93	51,27	48,73	49,03	0,96	1,01
31/12	55.822.975,50	11.645.751,94	28.080.526,35	0,50	2,41	146.815	31.738	76.113	0,52	2,40	380,23	366,93	368,93	51,27	48,73	49,03	0,96	1,01

Revenue per sold room 31/12/2021	790,13 kn	105,01 €
Revenue per sold room 31/12/2020	805,54 kn	106,98 €
Revenue per sold room 31/12/2019	762,14 kn	102,76 €

Revenue per sold room - 2021:	872,36 kn	115,94 €
Revenue per sold room - 2020:	921,17 kn	122,33 €
Revenue per sold room - 2019:	817,70 kn	110,25 €

## Selected profit centers within the hotel sector

Lavender	2019	2020	2021.	INDEX 2021/2019	INDEX 2021/2020
31/12	1.049.685,47	434.563,31			
31/12	1.049.685,47	434.563,31	899.642,87	0,86	2,07

Aquatic centar	2019	2020	2021.	INDEX 2021/2019	INDEX 2021/2020
31/12	2.397.917,11	823.522,69			
31/12	2.397.917,11	823.522,69	1.552.768,43	0,65	1,89

Tenis centar	2019	2020	2021.	INDEX 2021/2019	INDEX 2021/2020
31/12	514.179,54	365.097,94			
31/12	514.179,54	365.097,94	419.767,45	0,82	1,15

Beach bar "Donat"	2019	2020	2021.	INDEX 2021/2019	INDEX 2021/2020
31/12	107.430,44	48.350,25			
31/12	107.430,44	48.350,25	50.152,14	0,47	1,04

## Hotel sector total

TOTAL	2019	2020	2021.	INDEX 2021/2019	INDEX 2021/2020
31/12	59.892.188,06	13.317.286,13			
31/12	59.892.188,06	13.317.286,13	31.002.857,24	0,52	2,33

## REVENUES BY ACTIVITIES

Revenues from hotel services amounted to HRK 28,080,526.35, which represents an increase of 141% as compared to the previous year and corresponds to 50% of the revenue generated in 2019.

Other revenue of the hotel sector amounted to HRK 2,922,330.89, which represents an increase of 75% as compared to the previous year and corresponds to 71% of the revenue generated in 2019.

The total revenue of the hotel sector amounted to HRK 31,002,857.24, or a 133% increase compared to the previous year's revenue, and it corresponds to 52% of the revenue generated in the pre-pandemic 2019.



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

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

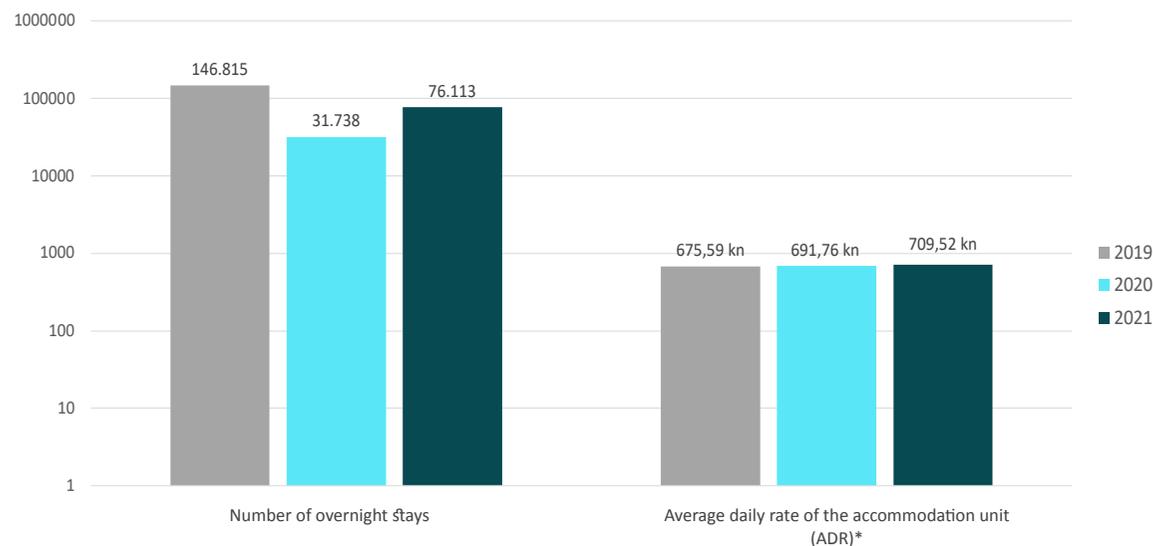
restrictions and the manner of conducting business operations.

Lifting travel bans after the introduction COVID certificates, more pronounced at the level of the European Union, has enabled the growth of the volume of physical demand and an increase in capacity occupancy. The sale of accommodation units increased

by 39.82% and the occupancy rate of accommodation units increased by 46.50%. However, despite this growth as compared to 2020, the sale of accommodation units as compared to 2019 decreased by 48.16%, while the occupancy rate of accommodation units decreased by 51.48%.

The average price increased by 2.57% in comparison to 2020 and as much as 5.02% in comparison to 2019, but this is due to the fact that sales were reduced to the peak season when the prices are the highest, as well as due to the change in the sales channels, which saw a higher share of individual customers. Revenue per accommodation unit increased by as much as 152% in comparison to 2020, but it decreased by 49.05% in comparison to 2019.

Overnight stays and the average daily rate per accommodation unit (ADR) in Ilirija d.d. hotels in 2021, 2020 and 2019



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

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

	2019	2020	2021	2021/ 2019	2021/ 2020
<b>HOTELS IN BIOGRAD</b>					
<b>Accommodation capacities:</b>					
Number of hotels	3	3	3	0,00%	0,00%
Number of accommodation units	371	371	371	0,00%	0,00%
Number of beds	778	778	778	0,00%	0,00%
<b>Physical turnover</b>					
Number of overnight stays	131.564	31.738	76.113	-42,15%	139,82%
Number of accommodation units sold	65.875	14.457	35.539	-46,05%	145,83%
The occupancy of accommodation units based on a total number of days in a period (%)	48,65%	10,65%	26,24%	-46,06%	146,46%
Occupancy rate of the accommodation units on an open days basis (%)	71,97%	30,35%	53,94%	-25,05%	77,73%
<b>Financial results:</b>					
Average daily rate of the accommodation unit (ADR) *	686,63 kn	691,76 kn	709,52 kn	3,33%	2,57%
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	332,61 kn	73,65 kn	186,21 kn	-44,02%	152,83%
Revenue per accommodation unit (RevPAR) on an open days basis **	492,00 kn	209,97 kn	382,71 kn	-22,21%	82,27%
<b>HOTEL IN SV. FILIP I JAKOV</b>					
<b>Accommodation capacities:</b>					
Number of hotels	1	1	1	0,00%	0,00%
Number of accommodation units	72	72	72	0,00%	0,00%
Number of beds	144	144	144	0,00%	0,00%
<b>Physical turnover</b>					
Number of overnight stays	15.251	0	0	-100,00%	#DIV/0!
Number of accommodation units sold	7.370	0	0	-100,00%	#DIV/0!
The occupancy of accommodation units based on a total number of days in a period (%)	28,04%	0,00%	0,00%	-100,00%	#DIV/0!
Occupancy rate of the accommodation units on an open days basis (%)	73,12%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>Financial results:</b>					
Average daily rate of the accommodation unit (ADR) *	603,73 kn	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	169,31 kn	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Revenue per accommodation unit (RevPAR) on an open days basis **	441,42 kn	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>HOTELS - TOTAL ILIRIJA d.d.</b>					
<b>Accommodation capacities:</b>					
Number of hotels	4	4	4	0,00%	0,00%
Number of accommodation units	443	443	443	0,00%	0,00%
Number of beds	922	922	922	0,00%	0,00%
<b>Physical turnover</b>					
Number of overnight stays	146.815	31.738	76.113	-48,16%	139,82%
Number of accommodation units sold	73.245	14.457	35.539	-51,48%	145,83%
The occupancy of accommodation units based on a total number of days in a period (%)	45,30%	8,92%	21,98%	-51,48%	146,50%
Occupancy rate of the accommodation units on an open days basis (%)	72,08%	30,35%	53,94%	-25,17%	77,73%
<b>Financial results:</b>					
Average daily rate of the accommodation unit (ADR) *	675,59 kn	691,76 kn	709,52 kn	5,02%	2,57%
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	306,07 kn	61,68 kn	155,95 kn	-49,05%	152,83%
Revenue per accommodation unit (RevPAR) on an open days basis **	486,98 kn	209,97 kn	382,71 kn	-21,41%	82,27%

## Notes:

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

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

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

## 6.2 NAUTICS – MARINA KORNATI

Despite the difficult operating conditions for most of the financial year, the vessel accommodation segment of the Company's nautical sector, i.e. the Marina Kornati, achieved its best financial performance results so far, which at the same time led to generating the best business results of the entire nautical sector since its establishment and the beginning of business activities. Also, as in the financial year 2020, but to a lesser extent due to the significant growth of business activities in other sectors, the Marina significantly contributed to the stability of the entire Company. Marina Kornati generated the revenue planned for 2021 already at the end of August, which demonstrated significant stability and flexibility of its business activities and their volume in the still difficult business conditions.

In the reporting period, i.e. in 2021, Marina Kornati generated a revenue in the amount of HRK 42,234,732.00, i.e. 8% or HRK 3,187,914.00 more than in 2020 (when the generated revenue amounted to HRK 39,046,817.00) and 3% more than in 2019. The most significant part of the revenue of Marina Kornati is the revenue stemming from the item contracted berth, realised in the amount of HRK 31,350,024.00 and representing 74% of its total revenue. When it comes to this by far the most significant revenue item of Marina Kornati, the Marina recorded an increase of 5% compared to 2020, when it generated revenue in the amount of HRK 29,990,268.00, whereas in comparison to

2019, when it generated revenue in the amount of HRK 30,107,719.00, the Marina recorded an increase of 4% as regards the contracted berth revenue. The increase of the revenue under the contracted berth item, although with less physical results, is the result of better, i.e. maximum used berth by vessels in relation to dimensions, that is, the length and width of vessels which are the basis for calculating the use of the contracted berth and other services of Marina Kornati. Also, in addition the fact that the revenue from the contracted berth constitutes three quarters of the Marina Kornati revenue, in 2021 it generated 43% or HRK 1,359,756.00 of the total increase of the Marina Kornati revenue realised in the amount of HRK 3,187,914.00.

The relaxation of epidemiological measures as well as the lifting of travel restrictions had a positive effect on the overall business operations in the part of transit berth, arrival and overnight stay of vessels, which with the realisation of revenue in the amount of HRK 2,508,845.00 increased by 27% compared to the previous year, while at the same time generating 89% of the 2019 revenue.

The parking revenue increase is a result of the increased number of guest arrivals, particularly charter guests due to the improvement of the epidemiological situation, most of whom came to the marina by car. In 2021, revenue in the amount of HRK 2,270,939.00

was generated, constituting a 65% increase compared to the previous year, when it was realised in the amount of HRK 1,374,862.00, while compared to 2019, the generated revenue was higher by 2%.

The organisational unit of the nautical sector - the nautical fair, as one of few nautical fairs held in 2021, has continued its activity despite the pandemic and the absence of numerous fair events at the global level. In 2021, compared to the previous year, it achieved an exceptional operating results due to the increase of physical indicators compared to 2020 realised through the increase in the number of exhibitors, exhibited vessels, direct B2B events and the number of visitors. The nautical fair revenue realised in the reporting period amounted to HRK 3,449,279.00 and increased by 42% compared to 2020, while compared to 2019, 88% of realised revenue was generated. Even though the revenue indicators in 2021 compared to 2019 increased, physical indicators did not achieve the results from the pre-pandemic 2019. With regard to the physical results of operations in 2021, not only was stability maintained, but almost all items recorded increased physical results, which in some items is extremely significant (transit berth, arrival and overnight stay of vessels, and port service activities), while a slight increase expressed in physical numbers (in percentages at the level of the previous financial year) was also generated in the contracted berth segment. All physical indicators realised in the reporting period compared to the previous year, except for vessels on the contracted berth with accessories, grew at rates of at least 4%, realised in the segment of transit berth overnight vessel accom-

modation, 26% growth in the port service segment to the maximum of 68% of the realised growth in the segment of transit berth – vessel arrival, while physical achievements in the segment of the contractual berth with accessories were realised at the same level as in the previous year.

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

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

Compared to the pre-pandemic period, i.e. in 2019, except for the item contracted berth – individual, achieved at the level of the 2019 results, physical indicators achieved in 2021 with regard to all other items are lower compared to the pre-pandemic period, specifically the contracted berth – charter by 7 %, transit berth – vessel arrival by 22%, transit berth – vessel overnight stays by 9% while the port service is lower by 4%.

In the market segment of transit vessels – vessel arrival, 2,667 transit vessels arrived in Marina Kornati in the reporting period, which is 78% of the numbers

recorded in 2019, or an increase of 68% compared to 2020, when a total of 1,585 vessels arrived. The increase in the transit vessel arrivals was at the same time accompanied by the increase in overnight stays of vessels in transit. In 2021, there were 10,219 overnight stays of vessels, which is 4% more than in the previous year, when 9,799 overnight stays of transit vessels were recorded, which is a significant recovery due to more favourable epidemiological measures. Compared to the pre-pandemic period, 91% of the 2019 overnight stays were realised, when a total of 11,227 overnight stays were recorded.

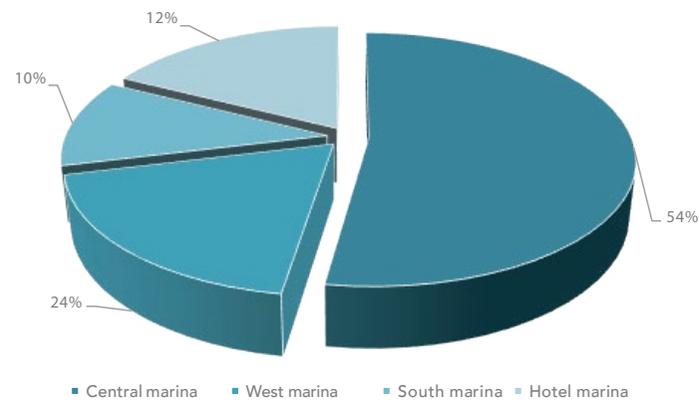
In 2021, 3,554 port service operations were carried out (vessel lifting, lowering and washing vessels), which is a 26% increase compared to 2020, when 2,831 port service operations were carried out, i.e. 96% of the 2019 port service operations was realised.

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

## Marina Kornati capacities

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

% Share of individual marina (number of berths)



## Cumulative overview of physical turnover of Marina Kornati in 2021 and a comparison with 2019 and 2020

		2021 BY MONTH											
Name of position	Measurement unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth-individual	Contracted vessel	77	248	294	345	366	387	396	403	404	408	412	414
Contract-based berth-charter	Contracted vessel	0	4	22	285	299	300	302	302	303	304	304	305
<b>TOTAL Contract-based berth</b>	<b>Contracted vessel</b>	<b>77</b>	<b>252</b>	<b>316</b>	<b>630</b>	<b>665</b>	<b>687</b>	<b>698</b>	<b>705</b>	<b>707</b>	<b>712</b>	<b>716</b>	<b>719</b>
Transit berth-sailing in port	Sailing in port	1	8	30	79	214	546	1.172	2.017	2.435	2.647	2.662	2.667
Transit berth-overnight stay of vessels	Boat/day	282	568	954	1.461	2.147	3.281	5.391	7.938	9.012	9.658	10.031	10.219
Transit berth-overnight stay of vessel crew	Overnight stay of a person						14	28	36	214			
Port service	Operation	139	322	629	961	1.421	1.851	2.271	2.727	2.982	3.145	3.424	3.554

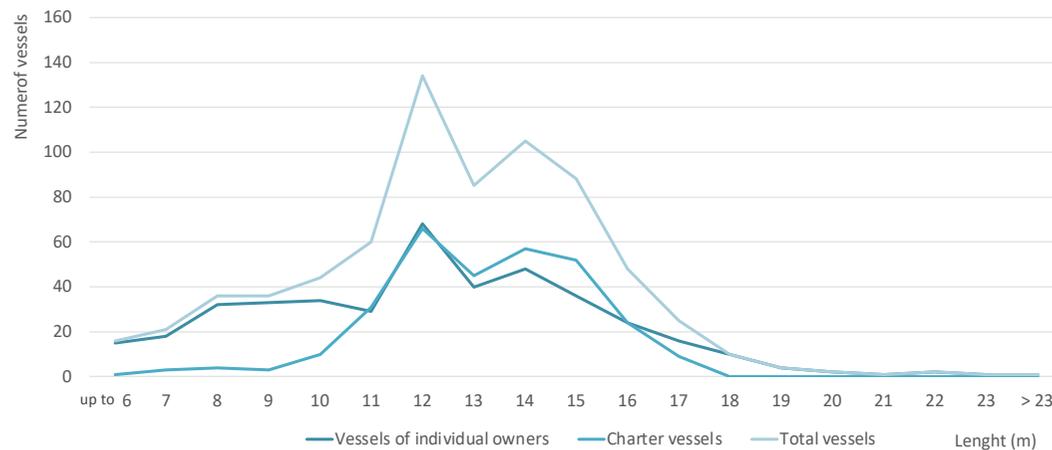
		2020 BY MONTH											
Name of position	Measurement unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth-individual	Contracted vessel	101	274	303	343	351	379	393	396	398	399	399	406
Contract-based berth-charter	Contracted vessel	0	10	21	271	290	309	309	310	311	311	311	311
<b>TOTAL Contract-based berth</b>	<b>Contracted vessel</b>	<b>101</b>	<b>284</b>	<b>324</b>	<b>614</b>	<b>641</b>	<b>688</b>	<b>702</b>	<b>706</b>	<b>709</b>	<b>710</b>	<b>710</b>	<b>717</b>
Transit berth-sailing in port	Sailing in port	5	17	31	52	80	268	733	1.318	1.504	1.578	1.581	1.585
Transit berth-overnight stay of vessels	Boat/day	150	444	797	1.607	2.694	3.990	5.979	7.933	8.823	9.268	9.518	9.799
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	180	387	568	687	965	1.450	1.823	2.176	2.377	2.547	2.755	2.831

		2019 BY MONTH											
Name of position	Measurement unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth-individual	Contracted vessel	99	248	303	353	374	384	396	400	402	403	413	413
Contract-based berth-charter	Contracted vessel	0	2	81	291	315	326	327	327	327	327	327	327
<b>TOTAL Contract-based berth</b>	<b>Contracted vessel</b>	<b>99</b>	<b>250</b>	<b>384</b>	<b>644</b>	<b>689</b>	<b>710</b>	<b>723</b>	<b>727</b>	<b>729</b>	<b>730</b>	<b>740</b>	<b>740</b>
Transit berth-sailing in port	Sailing in port	1	9	30	143	526	1.058	1.823	2.709	3.230	3.403	3.415	3.418
Transit berth-overnight stay of vessels	Boat/day	132	320	563	1.364	2.301	3.472	5.775	8.773	10.223	10.937	11.123	11.227
Transit berth-overnight stay of vessel crew	Overnight stay of a person		0	0	0	0	0	0	0	0			
Port service	Operation	118	402	673	1.070	1.485	1.945	2.358	2.888	3.144	3.303	3.551	3.688

### Vessels at contractual berth in 2021 and a comparison with 2019 and 2020

Purpose	Type of berth	Position of berth	01/01-31/12	% Total	01/01-31/12	% Total	01/01-31/12	% Total	Index	Index
			2019	Vessels	2020	Vessels	2021	Vessels	2021/2019	2021/2020
VESSEL OF INDIVIDUAL OWNERS	Annual berth in the sea	Central aquatorium	287	39	294	41	297	41	103	101
		South aquatorium	45	6	43	6	42	6	93	98
		Western aquatorium	1	0	10	1	1	0	100	10
	Annual berth on the land	Hotel port	34	5	36	5	29	4	85	81
		Marina land	4	1	6	1	7	1	175	117
	Seasonal berth in the sea	Marina aquatorium	30	4	13	2	23	3	77	177
		Hotel port	12	2	4	1	15	2	125	375
	Total individual vessels:			413	56	406	57	414	57	100
CHARTER VESSELS	Annual berth in the sea	Central aquatorium	103	14	118	16	113	16	110	96
		South aquatorium		0	0	0	1	0	#DIV/0!	#DIV/0!
		Western aquatorium	224	30	189	26	191	27	85	101
		Hotel port		0	4	1	0	0	#DIV/0!	0
	Total charter vessels:			327	44	311	43	305	43	93
Total vessels 2020:			740	100	717	100	719	100	97	100

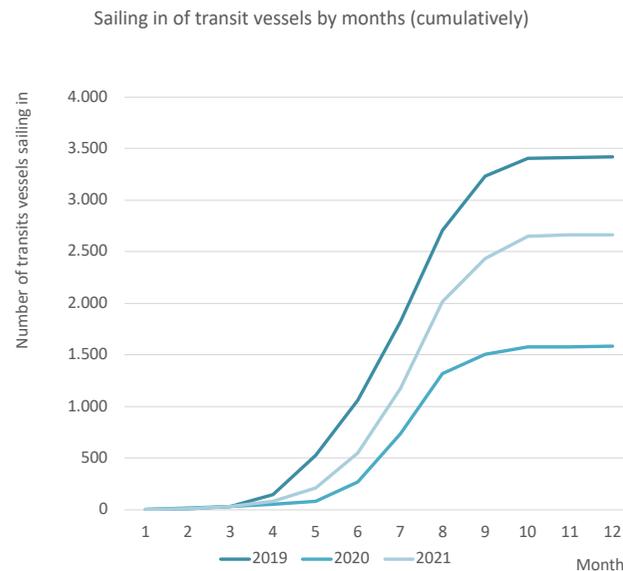
Vessels on contractual berth in 2021



### Transit berth – inbound vessels sailing in 2021 and a comparison with 2019 and 2020

2021 Month	Individually monthly					Cumulatively monthly				
	2019	2020	2021	INDEX 2021/2019	INDEX 2021/2020	2019	2020	2021	INDEX 2021/2019	INDEX 2021/2020
1.	1	5	1	100	20	1	5	1	100	20
2.	8	12	7	88	58	9	17	8	89	47
3.	21	14	22	105	157	30	31	30	100	97
4.	113	21	49	43	233	143	52	79	55	152
5.	383	28	135	35	482	526	80	214	41	268
6.	532	188	332	62	177	1.058	268	546	52	204
7.	765	465	626	82	135	1.823	733	1.172	64	160
8.	886	585	845	95	144	2.709	1.318	2.017	74	153
9.	521	186	418	80	225	3.230	1.504	2.435	75	162
10.	173	74	212	123	286	3.403	1.578	2.647	78	168
11.	12	3	15	125	500	3.415	1.581	2.662	78	168
12.	3	4	5	167	125	3.418	1.585	2.667	78	168

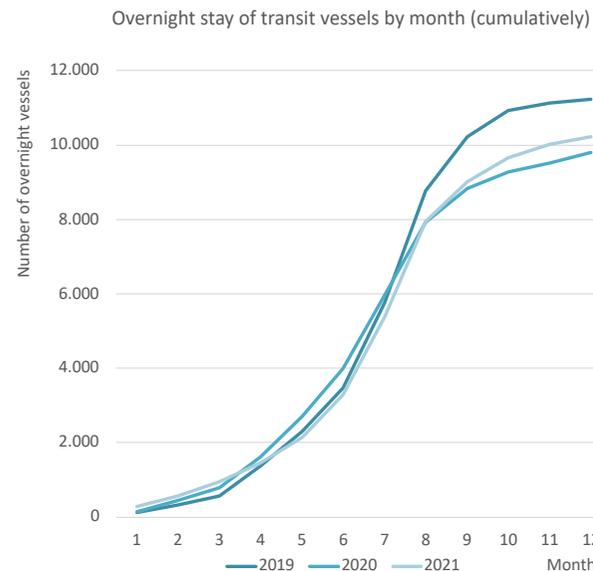
Total	2019	3.418
Total	2020	1.585
Total	2021	2.667
Index	2021/2019	78
Index	2021/2020	168



### Transit berth – overnight stays in 2021 and a comparison with 2019 and 2020

2021 Month	Individually monthly					Cumulatively monthly				
	2019	2020	2021	INDEX	INDEX	2019	2020	2021	INDEX	INDEX
			2021/2019	2021/2020			2021/2019	2021/2020		
1.	132	150	282	214	188	132	150	282	214	188
2.	188	294	286	152	97	320	444	568	178	128
3.	243	353	386	159	109	563	797	954	169	120
4.	801	810	507	63	63	1.364	1.607	1.461	107	91
5.	937	1.087	686	73	63	2.301	2.694	2.147	93	80
6.	1.171	1.296	1.134	97	88	3.472	3.990	3.281	94	82
7.	2.303	1.989	2.110	92	106	5.775	5.979	5.391	93	90
8.	2.998	1.954	2.547	85	130	8.773	7.933	7.938	90	100
9.	1.450	890	1.074	74	121	10.223	8.823	9.012	88	102
10.	714	445	646	90	145	10.937	9.268	9.658	88	104
11.	186	250	373	201	149	11.123	9.518	10.031	90	105
12.	104	281	188	181	67	11.227	9.799	10.219	91	104

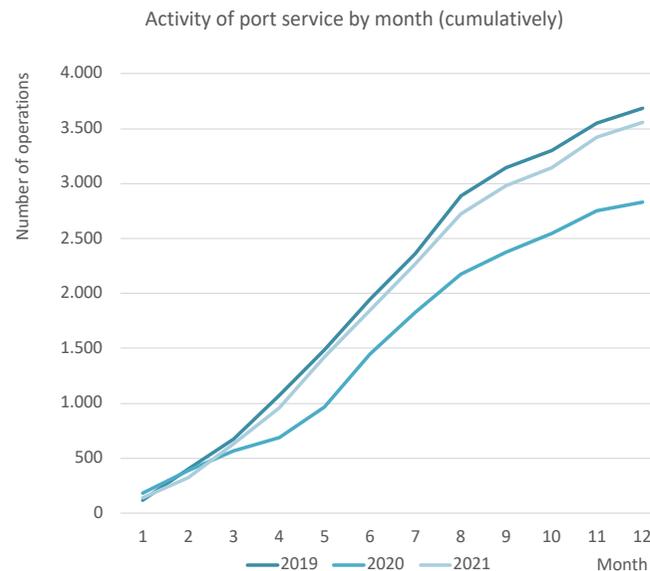
Total	2019	11.227
Total	2020	9.799
Total	2021	10.219
Index	2021/2019	91
Index	2021/2020	104



### Activities of the port repair services in 2021 and a comparison with 2019 and 2020

2021 Month	Individually monthly					Cumulatively monthly				
	2019	2020	2021	INDEX	INDEX	2019	2020	2021	INDEX	INDEX
			2021/2019	2021/2020			2021/2019	2021/2020		
1.	118	180	139	118	77	118	180	139	118	77
2.	284	207	183	64	88	402	387	322	80	83
3.	271	181	307	113	170	673	568	629	93	111
4.	397	119	332	84	279	1.070	687	961	90	140
5.	415	278	460	111	165	1.485	965	1.421	96	147
6.	460	485	430	93	89	1.945	1.450	1.851	95	128
7.	413	373	420	102	113	2.358	1.823	2.271	96	125
8.	530	353	456	86	129	2.888	2.176	2.727	94	125
9.	256	201	255	100	127	3.144	2.377	2.982	95	125
10.	159	170	163	103	96	3.303	2.547	3.145	95	123
11.	248	208	279	113	134	3.551	2.755	3.424	96	124
12.	137	76	130	95	171	3.688	2.831	3.554	96	126

Total	2019	3.688
Total	2020	2.831
Total	2021	3.554
Index	2021/2019	96
Index	2021/2020	126



## Marina Kornati revenue, individually by month in 2021 and a comparison with 2019 and 2020

REVENUES OF MARINA KORNATI 2021 SEPARATE BY MONTHS																		
Revenue positions		Months 2021												2021	2019	Index	2020	Index
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	CUMULAT.	TOTAL	2021/2019	TOTAL	2021/2020
I	Daily berths	24.596	19.361	70.954	120.430	133.816	297.829	566.146	685.968	323.999	178.240	57.489	30.016	2.508.845	2.820.560	89	1.975.212	127
II	Contracted berth with accessories	3.033.918	7.590.522	1.574.717	8.813.647	775.786	585.373	8.026.637	226.923	152.180	190.619	132.460	247.243	31.350.024	30.107.719	104	29.990.268	105
III	Port service	126.180	183.749	339.050	375.232	474.186	360.285	305.113	265.168	112.902	79.796	263.069	178.044	3.062.774	2.767.731	111	2.740.561	112
IV	Vehicle parking		1.240	6.581	40.874	173.487	329.217	493.647	498.710	449.088	256.831	19.080	2.184	2.270.939	2.232.293	102	1.374.862	165
V	Other services	378	8.870	103.792	13.210	32.113	88.463	54.946	79.329	43.620	100.938	24.598	7.985	558.242	502.377	111	501.580	111
VI	Business cooperation				0	1.363.246	0	1.119.590	1.072					2.483.908	2.450.017	101	2.464.335	101
VII	Boat fair and events			3.600		11.988	18.490	167.897	157.615	1.018.152	2.046.767	24.770		3.449.279	3.844.991	90	2.428.795	142
<b>TOTAL:</b>		<b>3.185.072</b>	<b>7.803.742</b>	<b>2.098.694</b>	<b>9.363.393</b>	<b>2.964.622</b>	<b>1.679.657</b>	<b>10.733.976</b>	<b>1.914.785</b>	<b>2.099.942</b>	<b>2.853.191</b>	<b>521.466</b>	<b>465.472</b>	<b>45.684.011</b>	<b>44.758.688</b>	<b>102</b>	<b>41.475.612</b>	<b>110</b>

REVENUES OF MARINA KORNATI 2020 SEPARATE BY MONTHS																		
Revenue positions		Months 2020												2020	2019	Index		
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	CUMULAT.	TOTAL	2020/2019		
I	Daily berths	32.900	46.712	75.157	95.259	229.069	284.733	412.056	450.733	216.386	99.848	9.201	23.158	1.975.212	2.820.560	70		
II	Contracted berth with accessories	4.052.194	6.716.752	1.213.953	6.446.857	1.743.239	1.527.498	8.108.963	-228.858	264.105	154.664	90.983	-100.082	29.990.268	30.107.719	100		
III	Port service	447.000	222.908	222.515	42.506	275.600	464.839	287.141	226.264	135.959	93.119	201.896	120.814	2.740.561	2.767.731	99		
IV	Vehicle parking	1.029	6.456	3.136	192	10.108	200.751	380.301	439.966	214.347	104.312	13.448	816	1.374.862	2.232.293	62		
V	Other services	10.772	47.371	4.058	788	10.878	105.502	138.624	98.728	40.775	19.713	9.161	15.210	501.580	502.377	100		
VI	Business cooperation	0	0	0	0	1.102.707	72.216	1.245.809	46.856	0		-10.789	7.536	2.464.335	2.450.017	101		
VII	Boat fair and events	2.277	17.060	0	0	0	-1.336	179.123	21.242	615.258	1.226.966	141.001	227.204	2.428.795	3.877.991	63		
<b>TOTAL:</b>		<b>4.546.172</b>	<b>7.057.259</b>	<b>1.518.819</b>	<b>6.585.602</b>	<b>3.371.601</b>	<b>2.654.203</b>	<b>10.752.017</b>	<b>1.054.931</b>	<b>1.486.830</b>	<b>1.698.622</b>	<b>454.901</b>	<b>294.656</b>	<b>41.475.612</b>	<b>44.758.688</b>	<b>93</b>		

REVENUES OF MARINA KORNATI 2019 SEPARATE BY MONTHS																		
Revenue positions		Months 2019												2019	2018	Index		
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	CUMULAT.	TOTAL	2019/2018		
I	Daily berths	1.649	32.993	58.793	173.766	253.713	407.784	632.061	640.748	371.107	189.705	29.672	28.570	2.820.560	2.486.833	113		
II	Contracted berth with accessories	3.601.219	5.969.253	3.932.524	6.304.731	1.352.030	642.848	7.828.376	204.248	83.521	99.770	87.138	2.059	30.107.719	28.826.907	104		
III	Port service	117.641	280.502	328.496	376.837	451.647	360.644	215.958	271.114	106.556	82.669	97.940	77.726	2.767.731	2.976.178	93		
IV	Vehicle parking	1.452	2.352	18.968	117.644	231.024	422.790	385.121	487.806	402.096	137.324	23.076	2.640	2.232.293	2.027.215	110		
V	Other services	1.141	17.350	-22.713	26.029	34.922	153.011	35.155	74.525	74.369	31.126	65.879	11.585	502.377	615.979	82		
VI	Business cooperation	0	7.410		1.198.675	23.800	3.713	1.188.874	27.545					2.450.017	2.309.657	106		
VII	Boat fair and events	4.044		8.415		24.605	70.916	250.216	218.242	1.399.639	1.976.586	-74.670		3.877.991	3.222.510	120		
<b>TOTAL:</b>		<b>3.727.146</b>	<b>6.309.860</b>	<b>4.324.483</b>	<b>8.197.682</b>	<b>2.371.741</b>	<b>2.061.706</b>	<b>10.535.761</b>	<b>1.924.228</b>	<b>2.437.288</b>	<b>2.517.181</b>	<b>229.035</b>	<b>122.580</b>	<b>44.758.688</b>	<b>42.465.279</b>	<b>105</b>		

## Marina Kornati revenue, cumulatively by month in 2021 and a comparison with 2019 and 2020

REVENUES OF MARINA KORNATI 2021 CUMULATIVE BY MONTHS														
Revenue positions		Months 2021												% of total revenues
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	
I	Daily berths	24.596	43.957	114.911	235.341	369.157	666.986	1.233.132	1.919.101	2.243.100	2.421.340	2.478.829	2.508.845	5
II	Contracted berth with accessories	3.033.918	10.624.440	12.199.157	21.012.804	21.788.590	22.373.963	30.400.600	30.627.522	30.779.702	30.970.321	31.102.781	31.350.024	69
III	Port service	126.180	309.929	648.979	1.024.211	1.498.397	1.858.682	2.163.795	2.428.962	2.541.865	2.621.661	2.884.730	3.062.774	7
IV	Vehicle parking		1.240	7.821	48.695	222.182	551.399	1.045.046	1.543.756	1.992.844	2.249.675	2.268.755	2.270.939	5
V	Other services	378	9.248	113.040	126.250	158.363	246.826	301.772	381.101	424.721	525.659	550.257	558.242	1
VI	Business cooperation		0	0	0	1.363.246	1.363.246	2.482.836	2.483.908	2.483.908	2.483.908	2.483.908	2.483.908	5
VII	Boat fair and events		0	3.600	3.600	15.588	34.078	201.975	359.590	1.377.742	3.424.509	3.449.279	3.449.279	8
	<b>TOTAL:</b>	<b>3.185.072</b>	<b>10.988.814</b>	<b>13.087.508</b>	<b>22.450.901</b>	<b>25.415.523</b>	<b>27.095.180</b>	<b>37.829.156</b>	<b>39.743.940</b>	<b>41.843.882</b>	<b>44.697.073</b>	<b>45.218.539</b>	<b>45.684.011</b>	<b>100</b>

REVENUES OF MARINA KORNATI 2020 CUMULATIVE BY MONTHS														
Revenue positions		Months 2020												% of total revenues
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	
I	Daily berths	32.900	79.612	154.769	250.029	479.097	763.830	1.175.886	1.626.619	1.843.005	1.942.853	1.952.054	1.975.212	5
II	Contracted berth with accessories	4.052.194	10.768.946	11.982.898	18.429.755	20.172.995	21.700.493	29.809.456	29.580.598	29.844.703	29.999.367	30.090.350	29.990.268	72
III	Port service	447.000	674.908	897.423	939.929	1.215.528	1.680.368	1.962.509	2.188.773	2.324.732	2.417.851	2.619.747	2.740.561	7
IV	Vehicle parking	1.029	7.486	10.622	10.814	20.922	221.672	601.973	1.041.939	1.256.286	1.360.598	1.374.046	1.374.862	3
V	Other services	10.772	58.143	62.201	62.989	73.867	179.369	317.993	416.721	457.496	477.209	486.370	501.580	1
VI	Business cooperation	0	0	0	-	1.102.707	1.174.923	2.420.732	2.467.588	2.467.588	2.467.588	2.456.799	2.464.335	6
VII	Boat fair and events	2.277	19.337	19.337	19.337	19.337	18.001	197.124	218.366	833.624	2.060.590	2.201.591	2.428.795	6
	<b>TOTAL:</b>	<b>4.546.172</b>	<b>11.608.432</b>	<b>13.127.250</b>	<b>19.712.853</b>	<b>23.084.453</b>	<b>25.738.656</b>	<b>36.485.672</b>	<b>37.540.603</b>	<b>39.027.433</b>	<b>40.726.055</b>	<b>41.180.956</b>	<b>41.475.612</b>	<b>100</b>

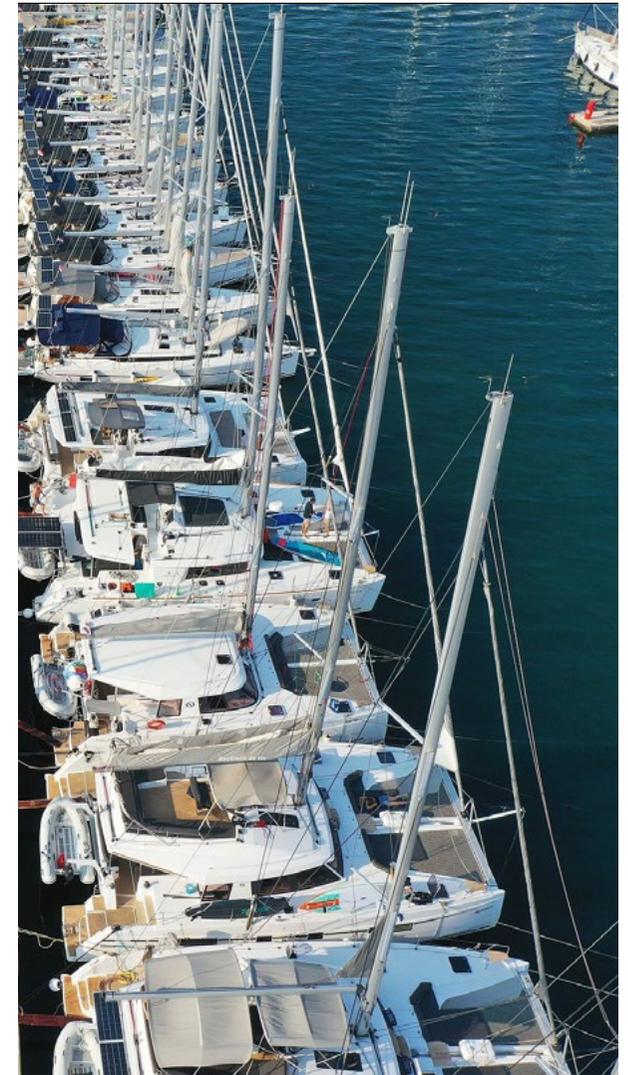
REVENUES OF MARINA KORNATI 2019 CUMULATIVE BY MONTHS														
Revenue positions		Months 2019												% of total revenues
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	
I	Daily berths	1.649	34.642	93.435	267.201	520.914	928.698	1.560.759	2.201.507	2.572.614	2.762.319	2.791.991	2.820.560	6
II	Contracted berth with accessories	3.601.219	9.570.472	13.502.996	19.807.727	21.159.757	21.802.605	29.630.981	29.835.229	29.918.750	30.018.520	30.105.658	30.107.719	67
III	Port service	117.641	398.143	726.639	1.103.476	1.555.123	1.915.767	2.131.725	2.402.839	2.509.395	2.592.064	2.690.004	2.767.731	6
IV	Vehicle parking	1.452	3.804	22.772	140.416	371.440	794.230	1.179.351	1.667.157	2.069.253	2.206.577	2.229.653	2.232.293	5
V	Other services	1.141	18.491	-4.222	21.807	56.729	209.740	244.895	319.420	393.789	424.915	490.794	502.377	1
VI	Business cooperation		7.410	7.410	1.206.085	1.229.885	1.233.598	2.422.472	2.450.017	2.450.017	2.450.017	2.450.017	2.450.017	5
VII	Boat fair and events	4.044	4.044	12.459	12.459	37.064	107.980	358.195	576.436	1.976.075	3.952.662	3.877.991	3.877.991	9
	<b>TOTAL:</b>	<b>3.727.146</b>	<b>10.037.006</b>	<b>14.361.489</b>	<b>22.559.171</b>	<b>24.930.912</b>	<b>26.992.618</b>	<b>37.528.378</b>	<b>39.452.605</b>	<b>41.889.892</b>	<b>44.407.074</b>	<b>44.636.108</b>	<b>44.758.688</b>	<b>100</b>

## Summary of key market indicators of Marina Kornati performance

The nautical sector of Ilirija d.d. consists of three segments: Marina Kornati, nautical fair and "Marina Kornati" restaurant. In 2021, the continuous growth and development of the nautical sector continued, particularly in its most important segment, Marina Kornati, which has achieved by far the best performance results ever, especially in its financial part.

Although the capacity of the nautical sector (berths) in its most significant segment of vessel accommodation realised in the Marina Kornati nautical tourism port did not change, physical indicators in 2021 compared to 2020 recorded growth in all items, specifically: contracted berth item was at the same level with 719 contracted vessels, while in 2020 there were 717 contracted vessels, then overnight stays of transit vessels recorded an increase of 4%, and the number of service operations increased by 26%, while the number of business cooperation contracts remained at the same level, i.e. in 2021 a total of 51 business cooperation contracts were concluded compared to 49 contracts concluded the previous year. Moreover, the nautical sector did not achieve the results from the pre-pandemic 2019, and in relation to the said period achieved the following physical results: contracted berth realised at 97% compared to the 2019 realisation, overnight stays of transit vessels realised at 91%, number of service operations realised at 96%, while the number of business cooperation contracts remained at the same level.

Analysing the physical indicators, it is necessary to note the growing trend in nautical sector, i.e. that the vessels are getting bigger and longer, multihulls are appearing more and more often, which can significantly change financial performance results, since services for vessels are calculated according to size, i.e. length and width of the vessel. Following the above, although Marina Kornati did not achieve physical performance results at the level of the pre-pandemic period, i.e. 2019 the financial performance results with generated revenue in the amount of HRK 42,234,732 are the best so far, i.e. they increased by 3% compared to 2019, when they amounted to HRK 40,880,637, while compared to the previous year they increased by 8%. The most significant contribution to the increase of Marina Kornati's revenue was generated under the contracted berth item, which accounts for 74.2% of Marina Kornati revenue, and this was largely due to revenue from transit berth and parking as a direct consequence of eased epidemiological measures and reduced travel restrictions.



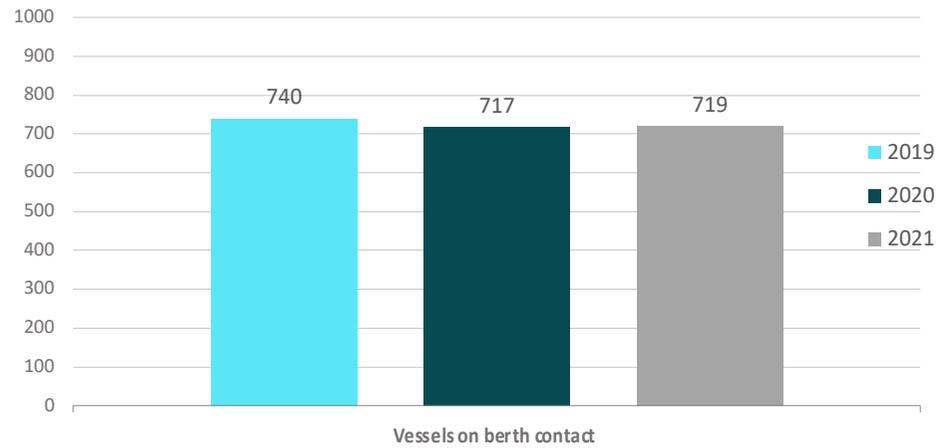
## Key market indicators of Marina Kornati

	2019	2020	2021	2021/2019	2021/2020
<b>Capacity(number of berths): *</b>					
Central marina	435	435	435	0,00%	0,00%
Western marina	190	190	190	0,00%	0,00%
Southern marina	80	80	80	0,00%	0,00%
Hotel marina	100	100	100	0,00%	0,00%
Total number of berths	805	805	805	0,00%	0,00%
<b>Physical turnover:</b>					
Vessel on berth contract	740	717	719	-2,84%	0,28%
Number of overnight stays (vessels having tranzit berth )	11.227	9.799	10.219	-8,98%	4,29%
Number of service operations executed	3.688	2.831	3.554	-3,63%	25,54%
Number of parking places	500	500	500	0,00%	0,00%
Number of bussiness cooperation agreements	50	49	51	2,00%	4,08%
<b>Financial results</b>					
<b>Total operating revenue of the marina</b>	<b>40.880.637 kn</b>	<b>39.046.817 kn</b>	<b>42.234.732 kn</b>	<b>3,31%</b>	<b>8,16%</b>
<b>Berth contract:</b>					
Revenue from berth contracts	30.107.719 kn	29.990.268 kn	31.350.024 kn	4,13%	4,53%
Aver. revenue per berth contract	40.686 kn	41.827 kn	43.602 kn	7,17%	4,24%
Share in the total operating revenue of the marina	73,6%	76,8%	74,2%	0,79%	-3,36%
<b>Transit berth:</b>					
Revenue from the transit berth	2.820.560,00 kn	1.975.212 kn	2.508.845 kn	-11,05%	27,02%
Aver. revenue per overnight stay (transit berth)	251 kn	202 kn	246 kn	-2,28%	21,80%
Share in the total operating revenue of the marina	6,9%	5,1%	5,9%	-13,90%	17,43%
<b>Servicing:</b>					
Revenue from servicing	2.767.731,00 kn	2.740.561 kn	3.062.774 kn	10,66%	11,76%
Aver. revenue per serv. operation	750 kn	968 kn	862 kn	14,83%	-10,98%
Share in the total operating revenue of the marina	6,8%	7,0%	7,3%	7,11%	3,32%
<b>Parking:</b>					
Revenue from parking	2.232.293,00 kn	1.374.862 kn	2.270.939 kn	1,73%	65,18%
Aver. revenue per parking space	4.465 kn	2.750 kn	4.542 kn	1,73%	65,18%
Share in the total operating revenue of the marina	5,5%	3,5%	5,4%	-1,53%	52,71%
<b>Business cooperation:</b>					
Revenue from business cooperation	2.450.017,00 kn	2.464.335 kn	2.483.908 kn	1,38%	0,79%
Aver. revenue from business cooperation	49.000 kn	50.293 kn	48.704 kn	-0,60%	-3,16%
Share in the total operating revenue of the marina	6,0%	6,3%	5,9%	-1,87%	-6,81%

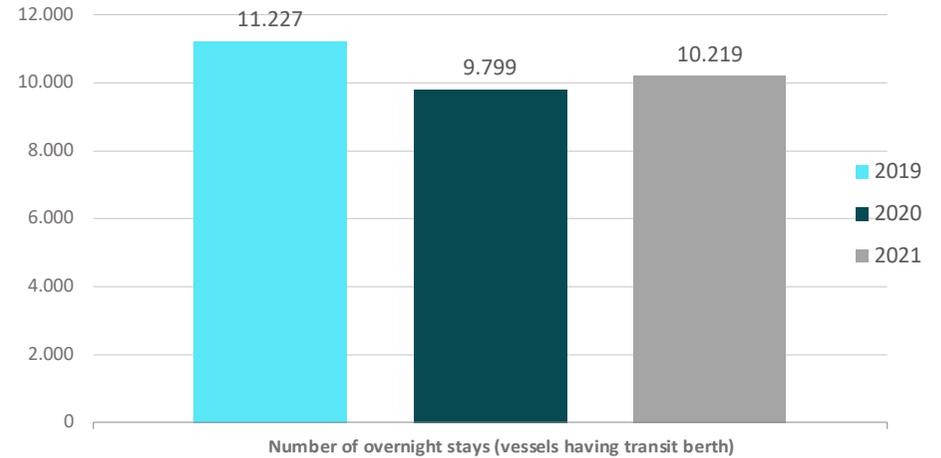
Notes:

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

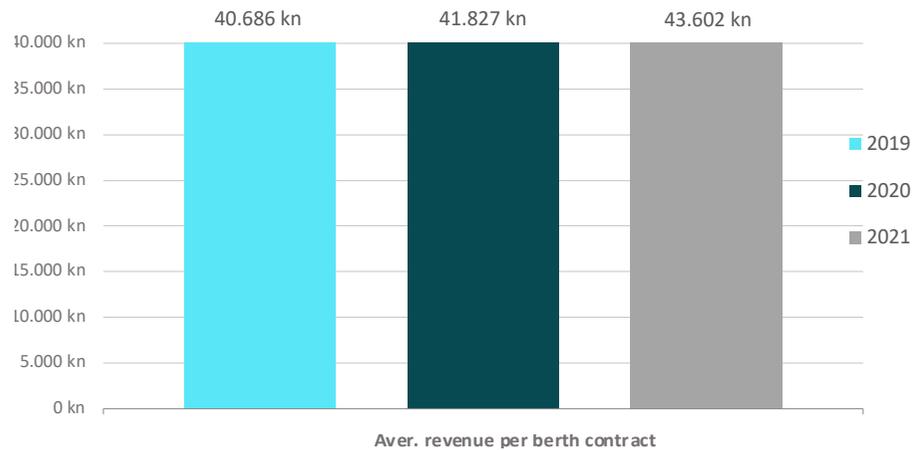
No. of vessels per berth contract in the Marina Kornati in 2021, 2020 and 2019



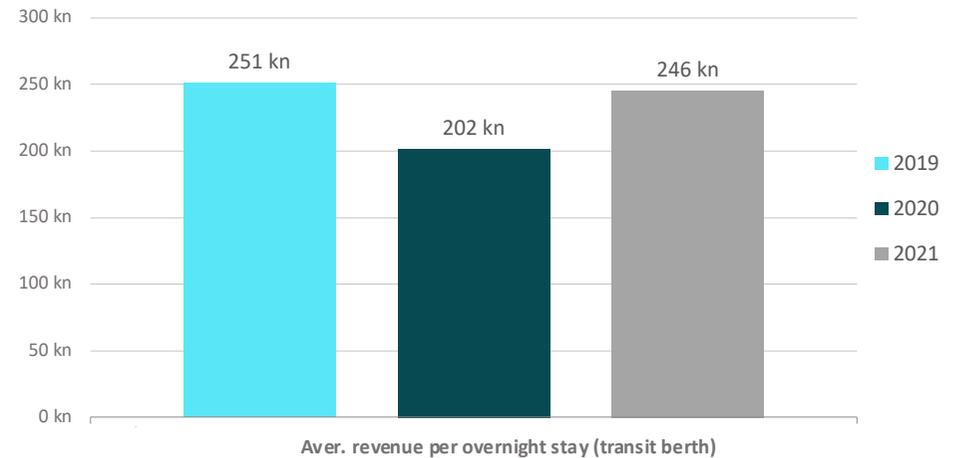
No. of overnight stay of transit vessels in Marina Kornati in 2021, 2020 and 2019



Average revenues earned per berth contract in Marina Kornati in 2021, 2020 and 2019



Average revenue earned per overnight stay of transit vessel in Marina Kornati in 2021, 2020 and 2019





## 6.3 CAMPING – “PARK SOLINE” CAMPSITE

In 2021, in the “Park Soline” campsite 34,586 arrivals were realised, which is an increase of 73.67% compared to the same period of the previous year. Compared to 2019 it amounted to 83.33% realisation. The aforementioned increase is definitely due to the market affected by the COVID-19 pandemic opening earlier in 2021 than in 2020, both in Croatia and in Europe, and due to excellent booking levels in the peak season and post-season. In line with the above, an increased number of arrivals also resulted in an increase in the number of overnight stays. A total of 236,878 overnight stays were recorded, which represents an increase of 70.35% compared to 2020, and a share of 81.55% of the stays recorded in 2019. The more significant increase of arrivals versus overnight stays is a result of a lower average number of days of stay, which was 6.85 in 2021.

All four segments of campsite operations (allotment, lump sum guests, individuals and holiday homes) recorded an increase in arrivals and overnight stays. The allotment market segment recorded an increase of 43.26% in overnight stays and of 37.51% in arrivals, which resulted in an increase in the average number of days of stay of agency guests, which increased from 7.57 to 7.89 days. The lump sum market segment realised an increase of 51.95% in arrivals and of 47.21% in overnight stays as compared to 2020. The aforementioned increase is mostly a consequence of opening the

market, an increase in the number of leased lump sum stays and a favourable distribution of bank holidays in June (the Slovenian and the Croatian market account for the largest share in lump sum guests). The market segment referring to individuals realised an increase of 159.46% in arrivals and of 151.48% in overnight stays. Holiday homes realised an increase of 78.76% in arrivals and 82.62% in overnight stays compared to the previous year, which was mostly generated in June by the Slovenian and Croatian markets and during the peak season. Compared to the 2019 results, there was an increase in the number of overnight stays for the lump sum market segment by 8.78%, while the market segment referring to individual stays achieved a share of 80.26% of the 2019 share, allotments are at the level of 53.74% and mobile houses at 92.63% of the 2019 realisation. The indicators listed are more than satisfactory, considering that the pre-season was lacking and that the market became active at the end of June.

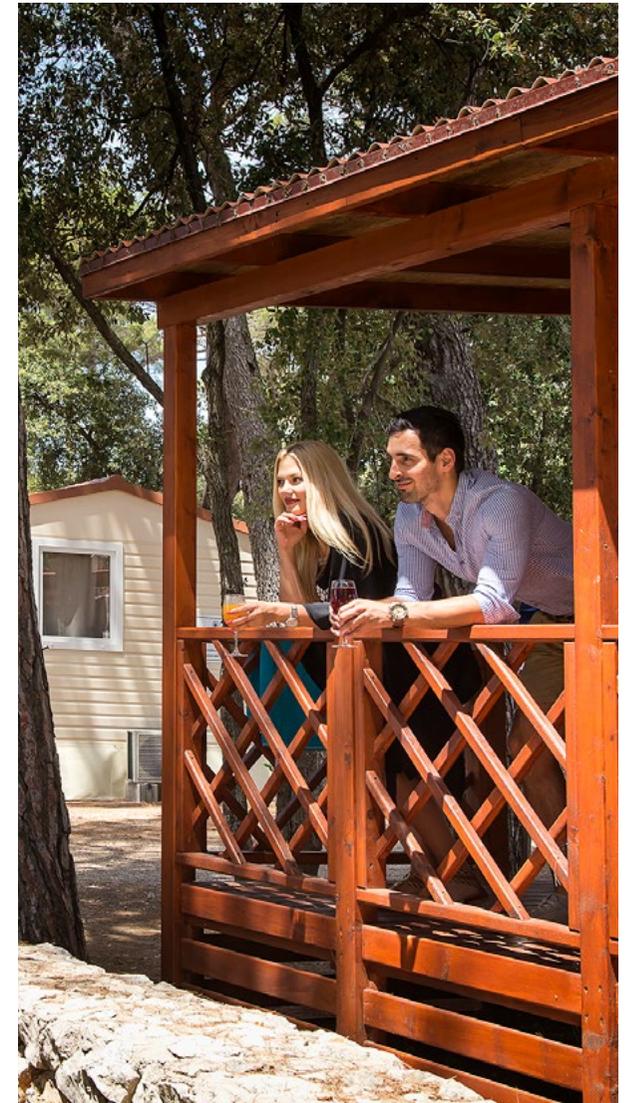
With regard to accommodation services, i.e. the “Park Soline” campsite, the camping sector recorded both an increase in the physical turnover and in the revenue, with the revenue realised amounting to HRK 30,131,572.28. This represents a 67% increase in comparison to the same period last year, with a 113% increase in the revenue from holiday homes and 32% increase in the contractual revenue from lump-sum guests, whi-

ch is a result of a larger number of leased lump sum pitches than in the previous year, with the larger part of the lump sums pertaining to mobiles homes, which generate more revenue. The revenue from individual stays increased by 163% compared to the previous year. Compared to 2019, the lump sum market segment realised an increase of 35%, while revenue from holiday homes was realised at the 2019 level. Realised revenue in 2021 in relation to the pre-pandemic period, i.e. in 2019, accounted for 95% of their realisation.

In the structure of recorded overnight stays, the five leading outbound markets are (I) the Slovenian market with a 29% share of overnight stays, (II) the Czech market with a 17% share, (III) the Croatian market with a 15% share, (IV) the German market with a 14% share, and (V) the Polish market with a 7% share. Considering the business segments compared to the previous year, the holiday homes segment recorded the highest increase in guests from the German market with an increase of 151.7% and the Croatian market with an increase of 65.58%. In the business segment of camping units, the largest increase in overnight stays was recorded with regard to guests from the Austrian market (269.42%), German market (177.31%), Polish market (162.36%) and Slovenian market (81.66%). At the same time, when it comes to market segments, lump sum payments and guests in holiday homes prevail in the structure of overnight stays, with a share of 32% and

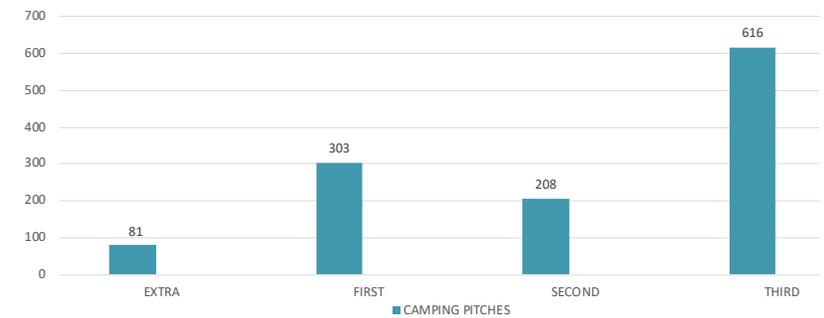
28% in overnight stays respectively.

The increase in overnight stays, arrivals and revenue in 2021 is the result of opening the market once the epidemiological situation concerning COVID-19 became favourable, as well as of investments performed in 2020 in new holiday homes as well as in the quality of campsite facilities and services. Intensified marketing activities and strategically planned investments in key sales channels certainly contributed to the levels of overnight stays and financial performance nearing the 2019 results.



## Capacities of the Campsite „Park Soline“

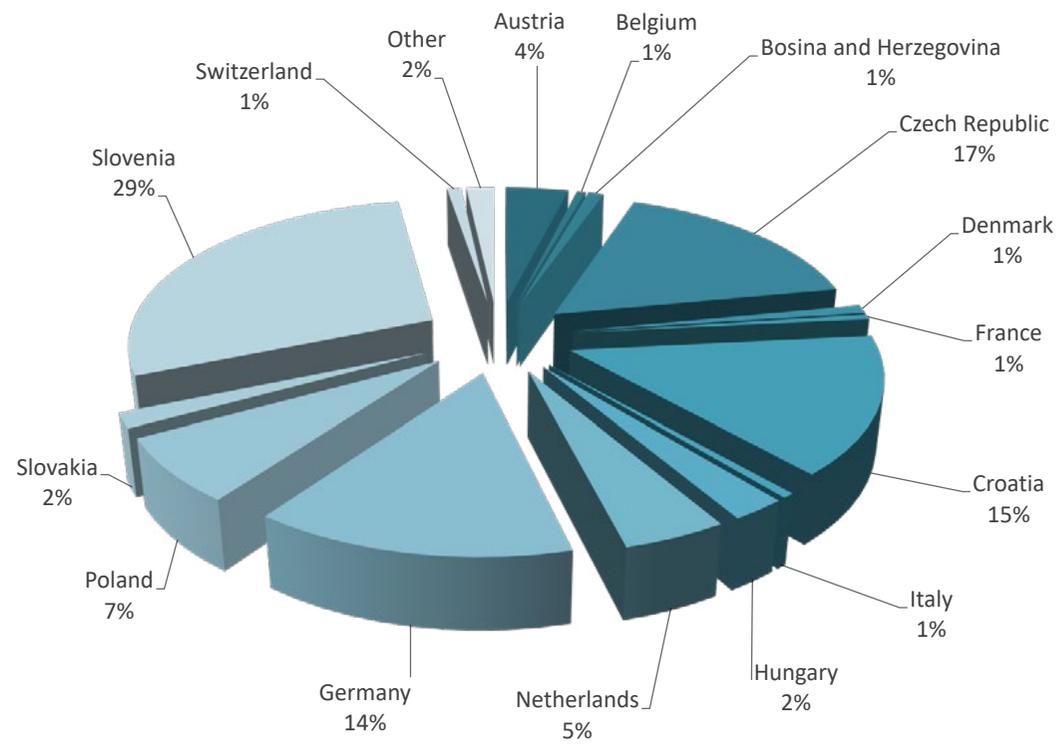
		2017	2018	2019	2020	2021
I	EXTRA ZONE					
	CAMPING PITCHES	81	81	81	81	81
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	81	81	81	81	81
II	FIRST ZONE					
	CAMPING PITCHES	326	303	303	303	303
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	326	303	303	303	303
III	SECOND ZONE					
	CAMPING PITCHES	182	198	208	208	208
	CAMPING PLOTS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



## Arrivals and overnight stays by outbound market and average days of stay in 2021 and a comparison with 2019 and 2020

Country	2019		2020		2021		INDEX 2021/2019		INDEX 2021/2020		AVERAGE STAY (DAYS)		
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	2019.	2020.	2021.
Austria	1.997	12.363	410	2.555	1.478	9.311	74,01	75,31	360,49	364,42	6,19	6,23	6,30
Belgium	334	2.427	83	706	226	1.261	67,66	51,96	272,29	178,61	7,27	8,51	5,58
Bosnia and Herzegovina	617	2.924	236	1.419	430	2.259	69,69	77,26	182,20	159,20	4,74	6,01	5,25
Czech Republic	7.274	56.268	3.752	28.152	5.224	39.200	71,82	69,67	139,23	139,24	7,74	7,50	7,50
Denmark	445	3.602	85	678	233	2.120	52,36	58,86	274,12	312,68	8,09	7,98	9,10
France	832	5.759	77	563	251	1.295	30,17	22,49	325,97	230,02	6,92	7,31	5,16
Croatia	4.331	28.422	4.337	27.281	6.117	35.685	141,24	125,55	141,04	130,81	6,56	6,29	5,83
Italy	1.168	7.305	64	498	220	1.269	18,84	17,37	343,75	254,82	6,25	7,78	5,77
Hungary	1.559	10.146	313	1.724	933	5.758	59,85	56,75	298,08	333,99	6,51	5,51	6,17
Netherlands	1.863	16.232	208	1.967	1.329	10.833	71,34	66,74	638,94	550,74	8,71	9,46	8,15
Germany	5.373	40.361	1.729	14.399	4.701	33.710	87,49	83,52	271,89	234,11	7,51	8,33	7,17
Poland	2.251	16.284	1.205	8.168	2.306	16.466	102,44	101,12	191,37	201,59	7,23	6,78	7,14
Slovakia	896	5.750	193	1.150	571	3.864	63,73	67,20	295,85	336,00	6,42	5,96	6,77
Slovenia	10.805	72.971	6.807	47.416	9.438	67.560	87,35	92,58	138,65	142,48	6,75	6,97	7,16
Switzerland	364	1.872	52	322	397	2.145	109,07	114,58	763,46	666,15	5,14	6,19	5,40
Other	1.398	7.801	364	2.054	732	4.142	52,36	53,10	201,10	201,66	5,58	5,64	5,66
<b>TOTAL</b>	<b>41.507</b>	<b>290.487</b>	<b>19.915</b>	<b>139.052</b>	<b>34.586</b>	<b>236.878</b>	<b>83,33</b>	<b>81,55</b>	<b>173,67</b>	<b>170,35</b>	<b>7,00</b>	<b>6,98</b>	<b>6,85</b>

## Overnight stays by outbound market in 2021



## Arrivals, overnight stays and pitch numbers by market segment in 2021 and a comparison with 2019 and 2020

MARKET SEGMENT	2019			2020			2021		
	Arrivals	Overnight stays	Pitch	Arrivals	Overnight stays	Pitch	Arrivals	Overnight stays	Pitch
Allotment	10.736	84.853	270	4.196	31.762	234	5.770	45.502	170
Lump sum	10.042	69.989	242	7.189	51.238	220	10.924	75.427	253
Individuals	10.590	63.976	508	3.276	19.733	529	8.500	49.625	560
Mobile homes	10.139	71.669	200	5.254	36.319	225	9.392	66.324	225
<b>TOTAL</b>	<b>41.507</b>	<b>290.487</b>	<b>1.220</b>	<b>19.915</b>	<b>139.052</b>	<b>1.208</b>	<b>34.586</b>	<b>236.878</b>	<b>1.208</b>

MARKET SEGMENT	INDEX 2021/2019			INDEX 2021/2020			AVERAGE DAYS OF STAY		
	Arrivals	Overnight stays	Pitch	Arrivals	Overnight stays	Pitch	2019	2020	2021
Allotment	53,74	53,62	62,96	137,51	143,26	72,65	7,90	7,57	7,89
Lump sum	108,78	107,77	104,55	151,95	147,21	115,00	6,97	7,13	6,90
Individuals	80,26	77,57	110,24	259,46	251,48	105,86	6,04	6,02	5,84
Mobile homes	92,63	92,54	112,50	178,76	182,62	100,00	7,07	6,91	7,06
<b>TOTAL</b>	<b>83,33</b>	<b>81,55</b>	<b>99,02</b>	<b>173,67</b>	<b>170,35</b>	<b>100,00</b>	<b>7,00</b>	<b>6,98</b>	<b>6,85</b>

## Overview of overnight stays by outbound market and by market segment in 2021 and a comparison with 2019 and 2020

	MOBILE HOMES					AGENCIES					LUMP SUM					INDIVIDUALS					TOTAL				
	2019	2020	2021	Index 2021/2019	Index 2021/2020	2019	2020	2021	Index 2021/2019	Index 2021/2020	2019	2020	2021	Index 2021/2019	Index 2021/2020	2019	2020	2021	Index 2021/2019	Index 2021/2020	2019	2020	2021	Index 2021/2019	Index 2021/2020
Austria	3.740	669	2.730	72,99	408,07	1668	138	280	16,79	202,90	2441	636	2.193	89,84	344,81	4.514	1.112	4.108	91,01	369,42	12.363	2.555	9.311	75,31	364,42
Belgium	695	281	400	57,55	142,35	666	183	152	22,82	83,06	124	103	210	169,35	203,88	942	139	503	53,40	361,87	2.427	706	1.265	52,12	179,18
B&H	716	392	641	89,53	163,52	353	155	117	33,14	75,48	1530	728	1.261	82,42	173,21	325	144	260	80,00	180,56	2.924	1.419	2.279	77,94	160,61
The Czech Republic	2.838	1.553	3.556	125,30	228,98	46775	22.352	27.048	57,83	121,01	3782	2.513	4.583	121,18	182,37	2.873	1.734	3.994	139,02	230,33	56.268	28.152	39.181	69,63	139,18
Denmark	1.310	161	1.033	78,85	641,61	781	116	220	28,17	189,66	166	49	36	21,69	73,47	1.345	352	831	61,78	236,08	3.602	678	2.120	58,86	312,68
France	686	144	254	37,03	176,39	3880	356	537	13,84	150,84	108	28	123	113,89	439,29	1.085	35	328	30,23	937,14	5.759	563	1.242	21,57	220,60
Croatia	5.741	6.092	10.087	175,70	165,58	2465	1.479	1.030	41,78	69,64	16446	17.214	21.728	132,12	126,22	3.770	2.493	2.842	75,38	114,00	28.422	27.278	35.687	125,56	130,83
Italy	2.206	214	519	23,53	242,52	1017	21	132	12,98	628,57	631	62	36	5,71	58,06	3.451	201	596	17,27	296,52	7.305	498	1.283	17,56	257,63
Hungary	3.513	815	2.427	69,09	297,79	3889	202	1.145	29,44	566,83	1115	501	974	87,35	194,41	1.629	206	1.212	74,40	588,35	10.146	1.724	5.758	56,75	333,99
Netherlands	5.532	485	3.620	65,44	746,39	2779	365	1.699	61,14	465,48	433	100	494	114,09	494,00	7.488	1.017	5.020	67,04	493,61	16.232	1.967	10.833	66,74	550,74
Germany	13.551	4.669	11.753	86,73	251,72	5649	1.507	3.264	57,78	216,59	4125	3.155	4.639	112,46	147,04	17.036	5.068	14.054	82,50	277,31	40.361	14.399	33.710	83,52	234,11
Poland	6.481	2.179	3.002	46,32	137,77	4019	998	3.744	93,16	375,15	2854	3.070	4.680	163,98	152,44	2.930	1.921	5.040	172,01	262,36	16.284	8.168	16.466	101,12	201,59
Slovakia	1.898	116	978	51,53	843,10	932	76	143	15,34	188,16	1807	569	1.853	102,55	325,66	1.113	389	890	79,96	228,79	5.750	1.150	3.864	67,20	336,00
Slovenia	19.986	17.635	22.723	113,69	128,85	9087	3.613	5.617	61,81	155,47	31908	21.497	30.729	96,31	142,95	11.990	4.674	8.491	70,82	181,66	72.971	47.419	67.560	92,58	142,47
Switzerland	411	102	1.060	257,91	1039,22	158	16	89	56,33	556,25	332	188	503	151,51	267,55	971	16	493	50,77	3081,25	1.872	322	2.145	114,58	666,15
Others	2.365	812	1.541	65,16	189,78	735	185	285	38,78	154,05	2187	825	1.385	63,33	167,88	2.514	232	963	38,31	415,09	7.801	2.054	4.174	53,51	203,21
<b>TOTAL</b>	<b>71.669</b>	<b>36.319</b>	<b>66.324</b>	<b>92,54</b>	<b>182,62</b>	<b>84.853</b>	<b>31.762</b>	<b>45.502</b>	<b>53,62</b>	<b>143,26</b>	<b>69.989</b>	<b>51.238</b>	<b>75.427</b>	<b>107,77</b>	<b>147,21</b>	<b>63.976</b>	<b>19.733</b>	<b>49.625</b>	<b>77,57</b>	<b>251,48</b>	<b>290.487</b>	<b>139.052</b>	<b>236.878</b>	<b>81,55</b>	<b>170,35</b>

### Illustration showing the cumulative results of daily and monthly occupancy of campsite accommodation units for the period from 1 April 2021 to 15 October 2021

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 %
MOBILE HOMES ILIRIJA	6.750	54	0,80%	0,24	6.975	221	3,17%	0,98	6.750	2.557	74,81%	23,19
AGENCIES	5.100	5.100	100,00%	30,00	5.270	5.270	100,00%	31,00	5.100	5.100	100,00%	31,00
LUMP SUM	7.530	7.530	100,00%	30,00	7.781	7.781	100,00%	31,00	7.530	7.530	100,00%	31,00
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	10.110	169	1,67%	0,50	10.447	370	3,54%	1,10	10.110	1.707	39,32%	12,19
INDIVIDUALS CAMPING STANDARD IV ZONE	6.750	0	0,00%	0,00	6.975	0	0,00%	0,00	6.750	42	2,92%	0,91
INDIVIDUALS TOTAL	16.860	169	1,00%	0,30	17.422	370	2,12%	0,66	16.860	1.749	24,75%	7,67
<b>TOTAL</b>	<b>36.240</b>	<b>12.853</b>	<b>35,47%</b>	<b>10,64</b>	<b>37.448</b>	<b>13.642</b>	<b>36,43%</b>	<b>11,29</b>	<b>36.240</b>	<b>16.936</b>	<b>60,30%</b>	<b>18,69</b>

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 %
MOBILE HOMES ILIRIJA	6.975	5.218	74,81%	23,19	6.975	6.381	91,48%	28,36	6.750	2.926	43,35%	13,00
AGENCIES	5.270	5.270	100,00%	31,00	5.270	5.270	100,00%	31,00	5.100	5.100	100,00%	30,00
LUMP SUM	7.843	7.843	100,00%	31,00	7.843	7.843	100,00%	31,00	7.590	7.590	100,00%	30,00
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	10.447	4.108	39,32%	12,19	10.447	5.984	57,28%	17,76	10.110	3.998	39,55%	11,86
INDIVIDUALS CAMPING STANDARD IV ZONE	6.913	204	2,95%	0,91	6.913	883	12,77%	3,96	<b>6.690</b>	107	1,60%	0,48
INDIVIDUALS TOTAL	17.360	4.312	24,84%	7,70	17.360	6.867	39,56%	12,26	16.800	4.105	24,43%	7,33
<b>TOTAL</b>	<b>37.448</b>	<b>22.643</b>	<b>60,47%</b>	<b>18,74</b>	<b>37.448</b>	<b>26.361</b>	<b>70,39%</b>	<b>21,82</b>	<b>36.240</b>	<b>19.721</b>	<b>54,42%</b>	<b>16,33</b>

MONTH	OCTOBER				TOTAL 2019					TOTAL 2020				
SEGMENT	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY
MOBILE HOMES ILIRIJA	3.375	97	2,87%	0,43	200	55.000	18.890	34,35%	94,45	225	61.785	9.195	14,86%	40,87
AGENCIES	2.550	2.550	100,00%	15,00	270	74.250	74.250	100,00%	275,00	234	64.350	64.350	100,00%	275,00
LUMP SUM	3.795	3.795	100,00%	15,00	242	66.458	66.458	100,00%	275,00	220	60.500	60.500	100,00%	275,00
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	5.055	343	6,79%	1,02	354	97.350	21.323	21,90%	60,23	349	95.975	6.618	6,90%	18,96
INDIVIDUALS CAMPING STANDARD IV ZONE	3.345	0	0,00%	0,00	154	42.442	1.735	4,09%	11,24	180	49.500	335	0,68%	1,86
INDIVIDUALS TOTAL	8.400	343	4,08%	0,61	508	139.792	23.058	16,49%	45,36	529	145.475	6.953	4,76%	13,14
TOTAL	18.120	6.785	37,44%	5,62	1220	335.500	182.656	54,44%	149,72	1208	332.110	140.998	42,44%	116,72

MONTH	TOTAL 2021					INDEX 2021/2019					INDEX 2021/2020				
SEGMENT	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY
MOBILE HOMES ILIRIJA	225	44.550	17.454	39,18%	77,57	112,50	81	92	114,06%	82,13	100,00	72	28	263,65%	189,81
AGENCIES	170	33.660	33.660	100,00%	198,00	62,96	45	45	100,00%	72,00	72,65	52	52	100,00%	72,00
LUMP SUM	253	49.912	49.912	100,00%	198,00	104,55	75	75	100,00%	72,00	115,00	82	82	100,00%	72,00
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD III ZONE	337	66.726	16.679	25,00%	49,49	95,20	69	78	114,14%	82,17	96,56	70	252	362,26%	261,04
INDIVIDUALS CAMPING STANDARD IV ZONE	223	44.336	1.236	2,79%	5,52	144,81	104	71	68,16%	49,11	123,89	90	369	409,97%	296,77
INDIVIDUALS TOTAL	560	111.062	17.915	16,13%	31,94	110,24	79	78	97,82%	70,41	105,86	76	258	338,88%	243,06
TOTAL	1208	239.184	118.941	49,73%	98,46	99,02	71	65	91,34	65,76	100	72	84	117,17	84,36

## Campsite revenue in 2021 and a comparison with 2019 and 2020

SEGMENT		2019			2020			2021			INDEX		INDEX	
		GENERATED TILL 31/12/2019			GENERATED TILL 31/12/2020			GENERATED PRIOR 31/12/2021			2021/2019		2021/2020	
		NO.OF PITCHES	OVERNIGHT STAYS	REVENUES	NO.OF PITCHES	OVERNIGHT STAYS	REVENUES	NO.OF PITCHES	OVERNIGHT STAYS	REVENUES	OVERNIGHT STAYS	REVENUES	OVERNIGHT STAYS	REVENUES
1	MOBILE HOMES	200	71.669	13.080.977,08 kn	225	36.319	6.115.016,97 kn	225	66.324	13.006.945,77 kn	93	99	183	213
2	AGENCIES	270	84.853	4.961.578,20 kn	234	31.762	3.398.117,90 kn	170	45.502	3.341.176,93 kn	54	67	143	98
3	INDIVIDUALS	508	63.976	6.409.705,47 kn	529	19.733	1.893.510,85 kn	560	49.625	4.975.347,82 kn	78	78	251	263
4	LUMP SUM	242	69.989	5.534.344,91 kn	220	51.238	5.673.901,43 kn	253	75.427	7.475.145,87 kn	108	135	147	132
5	OTHER SERVICES	-	-	2.049.767,64 kn	-	-	920.607,31 kn	0		1.332.955,89 kn	#DIV/0!	65	#DIV/0!	145
TOTAL:		1220	290.487	32.036.373,30 kn	1208	139.052	18.001.154,46 kn	1208	236.878	30.131.572,28 kn	82	94	170	167

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

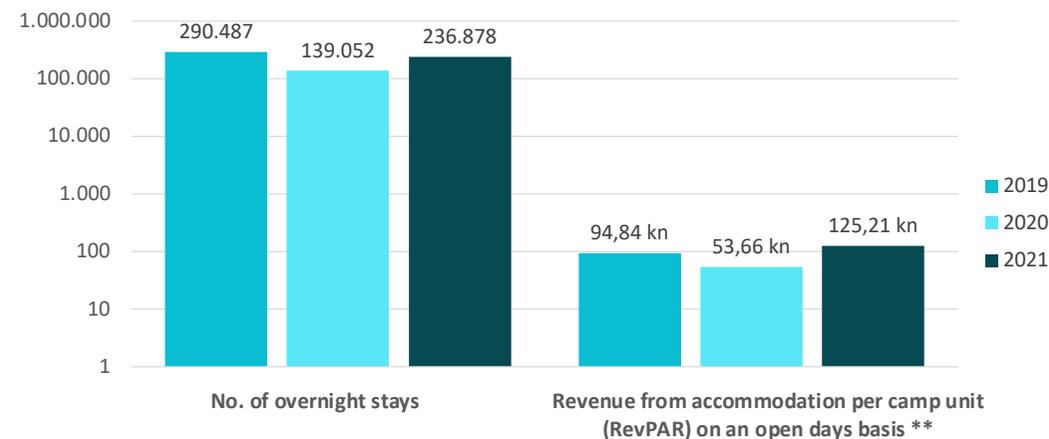
As at 31 December 2021, the Company camping sector, consisting of the “Park Soline” campsite and the “Park Soline” restaurant, recorded a significant increase compared to the previous year, both according to physical and financial indicators. Despite the uncertain and difficult beginning of the pre-season, by the end of the third quarter physical and financial performance was significantly closer to the 2019 results, particularly due to excellent demand in high season and post-season, which showed great resilience and excellent results of the camping sector to business challenges.

During the crisis period of the coronavirus pandemic, the “Park Soline” campsite proved to be a form of accommodation that provides a high level of safety for its guests. A share of 82% of overnight stays was recorded with regard to the target value of the same period in 2019, as well as a share of 94% in terms of financial targets.

Compared to the same period in the previous year, the “Park Soline” campsite recorded a higher number of guest arrivals and overnight stays, which resulted in the 17.06% increase in capacity occupancy, a 99.17% increase in the average price, and a 133.35% increase in accommodation revenue per campsite unit, on the basis of campsite unit occupancy with regard to days of availability. With regard to 2019, the following shares were recorded: a 91% share of the realised campsite unit occupancy based on availability, an increase of 44.51% in the average achieved campsite price, and an increase of 30.69% in the accommodation revenue per campsite unit based on days of availability.

Such an improvement of key market indicators is a result of the earlier opening of the market affected by the COVID-19 crisis and very good booking rates in the peak season and post-season.

Number of overnight stays and revenue from accommodation per camp unit in the campsite “Park Soline” in 2019, 2020 and 2021



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

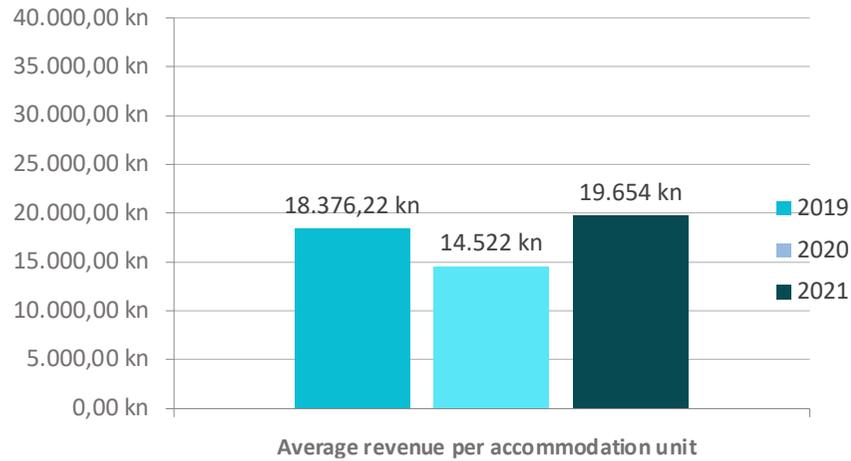
	2019.	2020.	2021.	2021./2019.	2021./2020.
<b>Accommodation capacities:</b>					
Number of camping units	1.220	1.208	1.208	-0,98%	0,00%
Number of guests	3.660	3.624	3.624	-0,98%	0,00%
<b>Physical turnover:</b>					
No. of overnight stays	290.487	139.052	236.878	-18,45%	70,35%
No. of sold camp units	182.656	140.998	118.941	-34,88%	-15,64%
Annual occupancy rate of the camp units (%)	41,02%	31,89%	26,98%	-34,24%	-15,41%
Occupancy rate of the units on an open days basis (%)	54,44%	42,44%	49,73%	-8,66%	17,16%
<b>Financial results:</b>					
TOTAL OPERATING REVENUE	32.036.373 kn	18.001.154 kn	30.131.572 kn	-5,95%	67,39%
<b>Fixed lease:</b>					
Revenue - fixed lease	4.961.578,20 kn	3.398.118 kn	3.341.177 kn	-32,66%	-1,68%
Average revenue per accommodation unit	18.376,22 kn	14.522 kn	19.654 kn	6,95%	35,34%
Share in the total operating campsite revenue	15,5%	18,9%	11,1%	-28,40%	-41,26%
Number of units	270	234	170	-37,04%	-27,35%
<b>Lump sum:</b>					
Revenue - Lump sum	5.534.344,91	5.673.901 kn	7.475.146 kn	35,07%	31,75%
Average revenue per accommodation unit	22.869,19 kn	25.790 kn	29.546 kn	29,20%	14,56%
Share in the total operating campsite revenue	17,3%	31,5%	24,8%	43,61%	-21,29%
Number of units	242	220	253	4,55%	15,00%
<b>Individuals:</b>					
Revenue - Individuals	6.409.705,47	1.893.511 kn	4.975.348 kn	-22,38%	162,76%
Average revenue per accommodation unit	12.617,53 kn	3.579 kn	8.885 kn	-29,59%	148,21%
Share in the total operating campsite revenue	20,0%	10,5%	16,5%	-17,47%	56,98%
Number of units	508	529	560	10,24%	5,86%
<b>Mobile homes:</b>					
Revenue - Mobile homes	13.080.977 kn	6.115.017 kn	13.006.946 kn	-0,57%	112,70%
Average revenue per mobile homes	65.405 kn	27.178 kn	57.809 kn	-11,61%	112,70%
Share in the total operating campsite revenue	40,8%	34,0%	43,2%	5,72%	27,07%
Number of mobile homes	200	225	225	12,50%	0,00%
<b>Extra services:</b>					
Revenue -extra services	2.049.768 kn	920.607 kn	1.332.956 kn	-34,97%	44,79%
Average revenue per accommodation unit	1.680 kn	762 kn	1.103 kn	-34,32%	44,79%
Share in the total operating campsite revenue	6,4%	5,1%	4,4%	-30,86%	-13,50%
Total number of units	1220	1208	1208	-0,98%	0,00%
<b>Summary indicators:</b>					
Average daily rate of the camp unit (ADR)*	174,24 kn	126,42 kn	251,79 kn	44,51%	99,17%
Revenue from accommodation per camp unit (RevPAR) on a basis of 365 days **	71,47 kn	40,32 kn	67,92 kn	-4,97%	68,47%
Revenue from accommodation per camp unit (RevPAR) on an open days basis **	94,86 kn	53,66 kn	125,21 kn	31,99%	133,35%

Notes:

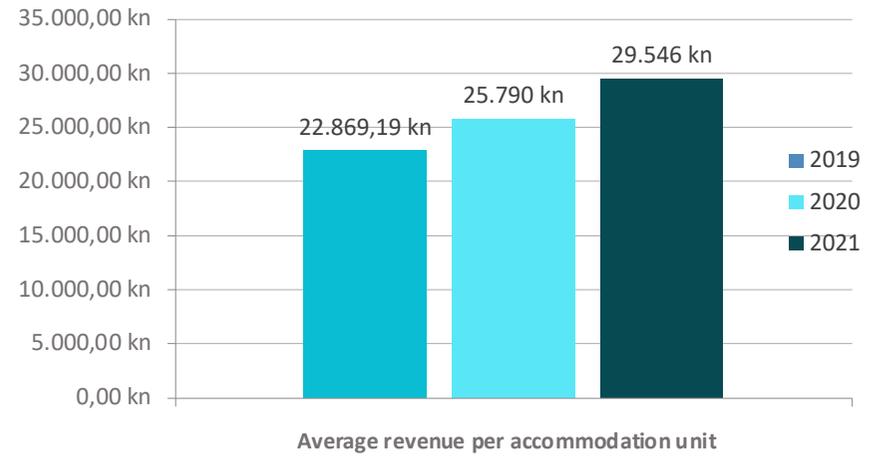
\* ADR - Average daily rate of a camp unit is calculated on the basis of the revenue from accommodation in the campsite and the number of camp units sold.

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

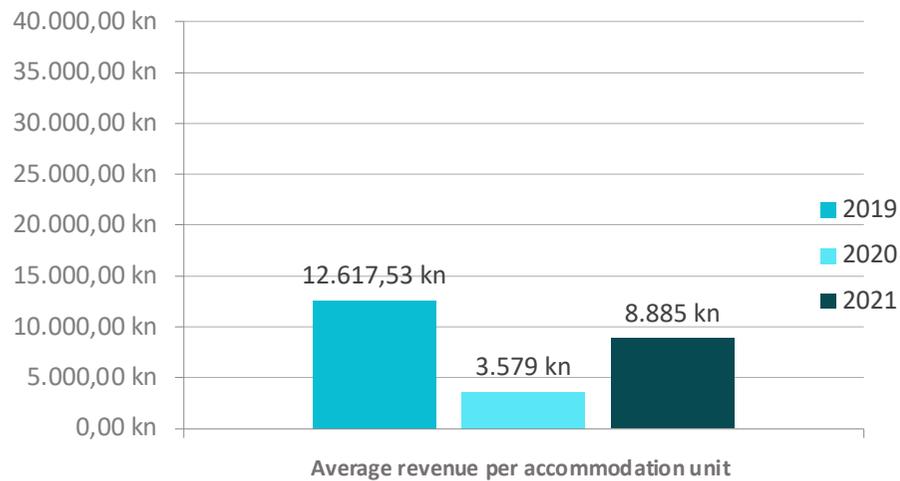
Average revenue per fixed lease unit in the campsite Park Soline in 2019, 2020 and 2021



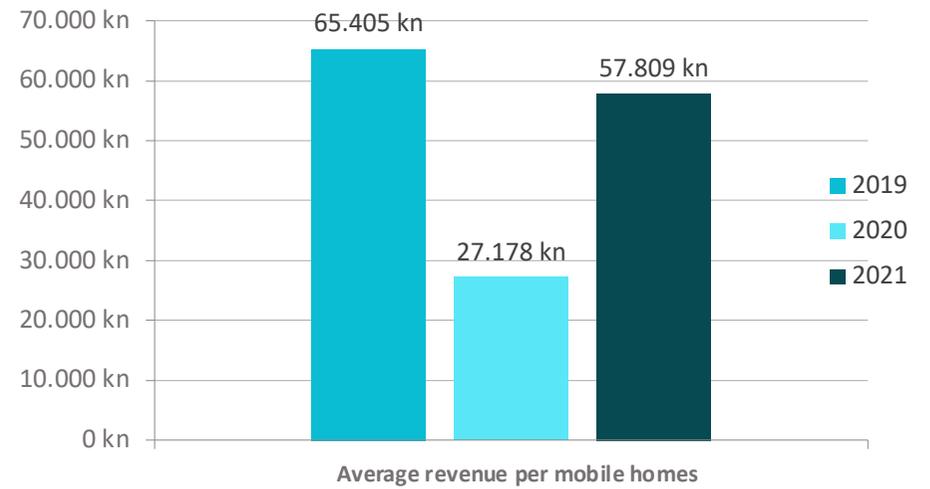
Average revenue per lump sum unit in the campsite Park Soline in 2019, 2020 and 2021



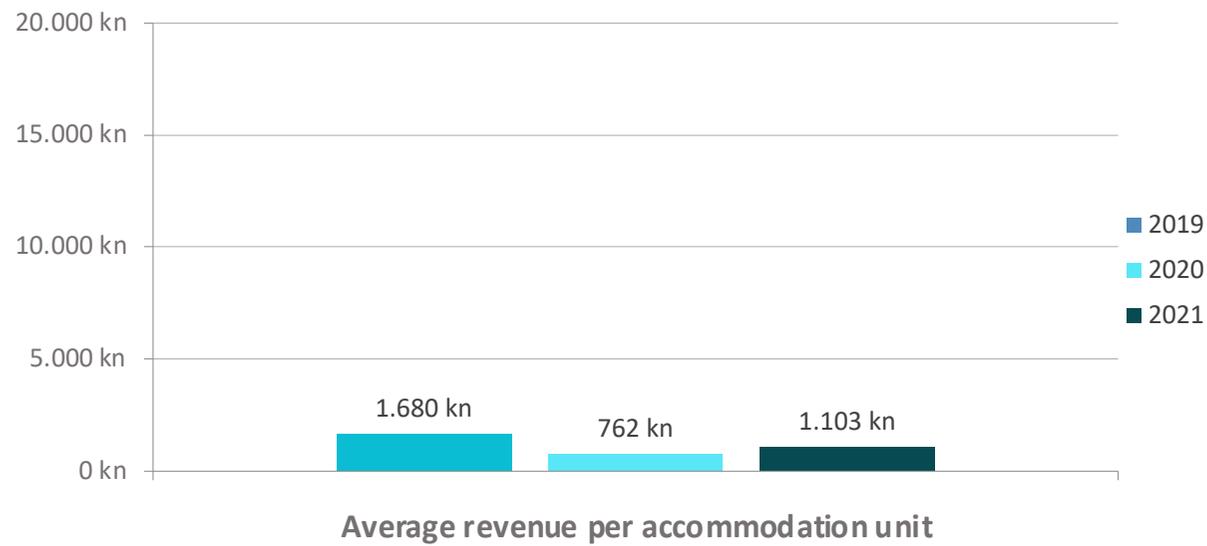
Average revenue per individuals unit in the campsite Park Soline in 2019, 2020 and 2021



Average revenue per mobile homes in the campsite Park Soline in 2019, 2020 and 2021



Average revenue per extra services in the campsite Park Soline  
in 2019, 2020 and 2021



## 6.4 CITY GALLERIA BUSINESS AND SHOPPING CENTER

City Galleria Business and Shopping Centre is located in a heavily residential area in the immediate centre of Zadar, just a ten-minute walk from the old town. The favourable location of the facility provides exceptional visibility and easy accessibility to the City Galleria Business and Shopping Centre. Works on the reconstruction of the surrounding roads are underway, which will contribute to a more efficient traffic network and easier access to the Centre.

The total gross area of the building is more than 28,500 m<sup>2</sup>, spread over a total of six floors including two floors for an underground garage and four floors with commercial and retail space. The total gross area of the building is comprised of an underground garage with an area of 10,863.50 m<sup>2</sup>, commercial premises with a total net rentable area of 9,924.60 m<sup>2</sup>, and connecting, technical and common areas. By purchasing the commercial premises in the neighbouring Phase 1 of the Zadar Shopping Centre facility that was completed in December 2020, the company ILIRIJA d.d. secured an additional 142.13 m<sup>2</sup> of commercial premises intended for lease. In 2021, the Company bought three additional business premises in Phase 1 of the facility and currently operates of 233.53 m<sup>2</sup> in Phase 1 of the facility.

Extraordinary circumstances, experienced by the domestic and foreign markets also in 2021, significant-

tly affected the business of the City Galleria centre. Disruptions in business operations caused by the global coronavirus pandemic have greatly affected all tenants of the City Galleria Business and Shopping Centre. Despite the listed negative indicators and limiting epidemiological measures, a high occupancy rate in 2021 was maintained. As at 31 December 2021, the occupancy of the centre amounted to 99.77% of all capacities, that is, 37 commercial lease agreements were active, with a surface area range from 9.80 m<sup>2</sup> to 1.836 m<sup>2</sup>. The commercial premises occupancy rate in Phase 1 for the same period was 69.49%. Taking into account the total net area of the commercial premises in Phases 1 and 2 of the facility, amounting to 10,158.13 m<sup>2</sup>, the current total occupancy rate is 99.08%.

Business revenue generated in 2021 through lease of commercial premises, common costs, use of common parts of the centre, lease of advertising space, garage revenues and lease of commercial premises in Phase 1 of the Centre, amounted to HRK 12,966,803.54. Other operating revenue relating to insurance claims amounted to HRK 109,257.32 in the relevant period, which brings the total generated revenue in 2021 to HRK 13,076,060.86. Total revenue generated in 2020 amounted to HRK 12,778,034.32, representing an increase of 2.33% in the previous year. Operating revenue recorded in 2019, as the last year with regular

operating processes, amounted to HRK 14,255,205.21, which would represent a decrease of 8.27% compared to 2021. The decrease in revenue was mostly caused by the absence of additional rent in January, calculated based on the realised net turnover of tenants for 2020 due to the underperformance of individual tenants' businesses compared to 2019, and also less restrictive commercial terms granted to tenants whose business operations were suspended or significantly restricted compared to their regular business circumstances as well as a decrease in the number of visitors of the garage in the centre.

The category of revenue from commercial premises lease in 2021 recorded a decrease of 1.73% relative to 2020, or a decrease of 13.39% relative to 2019. Revenue from common costs recorded an increase of 2.80% compared to 2020, while compared to 2019 it recorded a decrease of 1.67%. The category of garage revenue recorded an increase of 36.24% relative to 2020; however, despite the positive results and an increase in the number of visitors, there was a decrease of 6.11% in relation to 2019 as the pre-crisis year. Revenue from the lease of advertising space was at the same level compared to 2020, while compared to 2019 we recorded an increase in revenue of 3.60%. In the category of common area use, compared to the results achieved in 2020 we recorded an increase of 1.70%, and compared to 2019 an increase at a rate of

8.93%. Revenue from the lease of premises in the neighbouring Phase 1 of the Centre amounted to HRK 113,113.43 in 2021. The number of vehicles visiting the public underground garage of the centre in 2021 amounted to 669,197 vehicles, while in 2020 it totalled 599,329 vehicles. This result represents an increase of 11.66%. Compared to the pre-crisis year 2019, when the number amounted to 763,982 vehicles, the number of vehicles recorded in 2021 represents a decrease of 12.41%.

Due to the significant and unpredictable disruptions in the operations of all global and domestic markets during the previous two financial years, in such circumstances the Company has responsibly approached the general situation and monitors, on a daily basis, the developments and announcements of any potential new measures published by the competent Croatian services at the local and national levels. The technical, security and cleaning services duly perform their activities of maintaining and guarding the property, with stricter security and disinfection measures of common areas being applied.



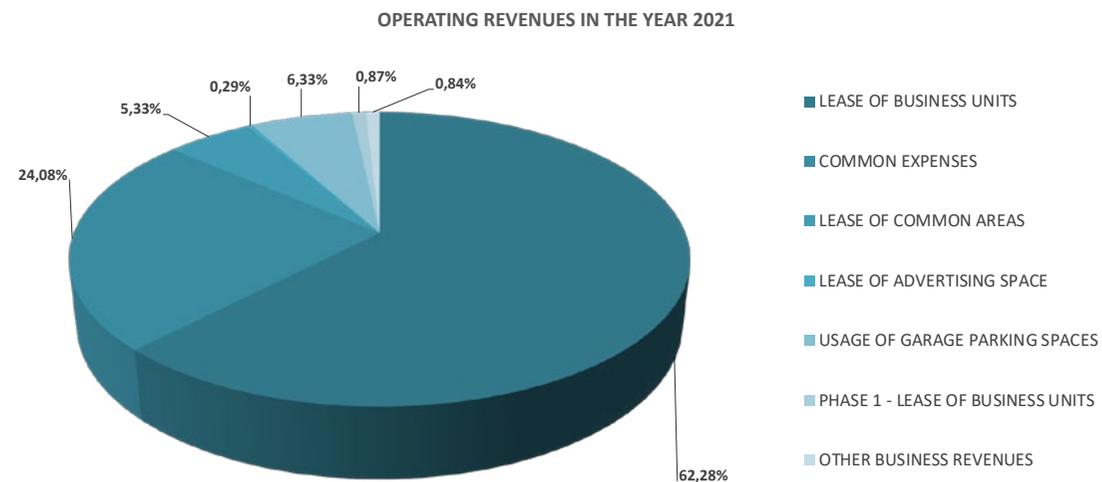
## Business revenue of the City Galleria business and shopping center in Zadar in 2021 and a comparison with 2019 and 2020

DESIGNATION	DESCRIPTION	NUMBER OF ACTIVE CONTRACTS	SURFACE AREA (m <sup>2</sup> )	REVENUES IN 2019	%	REVENUES IN 2020	%	REVENUES IN 2021	%	INDEX 2021/2019	INDEX 2021/2020
1	LEASE OF BUSINESS UNITS	37	9.924,60	9.401.885,85 kn	65,95%	8.286.526,90 kn	64,85%	8.143.267,12 kn	62,28%	87	98
2	COMMON EXPENSES	36	7.178,18	3.201.496,63 kn	22,46%	3.062.371,06 kn	23,97%	3.148.068,51 kn	24,08%	98	103
3	LEASE OF COMMON AREAS	26	1.101,50	639.869,40 kn	4,49%	685.339,95 kn	5,36%	697.003,17 kn	5,33%	109	102
4	LEASE OF ADVERTISING SPACE	8	121,18	36.804,80 kn	0,26%	38.129,15 kn	0,30%	38.129,16 kn	0,29%	104	100
5	USAGE OF GARAGE PARKING SPACES	410***	10.863,50	881.048,10 kn	6,18%	607.158,31 kn	4,75%	827.222,15 kn	6,33%	94	136
6	PHASE 1 - LEASE OF BUSINESS UNITS	6	233,53	0,00 kn	0,00%	0,00 kn	0,00%	113.113,43 kn	0,87%	0	0
<b>REVENUES:</b>				<b>14.161.104,78 kn</b>	<b>99,34%</b>	<b>12.679.525,37 kn</b>	<b>99,23%</b>	<b>12.966.803,54 kn</b>	<b>99,16%</b>	<b>92</b>	<b>102</b>
7	OTHER BUSINESS REVENUES			94.100,43 kn	0,66%	98.508,95 kn	0,77%	109.257,32 kn	0,84%	116	111
<b>TOTAL REVENUES</b>				<b>14.255.205,21 kn</b>	<b>100,00%</b>	<b>12.778.034,32 kn</b>	<b>100,00%</b>	<b>13.076.060,86 kn</b>	<b>100,00%</b>	<b>92</b>	<b>102</b>

\* total net leasable surface area

\*\* total net leasable area for calculation of common expenses

\*\*\* number of parking spaces in the garage



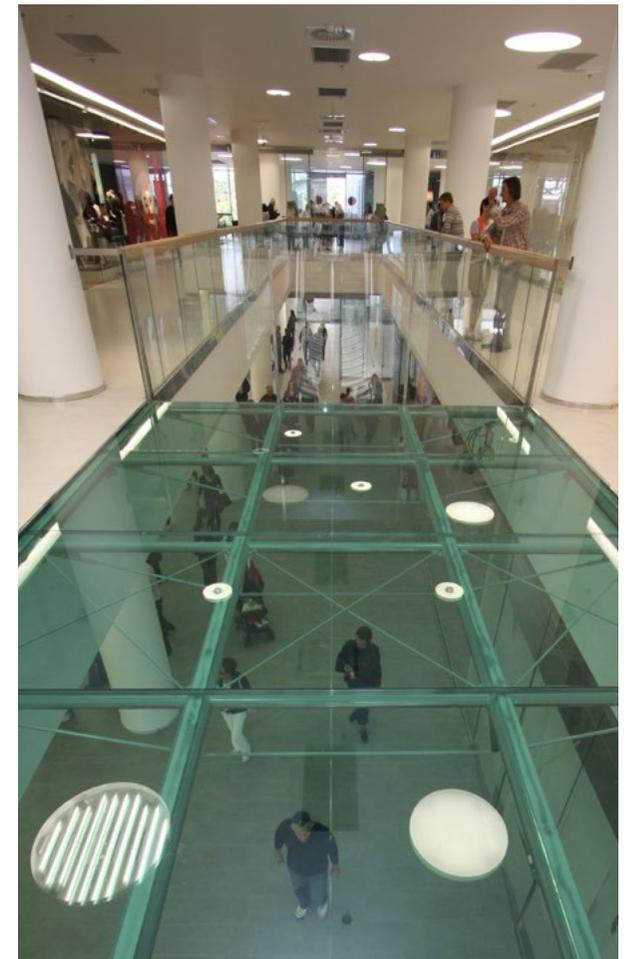
## Summary of the key operating results of the Commercial-Shopping Center City Galleria

Business activities in 2021 were continued under difficult conditions, which required the adjustment of business activities to the economic effects of the pandemic and professional restrictions within the framework of epidemiological measures imposed by the competent services, which significantly affected the business results of the City Galleria Business and Shopping Centre. The total rentable area of the facility is 9,924.60 m<sup>2</sup>. By purchasing the commercial premises in the neighbouring Phase 1 of the Zadar Shopping Centre facility, ILIRIJA d.d. secured an additional 233.53 m<sup>2</sup> of commercial space for lease, which increased the total rentable area of all commercial spaces owned by ILIRIJA d.d. to 10,158.13 m<sup>2</sup>. As at 31 December 2021, a total of 37 commercial lease agreements were active, i.e. the occupancy rate was 99.77% of the indicated net rentable area of the Centre, which, under the present circumstances, represents a significant achievement in the continuity of maintaining business cooperation with the tenants of the Centre.

Most of the revenue of the City Galleria Business and Shopping Centre comes from commercial leasing. The average lease per square metre of active commercial premises during the reporting period

was EUR 9.12/m<sup>2</sup>, or HRK 68.38/m<sup>2</sup> per month. Other revenue was based on calculating common costs (calculated for the area of 7,178.18 m<sup>2</sup>), leasing and commercial use of common areas of the Business and Shopping Centre (1,101.50 m<sup>2</sup> 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 m<sup>2</sup>), and, in the smallest share, leasing advertising space on the façade of the Centre (total area of 121.18 m<sup>2</sup>). Total revenue generated in 2021 recorded an increase of 2.33% compared to the previous year 2020, and represent a decrease of 8.27% compared to 2019 as the pre-crisis year.

The public underground garage of the Centre has a total of 410 parking spaces, and its occupancy in 2021 shows a 11.66% increase relative to the previous year, with 669,197 vehicles, while the occupancy in 2020 was 599,329 vehicles. Long-term restrictions of the number of visitors in stores and shopping centres have all resulted in a significant decline in the number of visitors coming to the City Galleria Centre in 2020 and 2021. Therefore, the results achieved in 2021 relative to 2019 represent a decrease in occupancy of 12.41%. Average garage revenue per parking space was HRK 2,017.62 in 2021.



## Key market indicators of the real estate sector - City Galleria

PERIOD	2019.	2020.	2021.	2021./2019.	2021./2020.
<b>Commercial capacities:</b>					
Premises - floor area (m <sup>2</sup> )	9.897,60	9.924,60	9.924,60	0%	0%
Shared costs - floor area (m <sup>2</sup> )	7.173,53	7.200,53	7.178,18	0%	0%
Common areas - floor area (m <sup>2</sup> )	1.018,80	1.028,50	1.101,50	8%	7%
Advertising space - floor area (m <sup>2</sup> )	129,18	121,18	121,18	-6%	0%
Garage - floor area (m <sup>2</sup> )	10.863,50	10.863,50	10.863,50	0%	0%
<b>Commercial turnover:</b>					
Premises - number of active contracts	37	36	37	0%	3%
Shared costs - number of active contracts	36	35	36	0%	3%
Common areas - number of active contracts	21	22	26	24%	18%
Advertising space - number of active contracts	8	8	8	0%	0%
Garage - number of parking spaces	410	410	410	0%	0%
Garage - turnover of vehicles	763.982	599.329	669.197	-12%	12%
<b>Financial results:</b>					
Average monthly rent earned per m <sup>2</sup> of premises (AMR)*	79,36 kn	69,74 kn	68,38 kn	-14%	-2%
Average rent earned per m <sup>2</sup> of premises for the period	952,08 kn	836,88 kn	820,56 kn	-14%	-2%
Average revenue from the garage per parking space for the period**	2.148,90 kn	1.480,87 kn	2.017,62 kn	-6%	36%

## Notes:

\* AMR - Average Monthly Rent – The average monthly price achieved for m<sup>2</sup> 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

Ilirija Travel, as a destination management company developing new services and amenities as a complementary tourist product by integrating all components of the Company and destination links, with a special emphasis on pre-season and post-season programmes, in which segments we recorded a continuous increase in the supply and placement of value-added services and a record increase in revenue, the emergence of the COVID-19 pandemic in 2020 led to a steep decline in revenue, as well as agency business nationwide and worldwide. Vaccination coverage of outbound market populations, travel facilitation, and a favourable situation in Croatia as regards pandemic prevention and control, especially during the summer, with vaccination coverage of the Company staff, compliance with all the highest standards and good communication with markets, led to a significant recovery of business operations.

After only 106 realised events, which included 9,658 persons in 2020, in the course of 2021, Ilirija Travel organised 361 event that included the services of the widest offer range for 12,167 persons. More than three times the number of events resulted in only a 30 per cent increase in participants, since some measures retained in 2021 prevented the realisation of major events (number of participants at weddings and other events as well as capacity in excursion programmes), as well as a ban on certain regular activities that

include a significantly larger number of people (concerts, gala dinners, ...).

The number of events, and particularly the number of persons covered by the services of the DMC agency, is still significantly lower than in 2019.

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 significant in the pre-season and post-season, whereas the pre-season was virtually non-existent this year due to the pandemic and the counter-pandemic measures, both locally and in the key outbound markets, with the peak season from mid-July onwards and a significant part of the post-season providing a partial recuperation of business activities in this segment. Excursion programmes were partially reinstated, and in addition to the reduction of participants in some events, there was no faster recovery of the business groups segment (congresses, conferences and similar programmes).

The engagement of agency capacities and offer for foreign, mostly business clients, at Arsenal, the dispersed hotel and agrotourism complex, the “Marina Kornati” restaurant, and especially the event boat Nada, carried out mostly in pre-season and post-season, although dynamically increased compared to 2020, when they were completely absent, represents a significant decrease compared to the usual volume. Also, the absence of concerts and gala events as well as a number of cultural events at the level of Zadar and the region, and the significantly reduced number of weddings and wedding participants at Arsenal is the reason for the highest decrease compared to the pre-pandemic period, but also for the 19% decrease compared to 2020. Under such circumstances, the regattas, which the Biograd Riviera centred in Marina Kornati had the most in the country were also cancelled.

Revenue in the amount of HRK 4,085,506.22, generated in other profit centres of the Company, compared to HRK 2,032,556.02 in 2020, constitutes an increase of 101%, which is still significantly less compared to revenue generated in 2019 and compared to other revenue growth recorded in other tourism sectors of the Company. Although we note a positive trend and the recovery of this business segment, the results are still very far from those achieved before the pandemic.



## Realized business events in 2021 and comparison with 2019 and 2020

	Number of events in 2019	Number of events in 2020	Number of events in 2021	Number of guests in 2019	Number of guests in 2020	Number of guests in 2021	Total revenue 2019	Total revenue 2020	Total revenue 2021	INDEX 2021/2019	INDEX 2021/2020
							1	2	3	4	5
<b>TOTAL</b>	<b>609</b>	<b>106</b>	<b>361</b>	<b>54.749</b>	<b>9.658</b>	<b>12.167</b>	<b>11.037.358,47 kn</b>	<b>2.032.556,02 kn</b>	<b>4.085.506,22 kn</b>	<b>37</b>	<b>201</b>



## 7 FINANCIAL RESULTS OF THE COMPANY



## 7.1 FINANCIAL OPERATING RESULTS OF THE COMPANY BY SECTORS

### 7.1.1 HOTEL SECTOR

#### Key financial indicators of the hotel sector

	2019	2020	2021	2021/ 2019	2021/ 2020
<b>HOTEL SECTOR - BIOGRAD</b>					
Operating revenues	54.894.923,16 kn	13.265.590,64 kn	30.952.705,10 kn	-43,61%	133,33%
Revenues from board services	45.040.247,93 kn	10.000.761,78 kn	25.215.545,42 kn	-44,02%	152,14%
TRevPAR *	147.964,75 kn	35.756,31 kn	83.430,47 kn	-43,61%	133,33%
Operating costs **	35.871.643,10 kn	15.200.170,45 kn	23.064.110,45 kn	-35,70%	51,74%
Gross operating profit (GOP) ***	19.023.280,06 kn	-1.934.579,81 kn	7.888.594,65 kn	-58,53%	-507,77%
GOP per accommodation unit	51.275,69 kn	-5.214,50 kn	21.263,06 kn	-58,53%	-507,77%
GOP margin****	34,7%	-14,6%	25,5%	-26,55%	-274,76%
Capital investments	3.835.373,22 kn	835.514,40 kn	424.987,23 kn	-88,92%	-49,13%
<b>HOTEL SECTOR - SV. FILIP I JAKOV</b>					
Operating revenues	4.889.834,46 kn	51.695,49 kn	50.152,14 kn	-98,97%	-2,99%
Revenues from board services	4.449.478,60 kn	0,00 kn	0,00 kn	-100,00%	#DIV/0!
TRevPAR *	67.914,37 kn	717,99 kn	696,56 kn	-98,97%	-2,99%
Operating costs **	3.826.827,45 kn	699.036,34 kn	604.038,12 kn	-84,22%	-13,59%
Gross operating profit (GOP) ***	1.063.007,01 kn	-647.340,85 kn	-553.885,98 kn	-152,11%	-14,44%
GOP per accommodation unit	14.763,99 kn	-8.990,85 kn	-7.692,86 kn	-152,11%	-14,44%
GOP margin****	21,7%	-1252,2%	-1104,4%	-5180,30%	-11,80%
Capital investments	1.146.282,66 kn	200.154,63 kn	245.606,00 kn	-78,57%	22,71%
<b>HOTEL SECTOR - TOTAL ILIRIJA d.d.</b>					
Operating revenues	59.784.757,62 kn	13.317.286,13 kn	31.002.857,24 kn	-48,14%	132,80%
Revenues from board services	49.489.726,53 kn	10.000.761,78 kn	25.215.545,42 kn	-49,05%	152,14%
TRevPAR *	134.954,31 kn	30.061,59 kn	69.983,88 kn	-48,14%	132,80%
Operating costs **	39.698.470,55 kn	15.899.206,79 kn	23.668.148,57 kn	-40,38%	48,86%
Gross operating profit (GOP) ***	20.086.287,07 kn	-2.581.920,66 kn	7.334.708,67 kn	-63,48%	-384,08%
GOP per accommodation unit	45.341,51 kn	-5.828,26 kn	16.556,90 kn	-63,48%	-384,08%
GOP margin****	33,6%	-19,4%	23,7%	-29,59%	-222,03%
Capital investments	4.981.655,88 kn	1.035.669,03 kn	670.593,23 kn	-86,54%	-35,25%

#### Notes:

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

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

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

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

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

In 2021, the Company's hotel sector generated an operating revenue of HRK 31,002,857.24, which represents a 132.80% increase compared to the 2020 revenue, but also a 48.14% decrease compared to the revenue generated in 2019.

The hotel sector's operating costs increased by 48.86% compared to the previous year, although this is 40.38% less than in 2019. The increase in operating costs of the hotel sector was primarily due to a significant increase in demand volume due to the partial lifting of travel bans.

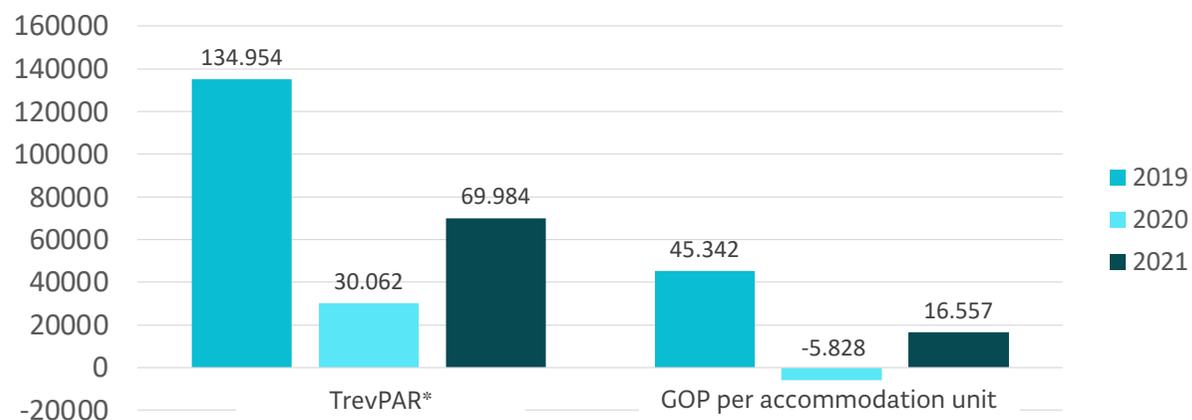
Gross operating profit (GOP) at the hotel sector level in the observed period was generated in the amount of HRK 7,334,708.67 after last year's loss of HRK 2,581,920.66, but was 63.48% lower than in 2019. After the last year's negative GOP per accommodation unit of HRK -5,828.26, this year it was realized in the amount of HRK 16,556.90, but this amount is 63.48% lower than in 2019.

In 2021, HRK 670,593.23 was invested in the competitiveness of hotel sector products, in line with the business conditions, primarily in maintaining the existing level of quality of services and facilities, or safety.

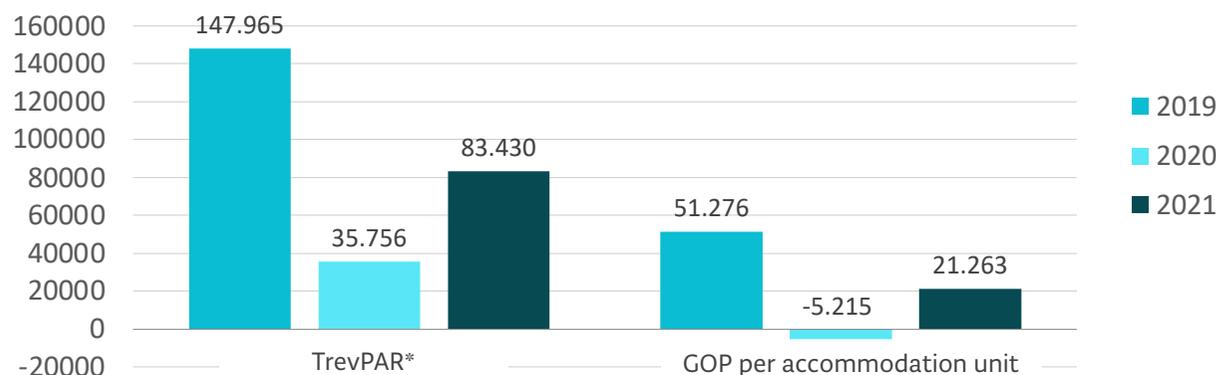
#### Notes:

\* 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 2021, 2020 and 2019



Total revenues per accommodation unit (TrevPAR) and GOP per accommodation unit in the hotel sector of Ilirija d.d. in 2021, 2020 and 2019



**FINANCIAL OPERATIONS**reporting system according to **USALI** standards

01/01/2021-31/12/2021

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

Items	Annual cumulative achievements in 2019	Annual cumulative achievements in 2020	Annual cumulative achievements in 2021	Index 2021/2020
TOTAL NET REVENUE (operating)	59.860.840,19	13.256.999,74	30.944.692,02	233,42
Total direct costs	8.270.516,67	1.930.276,03	4.088.547,04	211,81
Total salary and labor costs	15.974.876,13	7.684.586,99	10.315.464,49	134,24
Total other department costs	5.772.018,11	972.801,61	1.609.189,92	165,42
<b>TOTAL CONTRIBUTION</b>	<b>29.843.429,28</b>	<b>2.669.335,11</b>	<b>14.931.490,57</b>	<b>559,37</b>
Total costs to GOP	43.323.544,66	20.563.260,89	27.198.503,90	132,27
GOP	16.537.295,53	-7.306.261,15	3.746.188,12	-51,27
<b>Grandtotal net revenues</b>	<b>60.079.902,56</b>	<b>15.770.075,50</b>	<b>32.935.929,71</b>	<b>208,85</b>
<b>Grandtotal costs</b>	<b>51.627.670,62</b>	<b>27.929.735,64</b>	<b>36.902.588,17</b>	<b>132,13</b>
<b>PROFIT BEFORE TAXATION</b>	<b>8.452.231,94</b>	<b>-12.159.660,14</b>	<b>-3.966.658,46</b>	<b>32,62</b>
Corporate income tax	0,00	0,00	0,00	#DIV/0!
NET PROFIT	8.452.231,94	-12.159.660,14	-3.966.658,46	32,62
<b>EBITDA</b>	<b>15.314.698,27</b>	<b>-6.664.552,91</b>	<b>4.213.090,78</b>	<b>-63,22</b>
<b>EBIT</b>	<b>10.983.397,51</b>	<b>-11.100.588,41</b>	<b>-3.306.539,95</b>	<b>29,79</b>

## 7.1 FINANCIAL OPERATING RESULTS OF THE COMPANY BY SECTORS

### 7.1.2 NAUTICS

In 2021, the Company's nautical sector generated total revenue in the amount of HRK 49,185,727.00 in the following profit centres:

- Marina Kornati – HRK 42,234,732.00
- Nautical fair – HRK 3,449,279.00
- “Marina Kornati” restaurant – HRK 3,501,716.00

The 2021 financial results of the nautical sector are the best since the beginning of business operations, of which the revenue increased by 13% or HRK 5,815,611.00 compared to 2020, while compared to 2019 it increased by 1% or HRK 575,188.00.

The most significant revenue of the nautical sector was generated in the segment of vessel accommodation services, i.e. the Marina Kornati profit centre, which in 2021 generated the most significant revenue so far in the amount of HRK 42,234,732.00, while in 2019 it generated revenue of HRK 40,880,697.00,

3% less, and in 2020 it generated revenue of HRK 39,046,817.00, or 8% less. The increase in revenue in the Marina Kornati business unit is responsible for the best business result so far in the nautical sector. The increase in revenue is partly due to the correction of prices, the return of guests who did not come in the previous year due to the pandemic and partly better organisation in the business activities of Marina Kornati.

The contracted berth revenue accounts for 74% of the total revenue of Marina Kornati and in 2021 it increased by 4% compared to 2019, i.e. 5% compared to 2020, and it significantly generated growth of Marina Kornati and the entire nautical sector. The contracted berth revenue increase was accompanied by the increase of revenue per berth, which in the reporting period amounted to HRK 52,466.00, and increased by 8% compared to 2020.

The “Marina Kornati” restaurant generated revenue of HRK 3,501,716.00, which is 84% higher compared to 2020, but 3% lower compared to 2019. Despite the fact that it did not achieve the 2019 result in terms of revenue, due to the decrease in operating costs, especially in the part of cost of raw material, materials and other costs, this resulted in an increase in the restaurant's gross operating profit. The nautical fair revenue significantly improved in 2021, i.e. it in-

creased by 44% compared to the previous year, and although the 2019 revenue was not realised, which was 12% lower, the control of operating costs increased the gross operating profit.

The reason for the best operating financial results of the nautical sector so far, in addition to the increase in revenue, was the reduction of operating costs, which significantly affected the generated profitability recorded as gross operating profit. Gross operating profit of the entire nautical sector was generated in the amount of HRK 29,253,065 and was 14% higher compared to the previous year, i.e. 7.39% compared to 2019, resulting in the increase of the GOP margin which for the reporting period amounted to 59.5%.

## Key financial indicators of the nautics

	2019.	2020.	2021.	2021./2019.	2021./2020.
<b>NAUTICS TOTAL</b>					
Operating revenues	48.610.539 kn	43.370.116 kn	49.185.727 kn	1,18%	13,41%
Operating revenues per berth	60.386 kn	53.876 kn	61.100 kn	1,18%	13,41%
Operating costs*	21.369.247 kn	17.799.241 kn	19.932.662 kn	-6,72%	11,99%
GOP **	27.241.292 kn	25.570.875 kn	29.253.065 kn	7,39%	14,40%
GOP per berth	33.840 kn	31.765 kn	36.339 kn	6,53%	14,40%
GOP margin ***	56,0%	59,0%	59,5%	6,13%	0,87%
Capital investments	1.441.883 kn	1.417.954	539.476 kn	-62,59%	-61,95%
<b>MARINA KORNATI</b>					
Operating revenues	40.880.637 kn	39.046.817 kn	42.234.732 kn	3,31%	8,16%
Operating revenues per berth	50.783 kn	48.505 kn	52.466 kn	3,31%	8,17%
Operating costs*	13.592.673 kn	12.657.020 kn	13.624.329 kn	0,23%	7,64%
GOP **	27.287.964 kn	26.389.797 kn	28.610.403 kn	3,40%	8,41%
GOP per berth	33.898 kn	32.782 kn	35.541 kn	4,85%	8,42%
GOP margin ***	66,8%	67,6%	67,7%	1,42%	0,15%
<b>RESTAURANT OF MARINA KORNATI</b>					
Operating revenues	3.851.911 kn	1.894.504 kn	3.501.716 kn	-9,09%	84,84%
Operating costs*	4.473.074 kn	2.862.732 kn	3.701.413 kn	-17,25%	29,30%
GOP **	-621.163 kn	-968.228 kn	-199.697 kn	-67,85%	-79,38%
GOP margin ***	-16,1%	-51,1%	-5,7%	-64,65%	-88,85%
<b>BOAT SHOW</b>					
Operating revenues	3.877.991 kn	2.428.795 kn	3.449.279 kn	-11,06%	42,02%
Operating costs*	3.303.500 kn	2.279.489 kn	2.606.920 kn	-21,09%	14,36%
GOP **	574.491 kn	149.306 kn	842.359 kn	46,63%	464,18%
GOP margin ***	14,8%	6,1%	24,4%	64,71%	296,92%

## Notes:

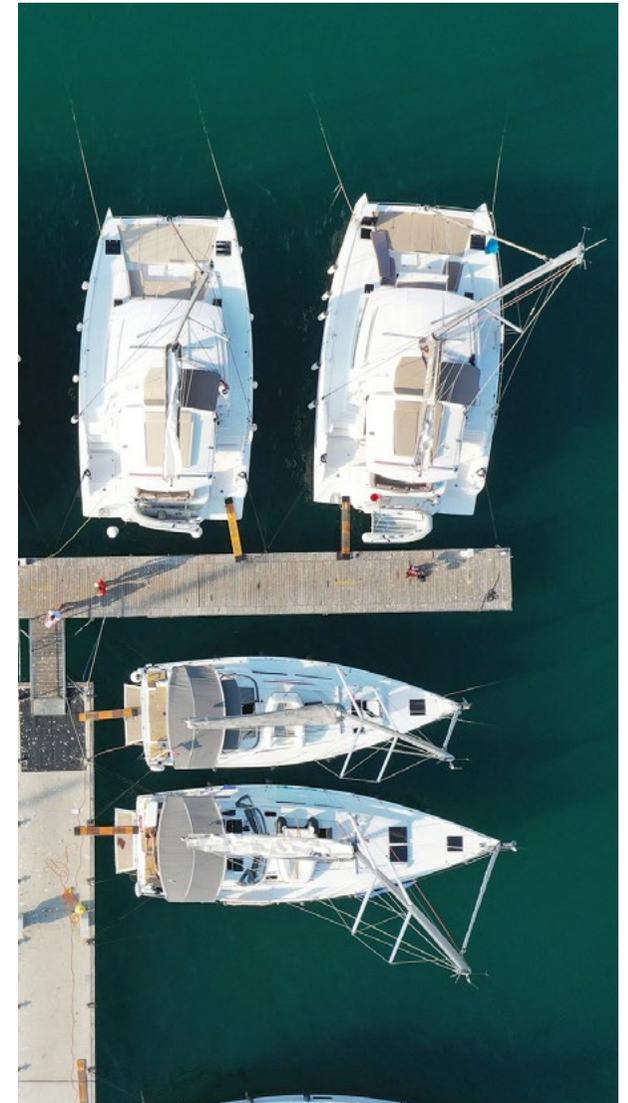
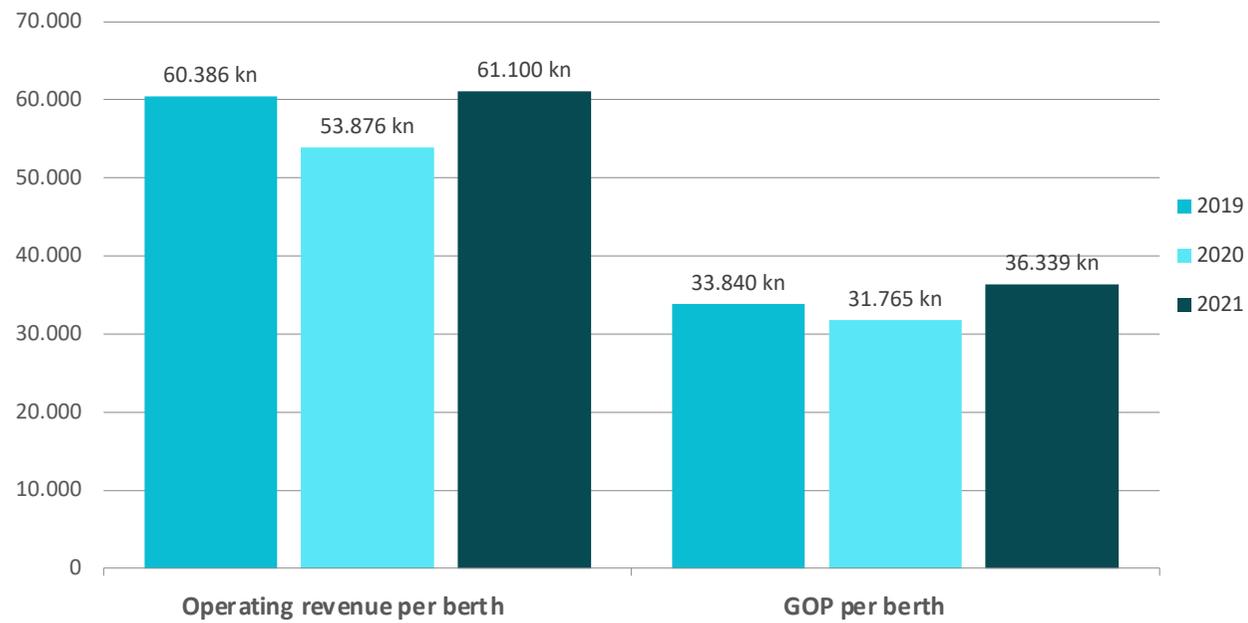
The Nautics of Ilirija d.d. consists of three business units Marina Kornati, Boat Show and restaurant of "Marina Kornati".

\* 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 2019, 2020 and 2021 (in HRK)



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01/01/2021-31/12/2021

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

Items	Annual cumulative achievements in 2019	Annual cumulative achievements in 2020	Annual cumulative achievements in 2021	Index 2021/2020
TOTAL NET REVENUE (operating)	48.502.768,05	43.344.675,76	49.163.292,63	113,42
Total direct costs	1.689.665,35	915.156,80	1.306.775,77	142,79
Total salary and labor costs	5.467.229,89	4.535.168,25	5.127.997,48	113,07
Total other department costs	2.002.673,41	1.594.837,97	1.634.439,97	102,48
<b>TOTAL CONTRIBUTION</b>	<b>39.343.199,40</b>	<b>36.299.512,74</b>	<b>41.094.079,41</b>	<b>113,21</b>
Total costs to GOP	23.184.669,37	20.949.006,24	21.684.403,77	103,51
GOP	25.318.098,68	22.395.669,52	27.478.888,86	122,70
<b>Grandtotal net revenues</b>	<b>48.798.314,14</b>	<b>45.822.905,81</b>	<b>51.118.799,84</b>	<b>111,56</b>
<b>Grandtotal costs</b>	<b>31.571.169,28</b>	<b>28.156.121,53</b>	<b>28.675.376,28</b>	<b>101,84</b>
<b>PROFIT BEFORE TAXATION</b>	<b>17.227.144,86</b>	<b>17.666.784,28</b>	<b>22.443.423,56</b>	<b>127,04</b>
Corporate income tax	0,00	0,00	3.564.972,42	#DIV/0!
NET PROFIT	17.227.144,86	17.666.784,28	18.878.451,14	106,86
<b>EBITDA</b>	<b>22.514.677,57</b>	<b>21.488.241,98</b>	<b>26.131.447,37</b>	<b>121,61</b>
<b>EBIT</b>	<b>19.882.339,99</b>	<b>18.814.826,58</b>	<b>23.191.301,28</b>	<b>123,26</b>

## 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.

	2019.	2020.	2021.	2021./2019.	2021./2020.
<b>CAMPING TOTAL</b>					
Operating revenue	35.305.818,53 kn	19.609.983,95 kn	33.399.299,81 kn	-5,40%	70,32%
TRevPAR *	28.939,20 kn	16.233,43 kn	27.648,43 kn	-4,46%	70,32%
Operating costs**	18.534.768,73 kn	12.399.882,65 kn	15.305.314,23 kn	-17,42%	23,43%
GOP ***	16.771.049,80 kn	7.210.101,30 kn	18.093.985,58 kn	7,89%	150,95%
GOP per accommodation unit	13.746,76 kn	5.968,63 kn	14.978,46 kn	8,96%	150,95%
GOP margin ****	47,5%	36,8%	54,2%	14,05%	47,34%
Capital investments	14.745.262,56 kn	8.528.791,84 kn	5.577.407,96 kn	-62,17%	-34,60%
<b>CAMPSITE "PARK SOLINE"</b>					
Operating revenue	32.036.373,30 kn	18.001.154,46 kn	30.131.572,28 kn	-5,95%	67,39%
TRevPAR *	26.259,32 kn	14.901,62 kn	24.943,35 kn	-5,01%	67,39%
Operating costs**	14.952.932,18 kn	10.246.286,39 kn	11.991.700,39 kn	-19,80%	17,03%
GOP ***	17.083.441,12 kn	7.754.868,07 kn	18.139.871,89 kn	6,18%	133,92%
GOP per accommodation unit	14.002,82 kn	6.419,59 kn	15.016,45 kn	7,24%	133,92%
GOP margin ****	53,3%	43,1%	60,2%	12,90%	39,75%
<b>RESTAURANT "PARK SOLINE"</b>					
Operating revenue	3.269.445,23 kn	1.608.829,49 kn	3.267.727,53 kn	-0,05%	103,11%
Operating costs**	3.581.836,55 kn	2.153.596,26 kn	3.313.613,84 kn	-7,49%	53,86%
GOP ***	-312.391,32 kn	-544.766,77 kn	-45.886,31 kn	-85,31%	-91,58%
GOP margin ****	-9,6%	-33,9%	-1,4%	-85,30%	-95,85%

In 2021, the Company's camping sector generated HRK 33,399,299.81 in operating revenue, which was 70% more than in the same period last year, and compared to 2019, the camping sector recorded 95% of its realisation in that period. Revenue of the camping sector was realised in the following profit centres:

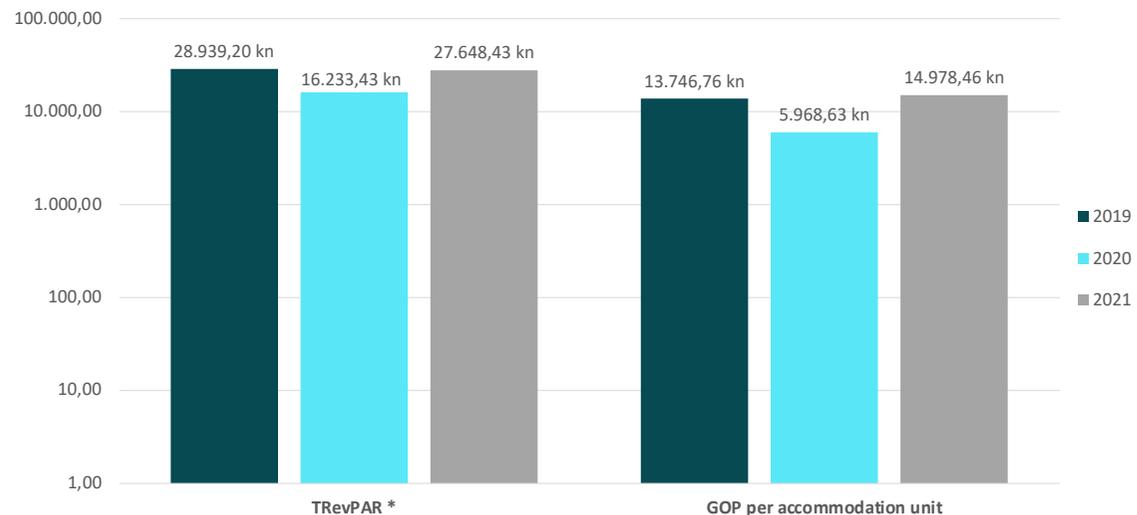
- "Park Soline" campsite – HRK 30,131,572.28
- "Park Soline" restaurant – HRK 3,267,727.53

In by far the most significant part of the camping sector, the "Park Soline" campsite, the revenue increase of 67% compared to the previous year and the realisation of 94% of the 2019 revenue was driven by the increase of revenue from individual guests with a growth rate of 163%, flat rate guests with a growth rate of 32% and revenue increase in private holiday homes segment with a growth rate of 113%. The catering services, i.e. the "Park Soline" restaurant profit centre, the generated revenue from HRK 3,267,727.53, which increased by 103% compared to the previous year and was at the level of 2019.

The operating costs of the entire campsite increased by 23.43% compared to 2020 due to an increase in the costs of raw materials, materials and energy by 34%, maintenance services by 57%, lease costs by 36% and municipal utility services by 16% incurred due to an increase in capacity occupancy.

The gross operating profit (GOP) of the camping se-

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



Notes:

\* TRevPAR denotes the total operating revenue of the campsite divided by a number of physical camp units.

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

ctor in the amount of HRK 18,093,985.58 is by far the best ever, i.e. it is 8% higher compared to 2019 and 151% higher compared to 2020. Consequently, the gross operating profit growth was accompanied by a 151% increase in GOP per accommodation unit compared to the previous year and a 9% increase compared to the pre-pandemic period. Furthermore, the gross operating margin recorded the best performance and for the entire camping sector it amounted to 54.2%, while for the "Park Soline" campsite it amounted to 60.2%.

In 2021, capital investments in the amount of HRK 5,577,407.96 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 in 2021 awarded 4 \*\*\*\* stars to the "Park Soline" campsite.

**FINANCIAL OPERATIONS**reporting system according to **USALI** standards

01/01/2021-31/12/2021

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

Items	Annual cumulative achievements in 2019	Annual cumulative achievements in 2020	Annual cumulative achievements in 2021	Index 2021/2020
TOTAL NET REVENUE (operating)	35.297.744,43	19.600.015,77	33.399.299,81	170,40
Total direct costs	1.209.698,37	605.637,78	1.160.810,01	191,67
Total salary and labor costs	3.255.513,92	2.425.803,22	3.024.055,26	124,66
Total other department costs	2.647.969,16	918.052,94	1.219.020,68	132,78
<b>TOTAL CONTRIBUTION</b>	<b>28.184.562,98</b>	<b>15.650.521,83</b>	<b>27.995.413,86</b>	<b>178,88</b>
Total costs to GOP	19.904.048,07	15.142.912,95	16.996.110,34	112,24
GOP	15.393.696,36	4.457.102,82	16.403.189,47	368,02
<b>Grandtotal net revenues</b>	<b>35.439.900,30</b>	<b>21.361.976,36</b>	<b>34.780.065,86</b>	<b>162,81</b>
<b>Grandtotal costs</b>	<b>28.573.274,31</b>	<b>23.564.527,79</b>	<b>25.340.004,28</b>	<b>107,53</b>
<b>PROFIT BEFORE TAXATION</b>	<b>6.866.625,98</b>	<b>-2.202.551,43</b>	<b>9.440.061,58</b>	<b>-428,60</b>
Corporate income tax	0,00	0,00	1.499.484,21	#DIV/0!
NET PROFIT	6.866.625,98	-2.202.551,43	7.940.577,37	-360,52
<b>EBITDA</b>	<b>13.394.851,45</b>	<b>4.293.935,40</b>	<b>15.864.258,51</b>	<b>369,46</b>
<b>EBIT</b>	<b>9.154.051,51</b>	<b>-947.034,14</b>	<b>10.373.224,54</b>	<b>-1.095,34</b>

## 7.1 FINANCIAL OPERATING RESULTS OF THE COMPANY BY SECTORS

### 7.1.4 CITY GALLERIA BUSINESS AND SHOPPING CENTER

	2019.	2020.	2021.	2021./2019.	2021./2020.
Operating revenues	14.255.205,21 kn	12.778.034,32 kn	13.076.060,86 kn	-8,27%	2,33%
Operating costs*	6.068.418,99 kn	5.433.616,27 kn	6.024.943,01 kn	-0,72%	10,88%
GOP **	8.186.786,22 kn	7.344.418,05 kn	7.051.117,85 kn	-13,87%	-3,99%
GOP margin ***	57,4%	57,5%	53,9%	-6,11%	-6,18%
Capital investments	407.143,91 kn	389.176,69 kn	2.098.477,86 kn		

#### Notes:

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

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

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

The operating revenue of the City Galleria Business and Shopping Centre generated in 2021 through the lease of commercial premises, common costs, the use of common areas of the centre, the lease of advertising space and revenue from the garage as well as the lease of premises in Phase 1 of the facility amounted to HRK 12,966,803.54. When we include other operating revenue in the amount of HRK 109,257.32, total operating revenue of the Centre amount to HRK 13,076,060.86. In comparison to 2020, the aforementioned revenue represents an increase of 2.33%. Considering the results achieved in 2019, the total operating revenue in 2021 recorded a 8.27% decrease due to disturbances in the operations caused by the global coronavirus pandemic, which significantly affected all tenants in the City Galleria Business and Shopping Centre.

The operating costs of the City Galleria Business and Shopping Centre, which do not include depreciation, financial expenses and extraordinary costs, amounted to HRK 6,024,943.01 in 2021.

The operating costs recorded an increase at a rate of 10.88% compared to 2020, when they amounted to HRK 5,433,616.27, due to the costs of raw materials, materials and energy and outsourcing costs, as well as a significant decrease of costs in the period from April to June 2020 caused by the ban on performing business activities that affected a large number of tenants and the restrictions of business activities and reduced working hours imposed on the rest of the tenants as part of the epidemiological measures adopted by the competent authorities. In comparison to the pre-crisis period of 2019, when operating costs amounted to HRK 6,068,418.99, 2021 saw a 0.72% decrease in costs.

The gross operating profit for the reporting period equalled HRK 7,051,117.85 before the allocation of common service costs, which represents a 53.9% margin

**FINANCIAL OPERATIONS**reporting system according to **USALI** standards

01/01/2021.-31/12/2021.

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

Items	Annual cumulative achievements in 2019	Annual cumulative achievements in 2020	Annual cumulative achievements in 2021	Index 2021/2020
TOTAL NET REVENUE (operating)	9.895.341,36	9.018.299,42	9.209.005,21	102,11
Total direct costs	0,00	0,00	0,00	#DIV/0!
Total salary and labor costs	2.121.685,32	1.917.119,72	2.103.728,50	109,73
Total other department costs	355.086,47	220.847,95	262.669,46	118,94
<b>TOTAL CONTRIBUTION</b>	<b>7.418.569,57</b>	<b>6.880.331,75</b>	<b>6.842.607,25</b>	<b>99,45</b>
Total costs to GOP	6.217.802,76	5.764.661,83	6.136.929,34	106,46
GOP	3.677.538,60	3.253.637,59	3.072.075,87	94,42
<b>Grandtotal net revenues</b>	<b>14.282.021,56</b>	<b>13.128.432,80</b>	<b>13.352.214,07</b>	<b>101,70</b>
<b>Grandtotal costs</b>	<b>9.810.294,56</b>	<b>8.837.862,50</b>	<b>9.740.151,22</b>	<b>110,21</b>
<b>PROFIT BEFORE TAXATION</b>	<b>4.471.727,00</b>	<b>4.290.570,31</b>	<b>3.612.062,85</b>	<b>84,19</b>
Corporate income tax	0,00	0,00	573.749,56	#DIV/0!
NET PROFIT	4.471.727,00	4.290.570,31	3.038.313,29	70,81
<b>EBITDA</b>	<b>7.511.555,86</b>	<b>6.761.184,87</b>	<b>6.605.147,03</b>	<b>97,69</b>
<b>EBIT</b>	<b>6.189.864,64</b>	<b>5.424.715,60</b>	<b>4.630.720,42</b>	<b>85,36</b>

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

DESCRIPTION	12/2019	12/2020	12/2021	Index 21/20	Share (%) in the total operating revenue		
					12/2019	12/2020	12/2021
<b>OPERATING REVENUE</b>							
Revenue on the domestic market	125.398.868,12	78.714.566,85	108.177.323,82	137	74,77	80,62	80,45
Revenue on the foreign market	39.673.309,28	11.289.689,95	20.338.616,13	180	23,66	11,56	15,12
Revenue from grants, donations, compensations, premiums	416.832,80	252.160,64	359.738,18	143	0,25	0,26	0,27
Revenue from use of own products	935.844,10	32.978,47	20.127,24	61	0,56	0,03	0,01
Revenue from leases	0,00	0,00	0,00	#DIV/0!	0,00	0,00	0,00
Exchange office–ticket sales commission fee	174.061,55	86.644,81	149.209,93	172	0,10	0,09	0,11
Other operating revenue	1.113.003,47	7.264.517,76	5.425.737,71	75	0,66	7,44	4,03
<b>TOTAL OPERATING REVENUE</b>	<b>167.711.919,32</b>	<b>97.640.558,48</b>	<b>134.470.753,01</b>	<b>138</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>
<b>OPERATING EXPENSES</b>							
Raw materials and materials consumed	17.008.152,62	6.229.342,55	11.176.178,27	179	10,14	6,38	8,31
Energy and fuel costs	5.558.230,25	4.148.719,06	5.334.257,15	129	3,31	4,25	3,97
Costs of small inventory write-downs	1.789.789,26	718.278,92	613.933,91	85	1,07	0,74	0,46
<b>COSTS OF RAW MATERIALS, MATERIALS AND ENERGY</b>	<b>24.356.172,13</b>	<b>11.096.340,53</b>	<b>17.124.369,33</b>	<b>154</b>	<b>14,52</b>	<b>11,36</b>	<b>12,73</b>
Transportation, telephone and mail services	1.811.923,16	1.103.494,89	1.284.788,45	116	1,08	1,13	0,96
Maintenance services	5.045.537,67	4.685.507,63	5.690.915,25	121	3,01	4,80	4,23
Costs of fairs	318.202,62	242.353,44	40,00	0	0,19	0,25	0,00
Lease costs	4.233.323,38	3.212.103,82	3.933.658,99	122	2,52	3,29	2,93
Advertising and promotion costs	3.362.601,96	2.179.793,00	2.176.514,34	100	2,00	2,23	1,62
Costs of public announcement systems and lighting	11.100,20	957,88	0,00	0	0,01	0,00	0,00
Utilities and other services	6.871.485,88	4.837.768,31	5.400.270,69	112	4,10	4,95	4,02
Reservations	0,00	0,00	0,00		0,00	0,00	0,00
<b>OUTSOURCING COSTS</b>	<b>21.654.174,87</b>	<b>16.261.978,97</b>	<b>18.486.187,72</b>	<b>114</b>	<b>12,91</b>	<b>16,65</b>	<b>13,75</b>
Reimbursement of employees' expenses	6.761.044,05	3.639.211,72	3.372.931,76	93	4,03	3,73	2,51
Nonproduction services	12.608.731,61	4.396.123,34	5.883.577,13	134	7,52	4,50	4,38
Entertainment expenses	685.131,64	567.804,51	740.070,16	130	0,41	0,58	0,55
Insurance premiums	951.043,64	855.045,30	875.336,47	102	0,57	0,88	0,65
Other expenses	1.139.693,60	6.035.730,30	1.820.597,41	30	0,68	6,18	1,35
Taxes not dependent on income	1.064.177,91	667.485,60	692.822,76	104	0,63	0,68	0,52
Contributions to associations	2.007.291,21	1.523.165,11	1.666.085,88	109	1,20	1,56	1,24
Banking services	360.622,44	198.508,40	226.503,77	114	0,22	0,20	0,17
Costs of other employee rights	71.712,00	60.804,00	185.890,00	306	0,04	0,06	0,14
Other costs	3.464.985,63	689.395,94	1.015.357,71	147	2,07	0,71	0,76
<b>OTHER COSTS TOTAL</b>	<b>29.114.433,73</b>	<b>18.633.274,22</b>	<b>16.479.173,05</b>	<b>88</b>	<b>17,36</b>	<b>19,08</b>	<b>12,25</b>
Gross salaries	36.380.026,25	26.124.004,05	29.124.270,86	111	21,69	26,76	21,66
Contributions for gross salaries	5.982.495,67	4.327.264,97	4.827.330,83	112	3,57	4,43	3,59
<b>TOTAL COST OF SALARIES</b>	<b>42.362.521,92</b>	<b>30.451.269,02</b>	<b>33.951.601,69</b>	<b>111</b>	<b>25,26</b>	<b>31,19</b>	<b>25,25</b>
<b>TOTAL COSTS</b>	<b>117.487.302,65</b>	<b>76.442.862,74</b>	<b>86.041.331,79</b>	<b>113</b>	<b>70,05</b>	<b>78,29</b>	<b>63,99</b>
<b>OPERATING PROFIT</b>	<b>50.224.616,67</b>	<b>21.197.695,74</b>	<b>48.429.421,22</b>				

## 7 FINANCIAL RESULTS OF THE COMPANY

### 7.2 FINANCIAL RESULTS AT COMPANY LEVEL

#### 7.2.1 FINANCIAL PERFORMANCE OF THE COMPANY

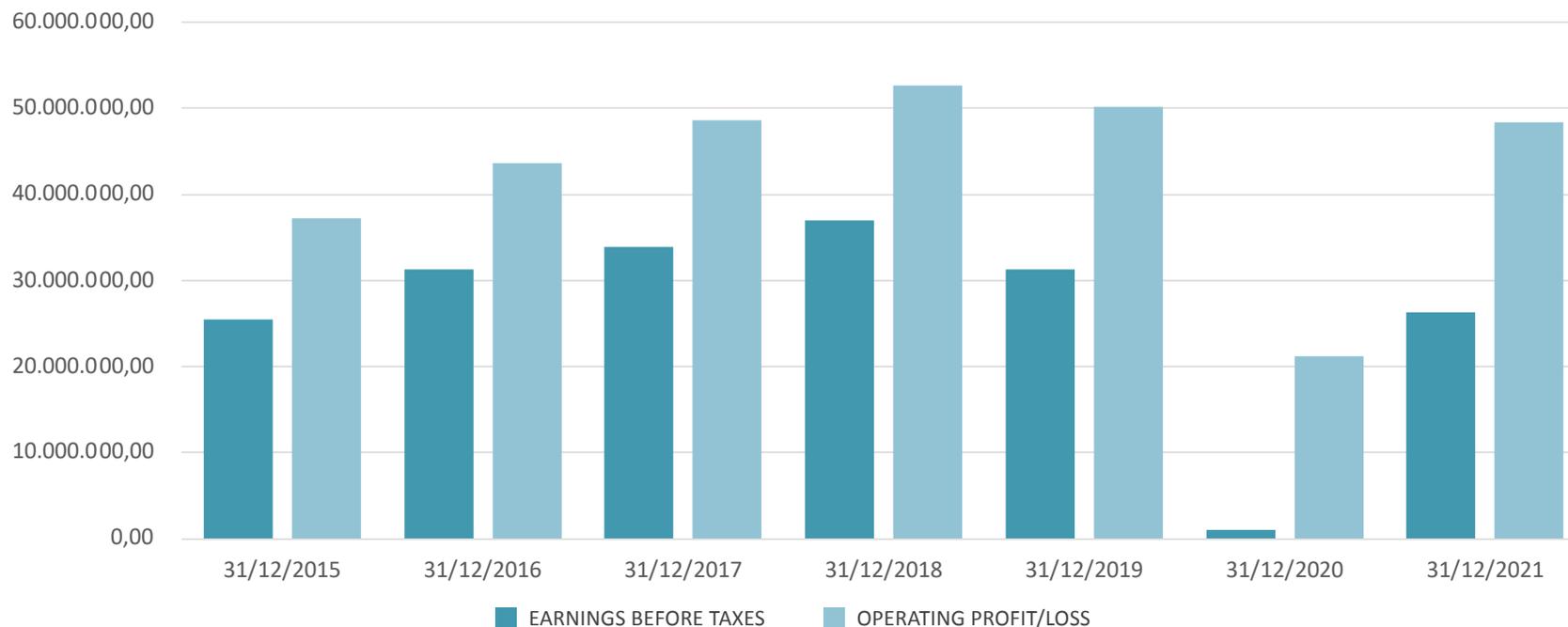
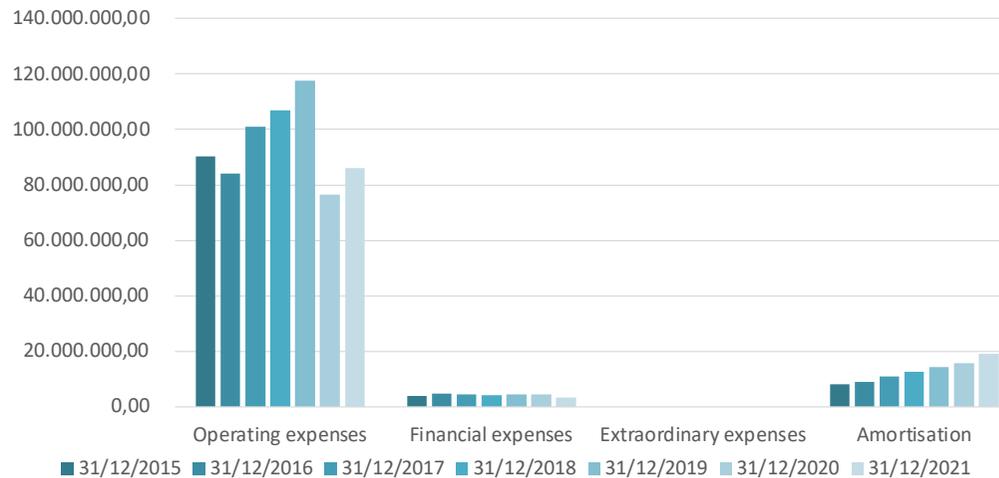
##### Overview of the financial operating results for 2021 and comparison with the period 2015 - 2020

DESCRIPTION	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	Index 2021/2020
Operating revenues	127.662.219,39	127.591.140,20	149.515.545,23	159.490.115,09	167.711.919,32	97.640.558,48	134.470.753,01	137,72
Financial revenues	484.269,24	1.427.867,11	961.132,18	1.558.764,96	85.637,54	97.205,34	360.374,95	370,74
Extraordinary revenues	0,00	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
<b>TOTAL REVENUES</b>	<b>128.146.488,63</b>	<b>129.019.007,31</b>	<b>150.476.677,41</b>	<b>161.048.880,05</b>	<b>167.797.556,86</b>	<b>97.737.763,82</b>	<b>134.831.127,96</b>	<b>137,95</b>
Operating expenses	90.379.281,57	83.991.877,85	100.879.406,31	106.832.625,88	117.487.302,65	76.442.862,74	86.041.331,79	112,56
Financial expenses	4.030.686,50	4.774.080,17	4.564.585,65	4.384.189,54	4.596.906,56	4.599.367,76	3.362.161,27	73,10
Extraordinary expenses	0,00	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	8.225.981,02	9.012.252,49	11.146.900,91	12.796.897,41	14.379.433,99	15.673.653,78	19.068.148,87	121,66
<b>TOTAL EXPENSES</b>	<b>102.635.949,09</b>	<b>97.778.210,51</b>	<b>116.590.892,87</b>	<b>124.013.712,83</b>	<b>136.463.643,20</b>	<b>96.715.884,28</b>	<b>108.471.641,93</b>	<b>112,15</b>
<b>EARNINGS BEFORE TAXES</b>	<b>25.510.539,54</b>	<b>31.240.796,80</b>	<b>33.885.784,54</b>	<b>37.035.167,22</b>	<b>31.333.913,66</b>	<b>1.021.879,54</b>	<b>26.359.486,03</b>	<b>2.579,51</b>
<b>PROFIT/LOSS</b>	<b>21.533.370,50</b>	<b>30.676.046,46</b>	<b>27.755.384,38</b>	<b>37.035.167,22</b>	<b>31.333.913,66</b>	<b>1.021.879,54</b>	<b>22.172.476,03</b>	<b>2.169,77</b>
<b>OPERATING PROFIT/LOSS</b>	<b>37.282.937,82</b>	<b>43.599.262,35</b>	<b>48.636.138,92</b>	<b>52.657.489,21</b>	<b>50.224.616,67</b>	<b>21.197.695,74</b>	<b>48.429.421,22</b>	<b>228,47</b>
<b>EBITDA</b>	<b>37.767.207,06</b>	<b>45.027.129,46</b>	<b>49.597.271,10</b>	<b>54.216.254,17</b>	<b>50.310.254,21</b>	<b>21.294.901,08</b>	<b>48.789.796,17</b>	<b>229,11</b>

REVENUES 2015 - 2021



EXPENSES 2015-2021



**1**

Total revenue amounted to HRK 134,831,127.96 and was 37.95% higher than the revenue generated in 2020, which amounted to HRK 97,737,763.82, as the result of the growth of operating revenue, i.e. sales revenue at the level of all Company sectors. Compared to 2019, when HRK 167,797,556.86 was realised, in this reporting period, 80.35% of the revenue from the pre-pandemic period was realised.

Operating revenue for 2021 amounted to HRK 134,470,753.01 and was 37.72% higher than the operating revenue realised in the previous financial year in the amount of HRK 97,640,558.48, as the result of a significant recovery and growth in demand in domestic and foreign markets. Revenue from sales amounted to HRK 128,515,939.95, which is 42.78% higher compared to the previous financial year, when it amounted to HRK 90,004,256.80 due to a strong 80% increase in revenue from sales on the foreign market and a 37% increase from sales on the domestic market. Revenue from sales represents 95.57% of operating revenue and 95.31% of total revenue.

**2**

Total expenditure totalled HRK 108,471,641.93 and, compared to 2020, it showed a 12.15% increase due to the growth of operating expenses by 12.56% and depreciation by 21.66%. Compared to 2019, when total

expenditure amounted to HRK 136,463,643.20, it was 20.51% lower, or HRK 27,992,001.27 due to a significant reduction in operating costs in the reporting period and rational cost management.

Operating costs in the observed period amounted to HRK 86,041,331.79 showing an increase by 12.56%, or HRK 9,598,469.05 compared to 2020 as the result of an increase in the cost of raw materials and material by 54%, service costs by 14% and an increase in the cost of gross salaries by 11% resulting from an increase in the volume of business activities.

**3**

Operating profit, i.e. the profit from the Company's business activities amounted to HRK 48,429,421.22, and showed an increase of 128.47%, or HRK 27,231,725.48 compared to 2020 when HRK 21,197,695.74 was realised. At the same time, the realised operating profit represented 96.43% of the realisation from 2019, when it amounted to HRK 50,224,616.67.

The Company's profit before tax for the reporting period amounted to HRK 26,359,486.03 and showed an increase of 1,579.51%, or HRK 25,337,606.49 compared to the previous year, which, at the same time, represented a realisation of 84.12% of the profit generated in 2019, when it amounted to HRK 31,333,913.66.

Net profit after corporate income tax in the amount of HRK 4,187,010.00 totalled HRK 22,172,476.03.

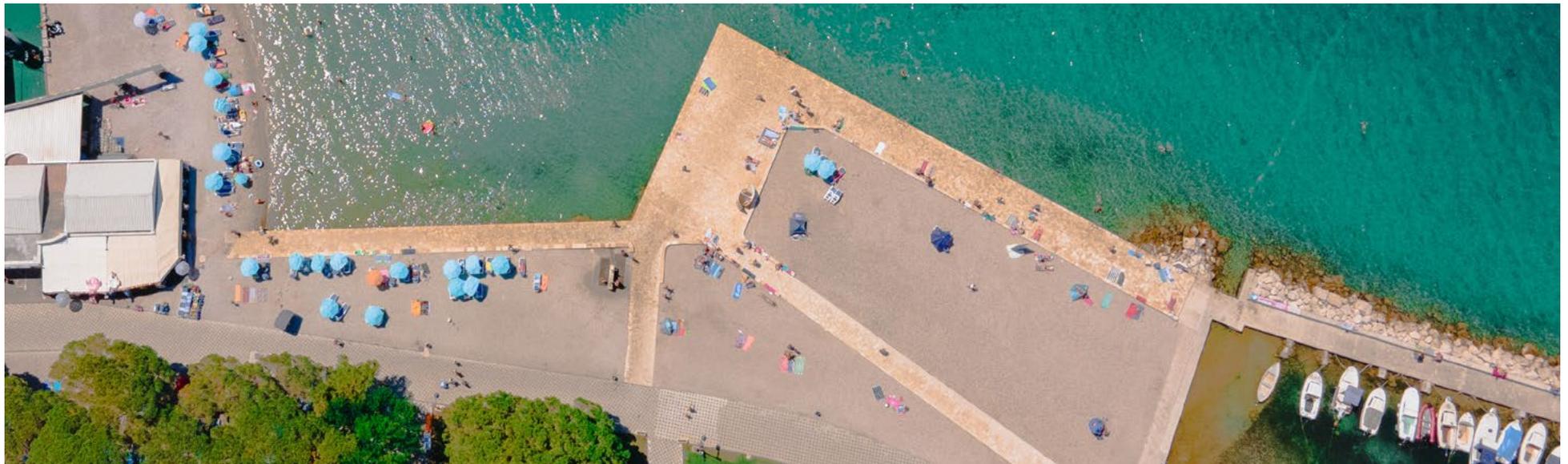
EBITDA, or earnings before depreciation/amortisation, interest and taxes amounted to HRK 48,789,796.17 and showed an increase of 129.11%, or HRK 27,494,895.09 compared to the previous financial year when it was realised in the amount of HRK 21,294,901.08. Realised EBITDA in 2021 amounted to 96.98% of its amount realised in the period preceding the pandemic, i.e. 2019 when it amounted to HRK 50,310,254.21.

EBIT, or earnings before financing expenses, amounted to HRK 29,721,647.30 and showed an increase of 428.74%, or HRK 24,100,400.00 compared to 2020, representing 82.72% of the realisation in 2019, when EBIT was realised in the amount of HRK 35,930,820.22. All profitability indicators (operating profit, profit, EBITDA and EBIT) achieved high growth rates compared to the previous financial year as a result of a significant increase in the volume of business activities in the Company's tourism sectors where significant business activity was absent during the previous year (camping, hotel sector and destination management) followed by further strengthening of business activities in the nautical and real estate sector and simultaneous rational cost management, especially in the segment of operating expenses. This has significantly contributed to the achievement of profitability re-

sults, which are slightly lower in the segment of operating profit and EBITDA, i.e. they equalled 96.43% and 96.98% of the realisation in 2019, making the success that much greater if we take into account that until the first half of the year the Company's business activities were still greatly influenced by the pandemic. With regard to the above, we consider the achieved results of the Company in the area of profitability as exceptionally successful. It is also important to note that the key tourism sectors of the Company achieved a growth in profitability compared to the previous year, although the profitability of the destination management company was lacking as expected. In

the nautical and camping sectors, strong growth of all profitability indicators was generated (operating profit, profit, EBITDA and EBIT) compared to 2019, i.e. the pre-pandemic period, which significantly affected the overall profitability of the Company. In 2021, the nautical sector achieved the best business result so far (operating revenue and profitability indicators), despite the fact that it was not accompanied by the achievement of operational indicators as in 2019. Moreover, even with lower revenue compared to its realisation in 2019, the camping sector achieved growth of profitability indicators, i.e. operating profit, profit, EBITDA and EBIT. In the hotel sector, positive profita-

bility indicators and growth were achieved compared to the previous year as a result of significant growth in business activities, while in the destination management company, given the nature of its activities (organisation of events and gatherings), the expected profitability results were achieved. In the real estate sector, profitability indicators were lower than in the previous year due to a significant in-crease in expenditure compared to the realised revenue growth.



## REVENUES BY ACTIVITIES:

**Hotel sector revenue** sector amounted to HRK 31,002,857.24, representing an increase by 133%, or HRK 17,685,571.11 compared to 2020, as a result of a significant increase in demand for hotel accommodation, especially during the third quarter of the financial year with strong growth of realisation on the foreign market, earlier opening of hotel facilities compared to the previous year and the continuation of business activities in the post-season that was absent in the previous year.

**The revenue from the nautical sector** amounted to HRK 49,185,727.37, representing an increase of 13%, or HRK 5,815,610.93 compared to the previous year, resulting from revenue growth in all profit centres of the nautical sector, i.e. Marina Kornati by 8%, or HRK 3,187,914.21, "Marina Kornati" restaurant by 85%, or HRK 1,607,212.17, and the nautical fair whose revenue grew by 42%, or HRK 1,020,484.55. The nautical sector realised the best revenue since the beginning of its business operations, and in comparison with 2019 as the best year thus far, it grew higher by 1.18%, or HRK 575,117.73, which is especially significant if we take into account the fact that physical business results failed to reach the pre-pandemic level. A significant part of the reve-

nue of the nautical sector was generated through accommodation services, i.e. Marina Kornati, in the amount of HRK 42,234,731.55 and accounted for 86% of the revenue of the entire nautical sector, it achieved a growth of 3% compared to the revenue generated in 2019, thus contributing the most to the results achieved by the nautical sector.

**The camping sector revenue** amounted to HRK 33,399,299.81 and was 70% higher as a result of significant revenue growth at the level of the entire sector, i.e. growth in the revenue of the "Park Soline" campsite, whose revenue increased 67%, or HRK 12,130,417.82, and the "Park Soline" restaurant with a growth of 103%, or HRK 1,658,898.04. The most significant part of the revenue of the camping sector is the revenue from accommodation, i.e. the "Park Soline" campsite, which was realised in the amount of HRK 30,131,572.28, which also accounted for 90% of the revenue of the entire sector, and was realised by revenue growth in key market segments (individual stays, mobile homes and lump sums). In addition, the revenue of the "Park Soline" restaurant realised in the amount of HRK 3,267,727.53 matched the level reached in 2019.

**The revenue from the real estate sector**, i.e. the City Galleria Business and Shopping Centre, amounted to HRK 13,076,060.86, constituting a 2% increase compared to 2020, the growth of which was achieved through the increase in parking revenue, revenue from the lease of premises in Phase 1 and revenue from common costs.

**Revenue from other activities**, i.e. profit centres, including Ilirija Travel and hospitality, has been realised in the amount of HRK 2,644,118.47, marking a 60% increase in comparison to 2020 due to the recovery of the event industry and other activities of the destination management company.

Furthermore, on account of the job retention grant by the Government of the Republic of Croatia, the Company received a grant in the amount of HRK 4,951,862.82 as at 31 December 2021 while other revenue amounted to HRK 210,826.44

**GRAND TOTAL:** Operating revenue per activities amounted to HRK 134,470,753.01, and have increased by 38% compared to 2020.

### Financial report of the Company as at 31/12/2021 and a comparison with 2019 and 2020

REVENUES	2019	2020	INDEX 2020/2019	2021	INDEX 2021/2020
Revenue on the domestic market	125.815.700,92	78.966.727,49	63	108.537.062,00	137
Revenues on foreign market	39.673.309,28	11.289.689,95	28	20.338.616,13	180
Other operating revenues	2.222.909,12	7.384.141,04	332	5.595.074,88	76
<b>OPERATING REVENUES</b>	<b>167.711.919,32</b>	<b>97.640.558,48</b>	<b>58</b>	<b>134.470.753,01</b>	<b>138</b>
FINANCIAL REVENUES	85.637,54	97.205,34	114	360.374,95	371
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
<b>TOTAL REVENUES</b>	<b>167.797.556,86</b>	<b>97.737.763,82</b>	<b>58</b>	<b>134.831.127,96</b>	<b>138</b>
EXPENSES					
Raw material and material costs	24.356.172,13	11.096.340,53	46	17.124.369,33	154
Costs of services	21.654.174,87	16.261.978,97	75	18.486.187,72	114
Gross pays	42.362.521,92	30.451.269,02	72	33.951.601,69	111
Other expenses	29.114.433,73	18.633.274,22	64	16.479.173,05	88
<b>TOTAL EXPENSES</b>	<b>117.487.302,65</b>	<b>76.442.862,74</b>	<b>65</b>	<b>86.041.331,79</b>	<b>113</b>
AMORTISATION	14.379.433,99	15.673.653,78	109	19.068.148,87	122
FINANCIAL EXPENSES	4.596.906,56	4.599.367,76	100	3.362.161,27	73
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
<b>TOTAL EXPENSES</b>	<b>136.463.643,20</b>	<b>96.715.884,28</b>	<b>71</b>	<b>108.471.641,93</b>	<b>112</b>
<b>EARNINGS BEFORE TAXES</b>	<b>31.333.913,66</b>	<b>1.021.879,54</b>	<b>3</b>	<b>26.359.486,03</b>	<b>2.580</b>
<b>PROFIT/LOSS</b>	<b>31.333.913,66</b>	<b>1.021.879,54</b>	<b>3</b>	<b>22.172.476,03</b>	<b>2.170</b>
<b>OPERATING PROFIT/LOSS</b>	<b>50.224.616,67</b>	<b>21.197.695,74</b>	<b>42</b>	<b>48.429.421,22</b>	<b>228</b>
<b>EBITDA</b>	<b>50.310.254,21</b>	<b>21.294.901,08</b>	<b>42</b>	<b>48.789.796,17</b>	<b>229</b>

**FINANCIAL OPERATIONS**reporting system according to **USALI** standards

01/01/2021-31/12/2021

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

Items	Annual cumulative achievements in 2019	Annual cumulative achievements in 2020	Annual cumulative achievements in 2021	Index 2021/2020
TOTAL NET REVENUE (operating)	162.572.725,53	86.807.046,13	125.338.999,56	144,39
Total direct costs	13.074.369,96	3.816.626,71	7.299.076,14	191,24
Total salary and labor costs	29.948.241,60	17.948.185,79	21.969.507,92	122,41
Total other department costs	14.261.204,73	4.974.907,46	5.508.109,96	110,72
<b>TOTAL CONTRIBUTION</b>	<b>105.288.909,24</b>	<b>60.067.326,17</b>	<b>90.562.305,54</b>	<b>150,77</b>
Total costs to GOP	103.939.195,48	67.299.371,85	76.693.778,89	113,96
GOP	58.633.530,05	19.507.674,28	48.645.220,67	249,36
<b>Grandtotal net revenues</b>	<b>167.797.556,86</b>	<b>97.737.763,82</b>	<b>134.831.127,96</b>	<b>137,95</b>
<b>Grandtotal costs</b>	<b>136.463.643,20</b>	<b>96.715.884,28</b>	<b>108.471.641,93</b>	<b>112,15</b>
<b>PROFIT BEFORE TAXATION</b>	<b>31.333.913,66</b>	<b>1.021.879,54</b>	<b>26.359.486,03</b>	<b>2.579,51</b>
Corporate income tax	0,00	0,00	4.187.010,09	#DIV/0!
NET PROFIT	31.333.913,66	1.021.879,54	22.172.476,03	2.169,77
<b>EBITDA</b>	<b>50.310.254,21</b>	<b>21.294.901,08</b>	<b>48.789.796,17</b>	<b>229,11</b>
<b>EBIT</b>	<b>35.930.820,22</b>	<b>5.621.247,30</b>	<b>29.721.647,30</b>	<b>528,74</b>

STATEMENT OF PROFIT OR LOSS			
for the period 01/01 to 31/12/2021			
			in HRK
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Same period of the previous year	Current period
		2020	2021
1	2	3	4
<b>I OPERATING INCOME (ADP 002 to 006)</b>	<b>001</b>	<b>97.640.559</b>	<b>134.470.753</b>
1 Income from sales with undertakings within the group	002	75.356	75.354
2 Income from sales (outside group)	003	89.928.901	128.440.586
3 Income from the use of own products, goods and services	004	32.978	20.127
4 Other operating income with undertakings within the group	005	0	0
5 Other operating income (outside the group)	006	7.603.324	5.934.686
<b>II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)</b>	<b>007</b>	<b>92.116.518</b>	<b>105.109.481</b>
1 Changes in inventories of work in progress and finished goods	008		
<b>2 Material costs (ADP 010 to 011)</b>	<b>009</b>	<b>27.358.320</b>	<b>35.610.557</b>
a) Costs of raw material	010	11.096.341	17.124.369
b) Costs of goods sold	011	0	0
c) Other external costs	012	16.261.979	18.486.188
<b>3 Staff costs (ADP 014 to 016)</b>	<b>013</b>	<b>30.451.269</b>	<b>33.951.602</b>
a) Net salaries and wages	014	18.609.339	20.991.868
b) Tax and contributions from salaries expenses	015	7.514.665	8.132.403
c) Contributions on salaries	016	4.327.265	4.827.331
4 Depreciation	017	15.673.654	19.068.149
5 Other expenses	018	17.266.743	15.172.496
<b>6 Value adjustments (ADP 020+021)</b>	<b>019</b>	<b>0</b>	<b>0</b>
a) fixed assets other than financial assets	020	0	0
b) current assets other than financial assets	021	0	0
<b>7 Provisions (ADP 023 to 028)</b>	<b>022</b>	<b>0</b>	<b>0</b>
a) Provisions for pensions, termination benefits and similar obligations	023	0	0
b) Provisions for tax liabilities	024	0	0
c) Provisions for ongoing legal cases	025	0	0
d) Provisions for renewal of natural resources	026	0	0
e) Provisions for warranty obligations	027	0	0
f) Other provisions	028	0	0
8 Other operating expenses	029	1.366.532	1.306.677
<b>III FINANCIAL INCOME (ADP 031 to 040)</b>	<b>030</b>	<b>97.205</b>	<b>360.375</b>
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	58.979	266
8 Exchange rate differences and other financial income	038	38.226	360.109
9 Unrealised gains (income) from financial assets	039	0	0
10 Other financial income	040	0	0
<b>IV FINANCIAL EXPENDITURE (ADP 042 to 048)</b>	<b>041</b>	<b>4.599.367</b>	<b>3.362.161</b>
1 Interest expenses and similar expenses with undertakings within the group	042	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0
3 Interest expenses and similar expenses	044	3.297.973	3.123.657
4 Exchange rate differences and other expenses	045	1.286.382	144.612
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	15.012	93.892

<b>V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	049	0	0
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	050	0	0
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	051	0	0
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>	0	0
<b>IX TOTAL INCOME (ADP 001+030+049+050)</b>	<b>053</b>	<b>97.737.764</b>	<b>134.831.128</b>
<b>X TOTAL EXPENDITURE (ADP 007+041+051+052)</b>	<b>054</b>	<b>96.715.885</b>	<b>108.471.642</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 053-054)</b>	<b>055</b>	<b>1.021.879</b>	<b>26.359.486</b>
1 Pre-tax profit (ADP 053-054)	056	1.021.879	26.359.486
2 Pre-tax loss (ADP 054-053)	057	0	0
<b>XII INCOME TAX</b>	<b>058</b>	<b>0</b>	<b>4.187.010</b>
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)</b>	<b>059</b>	<b>1.021.879</b>	<b>22.172.476</b>
1 Profit for the period (ADP 055-059)	060	1.021.879	22.172.476
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)			
<b>XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b>	<b>062</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit from discontinued operations	063	0	0
2 Pre-tax loss on discontinued operations	064	0	0
<b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>065</b>	<b>0</b>	<b>0</b>
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)			
<b>XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)</b>	<b>068</b>	<b>0</b>	<b>00</b>
1 Pre-tax profit (ADP 068)	069	0	0
2 Pre-tax loss (ADP 068)	070	0	0
<b>XVII INCOME TAX (ADP 058+065)</b>	<b>071</b>	<b>0</b>	<b>0</b>
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b>	<b>072</b>	<b>0</b>	<b>0</b>
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)			
<b>XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b>	<b>075</b>	<b>0</b>	<b>0</b>
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)			
<b>I PROFIT OR LOSS FOR THE PERIOD</b>	<b>078</b>	<b>1.021.879</b>	<b>22.172.476</b>
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)</b>	<b>079</b>	<b>0</b>	<b>0</b>
<b>III Items that will not be reclassified to profit or loss (ADP 081 to 085)</b>	<b>080</b>	<b>0</b>	<b>0</b>
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
<b>IV Items that may be reclassified to profit or loss (ADP 088 to 095)</b>	<b>087</b>	<b>0</b>	<b>0</b>
1 Exchange rate differences from translation of foreign operations	088	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0
6 Changes in fair value of the time value of option	093	0	0

7 Changes in fair value of forward elements of forward contracts	094		
8 Other items that may be reclassified to profit or loss	095		
9 Income tax relating to items that may be reclassified to profit or loss	096		
<b>V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)</b>	<b>097</b>	<b>0</b>	<b>0</b>
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b>	<b>098</b>	<b>1.021.879</b>	<b>22.172.476</b>
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b>	<b>099</b>	<b>0</b>	<b>0</b>
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

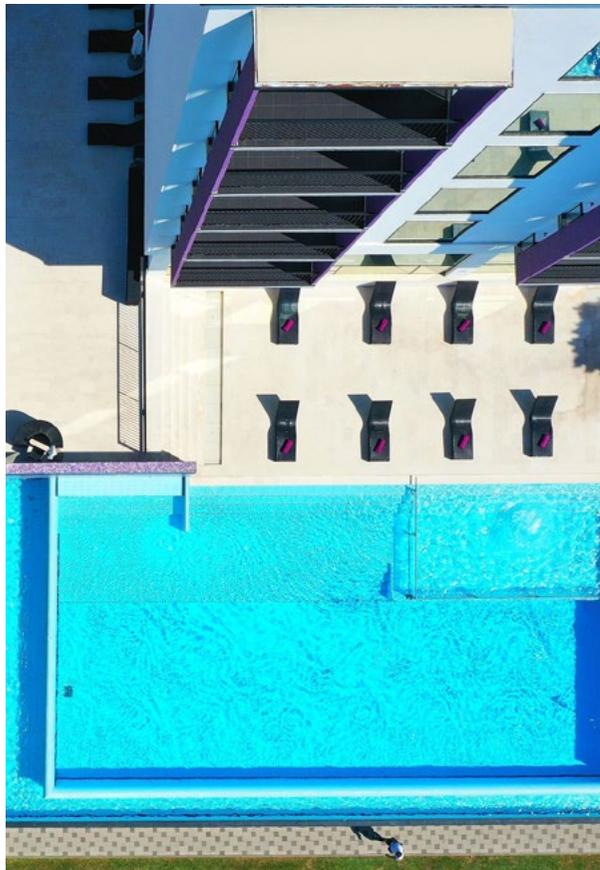
### 7.2.2 FINANCIAL POSITION OF THE COMPANY

BALANCE SHEET			
balance as at 31/12/2021			in HRK
Submitter: ILIRIJA d.d.			
Item	ADP code	Last day of the preceding business year 31/12/2020	At the reporting date of the current period 31/12/2021
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	<b>448.901.984</b>	<b>442.020.422</b>
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	91.017	195.936
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	91.017	195.936
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>448.772.808</b>	<b>441.786.690</b>
1 Land	011	43.295.283	44.409.058
2 Buildings	012	261.075.724	254.354.467
3 Plant and equipment	013	65.673.584	62.368.657
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	321.986	941.389
7 Tangible assets in preparation	017	478.987	1.519.414
8 Other tangible assets	018		
9 Investment property	019	77.927.244	78.193.705
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>38.159</b>	<b>37.796</b>
1 Investments in holdings (shares) of undertakings within the group	021	38.159	37.796
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
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	<b>0</b>	<b>0</b>
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
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>27.768.064</b>	<b>52.882.622</b>
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>1.059.513</b>	<b>998.219</b>
1 Raw materials	039	1.059.513	998.219
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
<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>3.284.530</b>	<b>3.068.267</b>
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	2.781.284	1.570.424
4 Receivables from employees and members of the undertaking	050		10.568
5 Receivables from government and other institutions	051	322.994	1.039.414
6 Other receivables	052	180.252	447.861
<b>III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>67.291</b>	<b>45.080.000</b>
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	67.291	45.080.000
9 Other financial assets	062	0	0
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>23.356.730</b>	<b>3.736.136</b>
<b>D ) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>0</b>	<b>0</b>
<b>E ) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>476.670.048</b>	<b>494.903.044</b>
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>		
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)</b>	<b>067</b>	<b>348.072.518</b>	<b>370.244.994</b>
I. INITIAL (SUBSCRIBED) CAPITAL	068	229.146.480	229.146.480
II CAPITAL RESERVES	069	2.932.389	2.932.389
<b>III RESERVES FROM PROFIT (ADP 071+072-073+074+075)</b>	<b>070</b>	<b>37.405.213</b>	<b>37.405.213</b>
1 Legal reserves	071	24.077.986	24.077.986
2 Reserves for treasury shares	072	6.975.716	6.975.716
3 Treasury shares and holdings (deductible item)	073	-1.171.168	-1.171.168
4 Statutory reserves	074	0	0
5 Other reserves	075	7.522.679	7.522.679
IV REVALUATION RESERVES	076		
<b>V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)</b>	<b>077</b>	<b>0</b>	<b>0</b>
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
<b>VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)</b>	<b>083</b>	<b>77.566.557</b>	<b>78.588.436</b>
1 Retained profit	084	77.566.557	78.588.436
2 Loss brought forward	085		
<b>VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)</b>	<b>086</b>	<b>1.021.879</b>	<b>22.172.476</b>
1 Profit for the business year	087	1.021.879	22.172.476
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
<b>B) PROVISIONS (ADP 091 to 096)</b>	<b>090</b>	<b>0</b>	<b>0</b>
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
<b>C) LONG-TERM LIABILITIES (ADP 098 to 108)</b>	<b>097</b>	<b>105.848.809</b>	<b>94.433.244</b>
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	105.848.809	94.433.244
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
<b>D) SHORT-TERM LIABILITIES (ADP 110 to 123)</b>	<b>109</b>	<b>20.986.782</b>	<b>28.274.461</b>
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	9.078.805	14.118.155
7 Liabilities for advance payments	116	192.879	75.031
8 Liabilities towards suppliers	117	7.609.349	5.670.806
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	1.482.594	1.746.985
11 Taxes, contributions and similar liabilities	120	1.462.035	5.502.364
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	1.161.120	1.161.120
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>1.761.939</b>	<b>1.950.345</b>
<b>F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)</b>	<b>125</b>	<b>476.670.048</b>	<b>494.903.044</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>0</b>	<b>0</b>

## 7.2.2 FINANCIAL POSITION OF THE COMPANY



### KEY FINANCIAL

## INDICATORS OF THE STATUS OF THE COMPANY AS AT 31/12/2021

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

### 1

The value of the Company assets as at 31 December 2021 amounted to HRK 494,903,044.10, rising by HRK 18,232,996.46 or 3.83% compared to 2020, when it amounted to HRK 476,670,047.64. Additionally, in relation to the period preceding the pandemic, i.e. 2019, when the value of assets amounted to 485,278,090.92, said assets increased by HRK 9,624,953.18, or 1.98%. The value of the Company's assets since 2011, when it amounted to HRK 280,189,543.52, increased by HRK 214,713,500.58 or 76.63%.

### 2

Total liabilities amounted to HRK 124,658,050.55, decreasing by HRK 3,939,479.57 or 3.06% compared to 2020, when they amounted to HRK 128,597,530.12, which is a result of a decrease in long-term liabilities pertaining to loans and long-term financial leasing. Compared to 2019, when the total liabilities of the

Company amounted to HRK 138,494,716.54, they decreased by HRK 13,836,665.99, or 9.99%.

Total liabilities as at 31 December 2021 are lower by HRK 15,269,250.43 or 10.91% compared to total liabilities of the Company as at 31 December 2011 when they amounted to HRK 139,927,300.98.

### 3

The Company's equity and reserves as at 31 December 2021 amounted to HRK 370,244,993.55, representing an increase of HRK 22,172,476.03, or 6.37% compared to 2020, when they amounted to HRK 348,072,517.52. This increase is due to the generated operating profit. In 2019, equity and reserves amounted to HRK 346,783,374.38, indicating a decrease of HRK 23,461,619.17 or 6.77% compared to 2021.

Comparing equity and reserves of the Company as at 31 December 2021, they increased by HRK 229,982,751.01 or 163.97% compared to 2011 when they amounted to HRK 140,262,242.54.

## 4

The Company's total revenue amounted to HRK 134,831,127.96, increasing by HRK 37,093,364.14 or 37.95% compared to HRK 97,737,763.82 in 2020, as a result of an increase in the revenue from sales at the level of all Company sectors. Compared to 2019, when total revenue was realised in the amount of HRK 167,797,556.86, the revenue in 2021 decreased by HRK 32,966,428.90, or 19.65%.

Total revenue, compared to the same period in 2011 when it amounted to HRK 103,735,228.95, increased by HRK 31,095,899.01 or 29.98%.

## 5

Net debt as at 31 December 2021 amounted to HRK 59,783,368.01 and compared to the previous year, when it amounted to HRK 91,544,355.64, it recorded a decrease of HRK 31,760,987.63, or 34.69%. Compared to the pre-pandemic 2019, when the net debt amounted to HRK 101,317,234.91, said debt recorded a decrease of HRK 41,533,866.90, or 40.99%. Net debt compared to the same period in 2011, when it amounted to HRK 119,441,914.24, was lower by HRK 59,658,546.23, or 49.95%.

## 6

The Company realised an operating profit in the amount of HRK 48,429,421.22, which was HRK 27,231,725.48 or 128.47% more than in 2020, when it amounted to HRK 21,197,695.74, as a result of a significant increase in business activities, in turn leading to an increase in operating revenue and accompanied by a rationalization of business activities. Compared to 2019, when the operating profit amounted to HRK 50,224,616.67, a strong recovery in operating profitability was achieved, as reflected in the operating profit, which decreased by only HRK 1,795,195.45, or 3.57 % in the reporting period.

Comparing the operating profit generated in 2021 to the operating profit in 2011 when it amounted to HRK 30,013,975.99, an 61,36% increase or HRK 18,415,445.23 was recorded.

## 7

EBITDA was realised in the amount of HRK 48,789,796.17, recording an increase of 129.11% or HRK 27,494,895.09 compared to 2020 when it amounted to HRK 21,294,901.08. Its realisation in the reporting period accounts for 96.98% of its realisation in 2019,

when it reached the amount of HRK 50,310,254.21.

The realised EBITDA in the reporting period increased by HRK 20,759,698.82 or 74.06% compared to 2011 when it amounted to HRK 28,030,097.35.

## 8

The Company's profit before tax for the reporting period amounted to HRK 26,359,486.03, increasing by HRK 25,337,606.49 or 1,579.51% compared to the previous financial year, when it amounted to HRK 1,021,879.54. The realised profit in 2021 accounts for 84.12% of the profit from 2019, realised in the amount of HRK 31,333,913.66, i.e. it recorded a decrease of HRK 4,974,427.63, or 15.88%.

Profit realized in 2021, compared to the profit generated in 2011 that amounted to HRK 13,249,683.38, increased by HRK 13,109,802.65 or 98.94%.

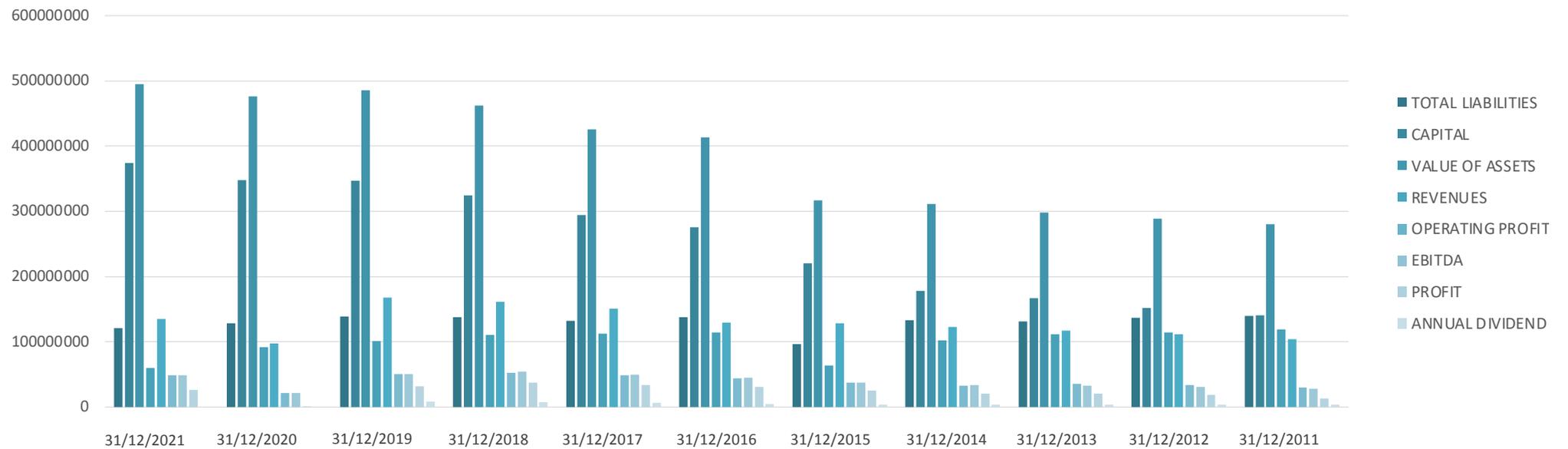
Net profit in 2021 amounted to HRK 22,172,476.03, and it recorded an increase of 1,169.77% compared to the profit realised in 2020.

## CUMULATIVE COMPARATIVE OVERVIEW

of fundamental operating results, as well as asset, capital and liability indicators of the Company as at 31/12/2021,  
and for the same period of 2011-2021

YEAR	TOTAL LIABILITIES	CAPITAL	VALUE OF ASSETS	NET DEBT	REVENUES	OPERATING PROFIT	EBITDA	EARNINGS BEFORE TAXES	ANNUAL DIVIDEND
1	2	3	4	5	6	7	8	9	10
31/12/2021	124.658.050,55	370.244.993,55	494.903.044,10	59.783.368,01	134.831.127,96	48.429.421,22	48.789.796,17	26.359.486,03	0,00
31/12/2020	128.597.530,12	348.072.517,52	476.670.047,64	91.544.355,64	97.737.763,82	21.197.695,74	21.294.901,08	1.021.879,54	0,00
31/12/2019	138.494.716,54	346.783.374,38	485.278.090,92	101.317.234,91	167.797.556,86	50.224.616,67	50.310.254,21	31.333.913,66	8.417.962,00
31/12/2018	138.016.497,87	324.375.413,08	462.391.910,95	110.868.989,15	161.048.880,05	52.657.489,21	54.216.254,17	37.035.167,22	7.221.240,00
31/12/2017	131.841.078,15	294.216.184,59	426.057.262,74	112.168.069,97	150.476.677,41	48.636.138,92	49.597.271,10	33.885.784,54	6.016.540,00
31/12/2016	137.502.260,55	275.683.907,98	413.186.168,53	114.260.471,80	129.019.007,31	43.599.262,35	45.027.129,46	31.240.796,80	4.937.148,00
31/12/2015	96.706.510,04	220.353.306,88	317.059.816,92	63.269.733,01	128.146.488,63	37.282.937,82	37.767.207,06	25.510.539,54	3.740.790,00
31/12/2014	133.053.616,64	177.858.715,67	310.912.332,31	102.282.661,43	122.873.752,12	32.955.338,23	33.211.137,28	20.385.115,12	3.740.790,00
31/12/2013	131.195.062,79	166.861.394,25	298.056.457,04	111.756.504,06	117.320.406,69	35.656.918,81	32.847.699,25	20.129.183,90	3.740.790,00
31/12/2012	136.546.285,85	151.895.416,40	288.441.702,25	114.575.807,74	111.134.832,70	33.826.442,35	31.157.639,71	18.255.129,12	3.740.790,00
31/12/2011	139.927.300,98	140.262.242,54	280.189.543,52	119.441.914,24	103.735.228,95	30.013.975,99	28.030.097,35	13.249.683,38	3.740.790,00

A graph of basic performance, as well as Company asset, capital and liability indicators as at 31 December 2021, and for the period 2011-2021



## Key financial performance indicators in 2021 and a comparison with 2020

In the difficult business conditions that continued in 2021 as well, especially in the first half of the business year, the Company realised business results which ensured stability, resilience and sustainability of its business activities, with poorer values of performance indicators, which the Company finds exceptionally successful considering the overall business conditions.

Indicator	2020	2021	Index 2021/2020	
<b>Financial stability, liquidity and indebtedness</b>				
Self-financing rate	73,02%	74,81%	1,025	Share of equity capital in total fund sources (i.e. in total liabilities & stockholders' equity).
The degree of indebtedness	26,98%	24,79%	0,919	Share of debt in total fund sources (i.e. in total liabilities & stockholders' equity).
Financial stability coefficient	0,99	0,95	0,962	Fixed assets to long-term sources ratio (shareholders' capital and reserves increased by long-term liabilities).
Accelerated liquidity coefficient	1,17	1,84	1,563	Ratio of current assets reduced by the stocks and short-term liabilities.
Current liquidity coefficient	1,22	1,87	1,532	Current assets to short-term liabilities ratio.
<b>Activity indicators</b>				
Ratio of total assets turnover	0,21	0,27	1,329	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	3,52	2,55	0,724	Total revenue to current assets ratio shows how many times a year the disposable current assets are used to generate total revenues.
<b>Business performance indicators</b>				
Cost effectiveness	1,01	1,24	1,230	Total revenue and total expenses ratio.
Profitability	1,05%	16,44%	15,728	Net profit/loss and total revenue ratio.
Return on assets	0,21%	4,48%	20,898	Annual rate of return on invested assets indicates the profit/loss and total asset ratio.
Share of EBITDA in total revenue	21,79%	36,19%	1,661	Earnings before interests, taxes, depreciation and amortization to total revenue ratio.
Share of EBIT in total revenue	5,75%	22,04%	3,833	Earnings before interests and taxes to total revenue ratio.

Composition of resources and sources of financing in the balance sheet as at 31 December 2021  
and share of operating revenue in sources of financing as at 31 December 2021

Indicator	Year 2020	Year 2021	Index 2021/2020
Share of fixed assets in the assets	94,17	89,31	94,84
Share of current assets in the assets	5,83	10,69	183,36
Share of capital in reserves and in liabilities	73,02	75,66	103,62
Share of long-term commitments in the liabilities	22,21	19,08	85,91
Share of short-term commitments in the liabilities	4,40	5,71	129,77
Share of operating revenue in equity and reserves	28,05	36,32	129,48
Share of operating revenue in long-term commitments	92,25	142,40	154,36
Share of operating revenue in total commitments	75,93	109,59	144,33
Share of operating revenue in liabilities	20,48	27,17	132,67

## Long-term loan liabilities as at 31/12/2021

	31/12/2021	31/12/2020	Index 2021/2020
<b>I LONG - TERM LIABILITIES (1+2+3+4)</b>	80.316.391,89 kn	89.636.221,04 kn	89,60
1.Long term loan of ERSTE & STEIERMAERKISCHE BANK d.d. Agreement: 511766121 (5.743.106,66 EUR)	37.549.387,41 kn	41.403.243,56 kn	90,69
2.Long term loan of ERSTE & STEIERMAERKISCHE BANK d.d. From HBOR-a Agreement:5114305381 (1.483.554,08 EUR)	9.681.133,50 kn	10.548.486,50 kn	91,78
3.Long term loan of ERSTE & STEIERMAERKISCHE BANK d.d. Agreement: 517663485 (4.733.333,46 EUR)	30.827.284,43 kn	33.916.042,13 kn	90,89
4.Long term loan of ERSTE & STEIERMAERKISCHE BANK d.d. Agreement: 5117936292 ( 600.000,00 EUR)	2.258.586,55 kn	3.768.448,85 kn	59,93
<b>II LOAN TERMS (1 + 2 +3+4)</b>			
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 16.666,62 EUR. Interest: fixed by 2,60%			
Financial long-term leasing	14.116.851,67 kn	16.212.587,89 kn	87,07
<b>TOTAL LONG-TERM LIABILITEIJS</b>	94.433.243,56 kn	105.848.808,93 kn	89,22

## OPERATING AND OTHER COSTS

Operating costs for 2021 amounted to HRK 86,041,331.79, representing an increase of 12.56% compared to the previous financial year. The increase in costs is a direct consequence of a significant increase in the volume of business activities, due to which the costs of raw materials and supplies grew by 54%, the costs of outsourced services by 14% and the cost of gross salaries by 11%.

## FINANCIAL EXPENSES

The financial expenses in 2021 totalled HRK 3,362,161.27, and recorded a decrease of HRK 1,237,206,49, or 26.90% compared to 2020.

## LIQUIDITY

One of the main goals of the Company in the significantly changed business circumstances and due to the lack of catering and tourism activities caused by the global COVID-19 pandemic was to maintain current liquidity for the duration of the global pandemic in terms of which the Company undertook activities to diversify and secure new sources of financing to overcome the said period, and implemented activities aimed at the maximum reduction and optimisation of all operating costs to those necessary and indis-

pensable, and actively cooperates with all significant creditors in settling current liabilities at the time of the global pandemic.

Additionally, in 2020, the Company concluded the Annex to the Loan Agreement with Erste&Steiermärkische Bank d.d., which postpones the payment of all overdue liabilities and liabilities maturing in the period from 1 April 2020 to 30 April 2021, for the principal of long-term and short-term loans for a period of one year. Deferral of payments of all liabilities due in respect of the principal of the long-term loans expired in April 2021.

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

The Company concluded a Loan Agreement for Permanent Working Capital and a Short-term Limit Agreement with Erste&Steiermärkische Bank d.d. in June 2021 in order to strengthen its current liquidity, if necessary, which it did not use in the reporting period.

## SHARE DISTRIBUTION

There was no share distribution in 2021.

## EARNINGS PER SHARE

Earnings per share amounted to HRK 9.22 in the reporting period.

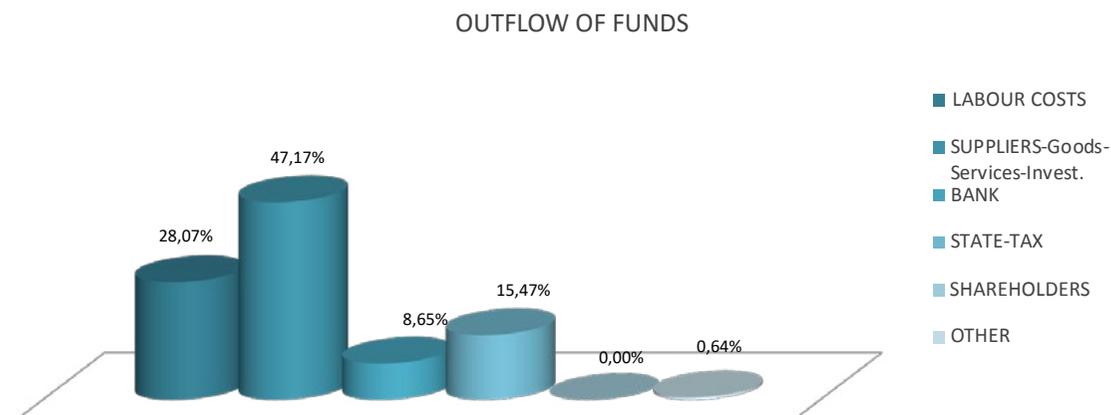
## COLLECTION OF FUTURE REVENUE

There is only a partial difficulty in the collection of outstanding receivables and those that are yet to mature. Therefore, the Company actively monitors and manages both future trade receivables and trade receivables existing at the moment the COVID-19 pandemic was declared. The Company seeks to collect the receivables in the most appropriate manner, taking into account aggravated circumstances and applying measures of payment in instalments where possible, but it also undertakes compulsory collection measures, including the activation of collaterals to collect its claims.

## 7.2 FINANCIAL RESULTS AT COMPANY LEVEL:

### 7.2.3 COMPANY CASH FLOW

Cash flow for the period 01/01-31/12/2021



INFLOW OF FUNDS (HRK)	12/2020	12/2021	Structure
OPERATING ACTIVITIES	112.614.033,81	156.004.039,60	96,61%
BANK	7.143.546,79	0,00	0,00%
OTHER	14.580.892,72	5.468.584,04	3,39%
<b>TOTAL</b>	<b>134.338.473,32</b>	<b>161.472.623,64</b>	<b>100,00%</b>

OUTFLOW OF FUNDS (HRK)	12/2020	12/2021	Structure
LABOUR COSTS	34.382.526,75	38.384.222,74	28,07%
SUPPLIERS-Goods-Services-Invest.	60.523.883,33	64.495.148,03	47,17%
BANK	13.799.103,62	11.834.156,29	8,65%
STATE-TAX	14.441.459,59	21.147.002,72	15,47%
SHAREHOLDERS	2.968,00	0,00	0,00%
OTHER	828.246,01	875.328,34	0,64%
<b>TOTAL</b>	<b>123.978.187,30</b>	<b>136.735.858,12</b>	<b>100,00%</b>

\*Note:

Other flows in 2021 include:

1 Support from the Job Retention Scheme of the Government of the Republic of Croatia in the amount of HRK 4,951,862.82

2 Other flows in the amount of HRK 516,721.22

## 8 ADDITIONAL INFORMATION

### 8.1 SIGNIFICANT EVENTS

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

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

- The General Assembly took note of the Annual Report for 2020, comprised of Annual Financial Statements, for 2020 (non-consolidated), that is, of the statement of financial position (balance sheet), income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes accompanying the financial statements. The General Assembly took note of the Statement on the Application of Corporate Governance Code, Company Management Report / Management Board Annual Report on the Company's Situation, Statements by the Company Representation, Company's Auditor Report for 2020, Report of the Supervisory Board on the Performed Supervision of the Company's Operations for 2020, and Management Board's Report on the Acquisition of Own Shares for 2020,

In addition, the following decisions were made at the General Assembly:

- Decision on the Allocation of Profit of Ilirija d.d. for the financial year 2020, based on which the profit realised in the financial year 2020, amounting to HRK 1,021,879.54 after tax, shall be allocated into the retaining profit:
- Decision on Granting Discharge to the Company's Management Board,

- Decision on Granting Discharge to the Members of the Supervisory Board for the performed supervision of the Company's business,
- Decision to Elect a Member of the Supervisory Board with which Mr Goran Medić from Zadar, Ive Senjanina 12c, PIN: 54770742757. The term of the Supervisory Board member started on 21 June 2021, with the possibility of re-appointment, and
- Decision on the endorsement of the receipts report

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

At the meeting held on 27 May 2021, the Supervisory Board gave its consent to the Company Management Board for the conclusion of the Loan Agreement for Permanent Working Capital and the Short-term Limit Agreement with Erste&Steiermärkische Bank d.d.

At the Extraordinary General Assembly held on 24 September 2021, the following decisions were adopted:

- New members of the Supervisory Board, i.e. the four existing members of the Supervisory Board, were elected for a new term (Davor Tudorović, David Anthony Tudorović, Prof. Darko Prebežac, PhD and Prof. Siniša Petrović, PhD), whose term starts on 18 December 2021.
- The Decision on the remuneration of Supervisory Board members was adopted.
- The certified auditing company UHY Rudan d.o.o. from Zagreb was awarded the audit work for 2021. from Zagreb.

On 20 December 2021, the constituent session of the Supervisory Board of the Company was held. The Supervisory Board consists of Davor Tudorović, David Anthony Tudorović, prof.dr.sc. Siniša Petrović and prof.dr.sc. Darko Prebežac. Goran Medić was elected Chairman of the Supervisory Board and David Anthony Tudorović Deputy Chairman of the Supervisory Board.



## 8.2 LEGAL MATTERS

"Tennis Centre Ilirija" real estate in Biograd na Moru, cadastral plot number 3232, in the Cadastral Municipality of Biograd na Moru, surface area of 48705 m<sup>2</sup> was allotted 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. Ilirija had built 20 tennis courts on that land until 1990, including locker rooms, a catering facility, ancillary roads, parking space and complete infrastructure, and the land together with the ancillary facilities was assessed and included in the Company's share capital during the process of transformation. Pursuant to the transformation 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 Biograd na Moru in 2006, the entry in the previous land registry was changed and ½ of the co-ownership share of Ilirija d.d. was removed, and the Town of Biograd na Moru was for the first time entered as the co-owner of the subject share. 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, which came to our attention on 18 January 2022, the first-instance and second-instance judgments were set aside and the case was remanded for a retrial to determine whether the facilities have been constructed, i.e. whether "more comprehensive works" have been performed on the property concerned, which is indisputably the case in our opinion. In further proceedings the Company will continue to assert its right of ownership over the real property, which represents an equipped complex of tennis courts with auxiliary facilities that has been in the possession and ownership of Ilirija d.d. for over 30 years.

By the Decision of the Constitutional Court of the Republic of Croatia No. U-III-4392/16 of 5 July 2017, the Constitutional Complaint of the Company was adopted, and the sentence of the Supreme Court of the Republic of Croatia was set aside. The sentence set aside rejected the review of Ilirija d.d. in the case pertaining to the compensation of damages against the town of Biograd na Moru, for the purpose of conversion of the real estate "Primorje" from a construction area into the so-called "Area with landscape features", and the case was referred back to the Supreme Court of the Republic of Croatia.

The sentence of the County Court in Zadar, No. 6 Gž751/162 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 Unevaluated Construction Land came into force, thus repealing the Act on Tourist and Other Construction Land not Evaluated During the Transformation and Privatisation Process. According to the new Act on Non-Evaluated Construction Land provides that buildings and land in the campsite which are evaluated in the value of the capital, are owned by the company, whereas campsite land not evaluated in the value of the capital is owned by the Republic of Croatia. On 5 March 2021, within the legally prescribed deadline, Ilirija d.d. submitted to the competent Ministry of Physical Planning, Construction and State Property of the Republic of Croatia a request for a decision under Art. 17 of the Act on Unevaluated 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 the Lease Agreement between the Republic of Croatia and Ilirija d.d. for a period of 50 years. The proceedings are pending.

The predecessor of the Company was allotted the maritime domain for permanent use by the Municipal Assembly of Biograd na Moru for the purpose of constructing a sport port or marina (1976) and an outdoor swimming pool with a beach facility (1986) in Biograd na Moru. In accordance with the valid building and use permits, the Company built the Hotel Port Ilirija – Kornati (1977-1979) and an outdoor swimming pool with beach facilities (1988), which investments were evaluated and entered in the value of the socially-owned capital of Ilirija d.d. during the process of transformation. The aforementioned permanent right to use the maritime domain was replaced in 1998 with a limited period concession, and in accordance with the Decisions of the Zadar County on the award of the concession on the maritime domain, the Maritime Domain Concession Agreement was concluded for the purpose of commercial use of the special purpose port - nautical tourism port for a period of 12 years (until 2011) as well as the Maritime Domain Concession Agreement for the purpose of commercial use of the outdoor swimming pool for a period of 10 years (until 2008). Prior to the expiry of the concession for the nautical tourism port – the Ilirija-Kornati hotel port and the outdoor swimming pool with a beach facility, Ilirija d.d. submitted the applications for extending the term of the concession by 20 years, i.e. a total of 30 years. Until the decision is adopted

regarding the application for extending the concession term and the legal resolution of the legal issues related to transformation and legal investments of capital in the maritime domain, Ilirija d.d. duly pays into the budget of the Republic of Croatia the fees for the use of the maritime domain.

During the transformation process, the property Dražice – Mini Golf was evaluated and entered in the value of the socially-owned capital for the part with the surface area of 9752 m<sup>2</sup>, the part which Ilirija d.d. has been using uninterruptedly for the purposes of the parking lot and the entertainment and animation centre, and accordingly holds in its possession, while for the rest of the land of approximately 46,000 m<sup>2</sup>, 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 judgment has been rendered in this case.

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

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## 8.3 INVESTMENTS IN 2021

Due to the fact that the financial year took place in significantly more difficult business conditions, especially in the first half of the financial year due to the global pandemic of the disease COVID-19, with extremely negative effects and consequences on the hospitality and tourism sector, the Company, despite the above, made investments totalling HRK 10,844,315.13 in accordance with the Investment Plan for 2021. Starting from the third quarter of the financial year, the Company initiated the investment cycle in the "Park Soline" campsite, the City Galleria Business and Shopping Centre and the hotel sector, where part of the investments is intended for the preparation of facilities for the next financial year.

The purpose of the investments in the camping sector is to increase accommodation capacity and quality of the facilities by setting up a new area containing high-quality glamping deluxe holiday homes with the associated infrastructure, landscaping and other related facilities. In the real estate sector, i.e. the City Galleria Business and Shopping Centre, investments were aimed at maintaining the existing quality of service and facilities, i.e. partial reconstruction of the roof, that is, replacement of the existing polycarbonate roof above the outdoor square of the centre, while in the hotel sector in the fourth quarter of the financial year, the reconstruction and significant expansion of the wellness centre located on the fifth floor of the Ilirija Hotel was initiated.

Additionally, in December 2021, the Company bought a plot of land with the surface area of 9,600 m<sup>2</sup> 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.

## 8.4 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 m<sup>2</sup> 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 m<sup>2</sup> 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.

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## 8.5 EMPLOYMENT, LABOUR COSTS AND SALARIES

Despite the difficult business conditions in the first half of the financial year, the Company undertook a number of activities with regard to its personnel policy and human resources management in order to retain highly qualified and professional employees at all levels, namely with the aim of preserving standards, the quality of its services, and business process stability. Consequently, the Company retained full employment since the declaration of the pandemic, with 268 employees as at 31 December 2021, of which 242 are actively performing their duties. At the end of high season, the Company retained additional employees in order to create the preconditions for orderly and smooth performance of business processes, i.e. to preserve the optimum personnel structure and employment.

Labour costs for the reporting period and other costs related to material employee rights amounted to HRK 37,510,423.45, constituting a 10% increase compared to the previous year, and a 24% decrease compared to 2019. With regard to labour costs and salaries, despite the exceptionally difficult business conditions and uncertainty in the first half of the financial year, the Company tried to maintain its long-term business stability and keep labour costs at the level that is standard for the field of tourism and hospitality.

In addition, the significant increase in business activity in the third quarter of the financial year, namely from the second half of July to the end of September, and the business activity volume that approached the normal, pre-pandemic one, whose intensity decreased significantly in the last quarter of the financial year with the worsening of the epidemiological situation, influenced the Company to increase allocations for salaries. Thus, the average net salary in the Company reached the average net salary at the level of the Republic of Croatia during the last quarter. After salary adjustments, the minimum net salary amounted to HRK 5,100.00.

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

Since 2020, the Company has been participating in the Reporting programme on the study of medium and small enterprises listed on the stock exchanges of nine European countries (Bulgaria, Croatia, North Macedonia, Romania, Serbia, Slovenia, Estonia, Latvia and Lithuania), launched by the European Bank for Reconstruction and Development. The project is aimed at increasing the availability of researching the listed small and medium enterprises, increasing the level of transparency in the reporting process by producing reliable and independent reports, developing the capital markets of the participating countries, on the one hand, and increasing the investment opportunities in the participating companies, on the other hand.

Wood & Company Financial Services, an investment bank having its registered office in Prague, was selected as part of the project aimed at drawing up independent reports for all companies. On the website of the Research Centre for Listed Small and Medium Enterprises, (The Listed SME Research Hub) [www.listed-sme.com](http://www.listed-sme.com), three reports were published for Ilirija d.d. as at 31 December 2021, namely always with the recommendation to buy the Company's stocks. The last report for Ilirija d.d., dated 20 December 2021 and entitled "On the right track to full recovery", was published with said recommendation to purchase stocks.

## 8.7 OCCUPATIONAL HEALTH AND SAFETY

The Safety Service within the Company is divided into health control, occupational health and safety, fire protection and environmental protection, namely with the aim of providing maximum safety to its guests and employees, providing the right conditions for the provision of high-standard and quality services, and complying with the sustainability principle as a key foundation for long-term and stable development and growth of the Company. Consequently, with regard to occupational health and safety, the Company bases its system on:

- 1) monitoring all applicable legal regulations and ordinances in that field and alignment with them.
- 2) drawing up and implementing own policies, including the environmental and the quality management policy,
- 3) drawing up annual plans and activities for each area,
- 4) implementing domestic and international standards, and
- 5) continuously training key stakeholders.

### Health control

Since the declaration of the pandemic, the Health Control followed the recommendations and measures of the Institute of Public Health and decisions of the Civil Protection Headquarters and implemented these into its operational processes in order to create a safe destination for the guests and a safe working environment for the employees. The activities and ta-

sks of the Health Control with regard to operational processes in 2021:

#### **1) Monitoring, implementation, application and control of COVID measures and recommendations of competent authorities, as well as the drawing up of internal protocols**

High quality and service standards applied so far have been further improved, and the necessary steps have been taken to improve hygiene and health standards for the purpose of ensuring the health and safety of guests and a healthy and safe work environment, namely at the level of all sectors, profit centres, and their departments.

In all facilities, the Company implemented and complied with the general measures concerning the prevention of the transmission of infections, namely through the implementation of said measures and recommendations via the internal Protocol on Health, Hygiene and Safety Standards, further strengthened by implementing the measures pertaining to the Safe Stay in Croatia national safety label, regular staff training regarding hygienic measures and procedures, informing, i.e. introducing guests to internal protocols (website, social media, notices within the facility, etc.), digitization of certain services, enhanced security protocols with regard to handling, preparation and serving of food, cleaning and disinfection of premises and contact areas, and the adjustment of capacities having the prescribed epidemiological measures in mind.

## 2) Health safety of foodstuffs and general use items

In 2021, the HACCP certification was obtained in all hospitality facilities according to the Codex Alimentarius standard, with the HACCP system being used as a control/supervisory system for critical control points in foodstuff handling procedures. Conducting regular controls of the hospitality facilities (restaurants, bars and kitchens) by revising all processes, analysing potential hazards, identifying control and critical work points, controlling staff hygiene, implementing DDD measures, controlling the health safety of water, and continuously training employees.

In 2021, the sanitary inspection of the State Inspectorate conducted five supervisory controls of food production facilities, which included controls of the implementation of COVID measures in all accommodation units. All supervisions confirmed that the facilities operated in accordance with the law.

## 3) Hygiene of accommodation and sanitary facilities

Conducting regular controls or inspections of accommodation facilities and sanitary facilities, keeping records thereof, and continuous staff training in house-keeping departments.

## 4) Health safety of swimming pool water

At the operational level, while swimming pool bathing areas were open, water quality parameters were con-

trolled daily (chlorine concentration and water pH), records on the maintenance and control of swimming pool hygiene were kept, sanitation procedures were implemented in accordance with the Cleaning Plan for swimming pool bathing areas and the engine room, swimming pool water was regularly sampled by an authorised laboratory, measures for hyperchlorination of pool water were regularly implemented in order to maintain its health safety, the staff were trained how to handle of chemicals, and water consumption was monitored.

## 5) Wellness hygiene

Regular health safety controls of jacuzzi tub water were carried out along with filter hygiene controls, water disinfection procedures, controls of general use items, controls and declaration of products used, employee training, and control of ionizing radiation measurements of solarium and infrared cabins by an authorised company.

**6) Implementation and control of the application of domestic and international standards pertaining to the field of health control (Safe Stay in Croatia, HACCP, ISO 9001:2015 quality management system, Company – Friend of Health).**

## Environmental protection

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 and the foundation of sustainable and responsible tourism development. In 2021, the Company worked on continuing with the improvement of its environmental management system, as well as of sanitary, economic and working conditions, namely for the purpose of environmental protection, conservation and pollution prevention, i.e. for the purpose of minimizing pollution, managing all natural resources rationally, and reducing negative impacts of the Company's activities on the environment, natural resources and cultural heritage.

Activities and tasks pertaining to environmental protection with regard to operational processes in 2021:

### 1) Waste management

Waste management activities at the Company's facilities included the prevention of pollution caused by the generation and improper handling of hazardous and non-hazardous waste, keeping a logbook on the generation of all types of non-hazardous and hazardous waste, waste oils, waste batteries and accumulators, keeping orderly records of consignment notes, reporting annual quantities of non-hazardous and hazardous waste to the Croatian Environment Agency (ROO register) for 2020, controlling proper waste sorting in the field, employee training, labelling and controlling the state of containers for hazardous

and non-hazardous waste, working with authorised waste disposal companies, monitoring and adjusting business processes to the legislation pertaining to the field of sustainable waste management, and constantly revising legally required documentation related to waste, primarily waste management plans and relevant regulations.

## 2) Waste waters

The destination for all waste waters produced in the Company's facilities is the public sewerage system. Said waste waters first undergo a treatment process. The waters generated at the ship-cleaning facility in the Marina Kornati go through a physical and chemical purifier prior to being discharged, after which their quality is controlled by an authorised laboratory in accordance with the water rights permit. A new water rights permit for the Marina Kornati was obtained at the beginning of 2021. Moreover, the issue of collection, treatment and discharge of waste waters in the campsite is addressed by connecting all of the buildings within the "Park Soline" campsite via a gravity or pressure sewer to the city sewer. In the reporting period, the Company obtained a new water rights permit for the wellbore at the "Park Soline" campsite.

The company has dedicated great attention to reducing the consumption of drinking water by using its own drinking water source (a wellbore with a valid water rights permit), as well as to irrigate horticultural areas of the campsite.

## 3) Air

Air pollutant emissions (carbon dioxide, carbon monoxide, nitrogen and sulphur oxides) from stationary sources or boiler rooms are measured every two years by an authorised company. The comparison of the results obtained by measuring emissions with the prescribed limit values has proven that, based on such measurements carried out in 2021, all combustion plants meet the provisions of Art. 90 of the Regulation on limit values for emissions of air pollutants from stationary sources (OG 87/2017). In addition, the quantities of consumed refrigerating gases (freon), the consumption of fuel in boiler rooms, as well as the cleaning and certification of air conditioning and ventilation systems are also regularly controlled. In cooperation with the Technical Service, boiler rooms are controlled and technological improvements are considered for the purpose of reducing emissions of air pollutants into the atmosphere, as well as monitoring of and adapting to the new legislation pertaining to the field of air protection.

## 4) Use of hazardous chemicals

The Company uses hazardous chemicals to maintain the health safety of hotel swimming pool water and to treat technological waste waters in the Marina Kornati, as well as in housekeeping departments, kitchens, and the wellness area, where chemicals, i.e. disinfection products are also used. Therefore, activities aimed at reducing the amount of chemicals

used were conducted at the operational level, and employees were trained to handle hazardous chemicals and control chemical consumption in hotel swimming pools.

## Occupational health and safety

All activities pertaining to occupational health and safety were carried out in accordance with the legislation applicable to the field of occupational health and safety and the Plan of Occupational Health and Safety Measures of Ilirija d.d., namely with continuous monitoring of new regulations, their implementation and employee training regarding those matters.

In 2021, the following activities pertaining to occupational health and safety were conducted:

- Employee training, information and consultation, keeping records and documents, providing information, ensuring the protection of non-smokers, and prohibition of use of alcohol and other addictive substances, all in accordance with the legislation.
- Keeping records of employees who suffered an injury or became ill at work. During the financial year 2021, the rate of injuries at work amounted to 1.76%, i.e. four minor injuries occurred over the whole reporting period.
- Employees at high-risk positions had regular occupational medicine check-ups, with 23 em-

employees undergoing such a check-up in 2021.

- Monitoring, implementation and control of measures and recommendations of the competent civil protection headquarters pertaining to occupational health and safety. The Head of Occupational Health and Safety and Fire Protection of Ilirija d.d. is also a member of the Civil Protection Headquarters of the town of Biograd na Moru.
- Testing of the equipment and working environment by an authorised company, testing of all machines and devices used for high-risk work, electrical and lightning protection installations and the working environment, instructing employees to perform periodic and daily monitoring of the correct functioning of equipment.
- In accordance with the legal regulations, the Company provided its employees with occupational medicine services at an authorised health care institution providing such services (the Zadar County Health Centre), namely in order to provide them with the health surveillance appropriate to the hazards, dangers and strains they were exposed to during work for the purpose of preserving their health. During 2021, 18 periodic employee health check-ups were performed for employees at positions involving special working conditions, namely in addition to additional annual sanitary employee examinations at the Institute of Public Health.
- Activities aimed at training employees to perform their work activities safely, namely according to the training program based on a previously drawn-up risk assessment. The programme includes all hazards, dangers and strains identified by the risk assessment, as well as the methods for eliminating them. During 2021, 12 employees were trained to work safely.
- Implementation of occupational health and safety measures in order to improve working conditions, as well as prevent injuries at work, occupational illnesses, and other work-related illnesses, and protect the working environment, including the following technical and organisational measures: testing of machines and devices for high-risk work, as well as of electrical installations, lightning protection (lightning conductors), microclimate and lighting in accordance with the regulations for each area, checking the fire extinguishers, checking the correct functioning of the hydrant distribution system, as well as the correct functioning of the fire alarm and extinguishing system, checking the presence of fire extinguishing equipment in hydrant cabinets; checking the instructions for work in a safe manner and indications of danger, and internally checking if the occupational health and safety rules are applied.
- Training activities were carried out in order to train employees to provide first aid, and use instruments and equipment safely.
- Conducting evacuation and rescue drills in the framework of implementing fire protection and rescue measures for employees, which are required to be conducted every two years in accordance with legal regulations. The Company conducts evacuation and rescue drills every year. During 2021, four such drills were held in four different sectors of the Company.
- Activities of the Occupational Safety Committee which, in 2021, in order to improve the occupational health and safety situation, planned and supervised the application of rules pertaining to the field of occupational health and safety, organised the performance of occupational health and safety activities, provided information and conducted trainings related to occupational health and safety, and carried out prevention measures for work-related risks and its impacts on the health and safety of employees.
- Every year, the Company tests electrical installations in buildings intended for work. Employers are required to test them at least once every four years. Such testing is performed by an authorised company.
- All prescribed testing of work equipment (machines, devices, plants, and instruments used for the transfer and transport of loads) were carried out, and compliance with the prescribed Occupational Health and Safety Act was established for the work equipment.

In 2021, 3 inspections of the implementation of occupational health and safety measures were carried out, and it was established that occupational health and safety measures were being properly implemented.

### Fire protection

In order to protect persons and property from fire, the Company implements measures and actions to eliminate fire causes, prevent the occurrence and spreading of fires, detect and extinguish fires, determine fire causes, and provide assistance in eliminating the consequences of fires.

In 2021, the following activities pertaining to occupational health and safety were conducted:

- The Company was actively involved in the implementation of the programme of activities aimed at implementing special fire protection measures in 2021, namely by complying with the guidelines issued by the county fire fighting commander and the Biograd Public Fire Brigade.
- The Department of Protection requested the updating of data on the public hydrant distribution system (regarding the position and correct functioning of hydrants) from the water distributor of the Town of Biograd na Moru.
- Provision of the equipment required for fire

protection, and thus also of a sufficient number of fire extinguishers. In 2021, the Company installed 382 fire extinguishers in its facilities, namely 22% more than in the previous year. There were no firefighting interventions during the reporting period.

- Daily monitoring of the implementation of fire protection measures by the manager and/or employees at the facilities. Periodic monitoring of the implementation of fire protection measures by direct managers and the Head of the Fire Safety and the Occupational Health and Safety Department was also performed.
- As for inspections pertaining to fire protection, an external inspection was performed by the fire protection inspection service of the Ministry of the Interior of the Republic of Croatia, and it was established that fire protection measures were being properly implemented.



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## 8.8 OTHER

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

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

### MERGERS AND ACQUISITIONS

There were no mergers and acquisitions.

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## 8.9 NOTES

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

Goran Ražnjević,  
President of the Management Board

**ILIRIJA** dioničko društvo  
za ugostiteljstvo i turizam  
Biograd na Moru



# **ILIRIJA d.d., Biograd na Moru**

Management Board's Report and 2021 Annual Financial  
Statements, including the Independent Auditor's Report

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**STATEMENT OF PERSONS RESPONSIBLE FOR PREPARING THE ANNUAL REPORTS OF ILIRIJA d.d.**

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**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 10 February 2022, as is confirmed by the signature.

ILIRIJA d.d.  
Tina Ujevića 7  
Biograd Na Moru

Signed on behalf of the Company's Management Board



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Goran Ražnjević, member of the  
Management Board

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE COMPANY ILIRIJA d.d.

### Audit report on the annual financial statements

#### Opinion

We have performed an audit of the annual financial statements of ILIRIJA d.d. (Company), which include the statement of financial position (balance sheet) as at 31 December 2021, statement of comprehensive income, cash flow statement, statement of changes in equity for the then completed year as well as notes accompanying the financial statements, including a summary of significant accounting policies.

In our opinion, the enclosed annual financial statements provide a *true and fair* overview of the Company's financial position as at 31 December 2021, its financial performance and cash flow for the then completed year in accordance with the Accounting Act and International Financial Reporting Standards (IFRS) established by the European Commission and published in the Official Journal of the European Union.

#### Basis for opinion

We have conducted the audit in accordance with the Accounting Act, the Audit Act and the International Standards on Auditing (ISAs). Our responsibilities under these standards are described in detail in our Independent Auditor's Report in the *section on the auditor's responsibilities for the audit of annual financial statements*. We are independent from the Company in accordance with the Code of Ethics for Professional Accountants (IESBA Code) and have fulfilled the 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 issues

Key audit issues are issues that, in our professional opinion, were of principal importance to the audit of the current period's annual financial statements and include the identified most significant risks of material misstatement due to error or fraud having the greatest impact on our audit strategy, deployment of our available resources and the hours worked by the audit team engaged. We have addressed these issues in the context of our audit of the annual financial statements as a whole and in forming our opinion on them, and we do not provide a separate opinion on said issues.



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 land use conditions that was not included in the Company's share capital in the process of transformation and privatization have, so far, been defined by the Act on Tourist and Other Construction Land not appraised in the transformation and privatization process(OG 92/10) on the basis of which the Company submitted an application for a concession for a period of 50 years. On 2 May 2020, the new Act on Unappraised Land (OG 50/2020) entered into force. In accordance with the provisions of the Act on Unappraised Land, the Company submitted a request to the Ministry of Physical Planning and State Assets to issue a decision under Article 17 of the Act for concluding a lease agreement for 50 years for Camp Park Soline in Biograd na Moru. As of the date of issue of financial reports for 2021, the Regulation on the unit amount of rent has not been adopted yet and the lease agreement has not been concluded. 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.</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"> <li>➤ <b>Understanding of the Company's accounting policies related to the measurement of the subject assets;</b></li> <li>➤ <b>Assessment of the reasonableness of the key assumptions for valuing investments on the subject assets;</b></li> <li>➤ <b>Review of input data for the purpose of testing the completeness and accuracy of recording the increase in investment in the subject assets;</b></li> <li>➤ <b>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;</b></li> <li>➤ <b>Review of the Company's report on significant legal issues and assessment and status of legal disputes received from external attorneys;</b></li> <li>➤ <b>Assessment the adequacy of related disclosures in annual financial statements and compliance with IFRS.</b></li> </ul>



<p>As of the date of issuing the financial reports for 2021, the request for the extension of the concession has not been decided yet.</p> <p>All investments in the mentioned lands are recorded by the Company as its own assets.</p> <p>Due to the above and significant future effects on the financial statements, the investment in land not owned by the Company was identified as a key audit matter. For further information see note 7 (Property, plant and equipment).</p>	
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#### Other Matter

The Company's financial statements for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 16 February 2021.

#### Other information in the Annual Report

Management is responsible for other information. Other information contain information included in the Annual Report, but do not include the annual financial statements and our independent auditor's report thereon.

Our opinion on annual financial statements does not cover other information, except to the extent explicitly stated in the section of our independent auditor's report titled *Report on other Legal and Regulatory Requirements* and we do not form any kind of conclusion with an expression of assurance on them.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and consider whether other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit or otherwise appear to be materially misstated. If, based on work performed, we come to conclusion that the other information is materially misstated, we are required to report that fact. 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 IFRSs adopted by the European Commission and published in the official journal of the European Union, 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.

Commercial Court in Zagreb, Company Register Number: 080006795, TIN: 71799539000  
 Management Board: mr. sc. Dragan Rudan; 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

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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 independent 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 independent 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 independent 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, related safeguards.

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 independent 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**

##### ***Report based on the provisions of the Regulation (EU) No 537/2014***

- 1) We were appointed by the General Assembly on September 24, 2021 based on the proposition of the Supervisory Board to perform the audit of the annual financial statements for the year 2021. At the date of this report, we have been continuously appointed for performing statutory audits of the Company for one year in total.
- 2) Except for matters stated in our auditor's report as Key Audit Matters under the subtitle *Report on the Audit of the Annual Financial Statements*, we have nothing to report in relation to item (c) of art. 10 of the Regulation (EU) No 537/2014.
- 3) Our statutory audit of the annual financial statements of the Company for the year 2021 enables us to uncover irregularities, including fraud, compliant to Section 225 *Responding to Non-Compliance with Laws and Regulations* of the IESBA Code that requires us to consider while performing our audit engagement, has the Company complied with laws and regulations that are generally acknowledged to have a direct effect on determining significant amounts and disclosures in its annual financial statements, as well as other laws and regulations that do not have a direct effect on determining significant amounts and disclosures in its annual financial statements, but the compliance with which can be crucial for the operating aspects of the Company performance, its ability to continue as a going concern or to avoid significant fines.

Except in the case we encounter, or are made aware of, non-compliance of any of the before mentioned laws or regulations that is clearly inconsequential, judged by their nature and their impact, financial or otherwise, on the Company, its stakeholders and the general public, we are required to inform the Company and ask for the case to be investigated and temporary measures taken to resolve the irregularity and mitigate the reappearance of those irregularities in the future.

If the Company does not correct the irregularities that caused misstatements in the audited annual

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Management Board: mr. sc. Dragan Rudan; Share capital HRK 1,000,000.00 paid in full;  
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financial statements at the date of the audited balance sheet, with those irregularities being cumulatively equal or higher than the materiality amounts for the financial statements as a whole, we are required to modify our opinion in the independent auditor's report.

In our audit of the annual financial statements of the Company for the year 2021 we determined the materiality for the financial statements as a whole in the amount of HRK 1.366.573, that represents 1% of *total income*. The main users of the financial statements are the Company's shareholders. Given that the main focus of shareholders is on revenues, the growth of which allows the payment of dividends and further investment, we consider the chosen basis for calculating materiality appropriate.

Our audit opinion is consistent to the Additional Report with the Audit Committee of the Company prepared according to the provisions of the art. 11 of the Regulation (EU) No 537/2014.

- 4) In the period from the beginning date of the audited annual financial statements of the Company for the year 2021 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 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 the provisions of the Accounting Act**

1. In our opinion, based on work performed during our audit, the information in the accompanied management report of the Company for the year 2021 is in accordance with the accompanied annual financial statements of the Company for the year 2021.
2. In our opinion, based on work performed during our audit, the accompanied management report of the Company for the year 2021 is prepared in accordance with the Accounting Act.
3. Based on our knowledge and understanding of the Company's operations and its environment acquired during our audit, we did not establish that material misstatements exist in the management report of the Company.
4. In our opinion, based on work performed during our audit, the Statement of Application of the Corporate Governance Code, included in the Company's Annual Report for the year 2021, is in accordance with requirements specified in article 22, para. 3 and 4 of the Accounting Act.
5. The Statement of Application of the Corporate Governance Code, included in the Company's Annual Report for the year 2021, includes information specified in article 22, para. 1, 2, 5 and 6 of the Accounting Act.



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

We have conducted a reasonable assurance engagement on whether the financial statements, as contained in the attached electronic file

[ILIRIJA\_dioničko\_društvo\_za\_ugostiteljstvo\_i\_turizam\_20220218\_eng], 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 in ESEF format
- 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) non-compliance 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 labeled elements comply with the common labeling 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 2021, contained in the above 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 the ESEF Regulation.

Further to this conclusion as well as opinion contained in part of this report related to accompanying financial statements and annual report for the year ended 31 December 2021, 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 on the audit resulting in this independent auditor's report is Dragan Rudan.

Zagreb, 18 February 2022

### ***UHY RUDAN d.o.o. for tax consulting and auditing***

Ilica 213

10 000 Zagreb

Republic of Croatia

Mr. sc. Dragan Rudan

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

Director and statutory auditor

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

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

As at 31/12/2021

*(All amounts are provided in thousands of HRK)*

	Note	31/12/2021	31/12/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	6	196	91
Property, plant and equipment	7	363,592	370,845
Investment property	8	78,194	77,927
Investments in subsidiaries	9	38	39
<b>Total non-current assets</b>		<b>442,020</b>	<b>448,902</b>
<b>Current assets</b>			
Inventories	10	998	1,060
Receivables and prepayments	11	3,069	3,351
Current financial assets	12	45,080	0
Cash	13	3,736	23,357
<b>Total current assets</b>		<b>52,883</b>	<b>27,768</b>
<b>TOTAL ASSETS</b>		<b>494,903</b>	<b>476,670</b>
<b>PRINCIPAL AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	14	229,146	229,146
Own shares	14	(1,171)	(1,171)
Capital reserves		2,932	2,932
Reserves	15	38,577	38,577
Retained profit		100,760	78,588
<b>Total shareholders' equity</b>		<b>370,244</b>	<b>348,072</b>
<b>Non-current liabilities</b>			
Borrowings	16	94,433	105,849
<b>Total non-current liabilities</b>		<b>94,433</b>	<b>105,849</b>
<b>Short-term liabilities</b>			
Trade and other payables	17	14,157	11,910
Borrowings	16	14,118	9,076
Other payables	18	1,951	1,763
<b>Total current liabilities</b>		<b>30,226</b>	<b>22,749</b>
<b>Total liabilities</b>		<b>124,659</b>	<b>128,598</b>
<b>TOTAL PRINCIPAL AND LIABILITIES</b>		<b>494,903</b>	<b>476,670</b>

The following notes form an integral part of these financial statements

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

As at 31/12/2021

*(All amounts are provided in thousands of HRK)*

	Note	31/12/2021	31/12/2020
Revenues from sales	19	128,516	90,005
Other operating revenues	20	5,955	7,636
<b>Operating revenue</b>		<b>134,471</b>	<b>97,641</b>
Costs of raw materials, materials and energy	21	(17,124)	(11,096)
Costs of services	22	(18,486)	(16,262)
Staff costs	23	(35,989)	(31,818)
Depreciation of intangible assets	6	(35)	(214)
Depreciation of property, plant and equipment	7	(17,209)	(14,238)
Depreciation of investment property	8	(1,824)	(1,221)
Other operating costs	24	(14,443)	(17,268)
<b>Operating expenses</b>		<b>(105,110)</b>	<b>(92,117)</b>
<b>Operating profit</b>		<b>29,361</b>	<b>5,524</b>
Net financial expenses	25	(3,002)	(4,502)
<b>Profit before tax</b>		<b>26,359</b>	<b>1,022</b>
Corporate income tax	26	4,187	0
<b>Net profit for the current year</b>		<b>22,172</b>	<b>1,022</b>
Other comprehensive income		0	0
<b>Total comprehensive income for the period</b>		<b>22,172</b>	<b>1,022</b>
Earnings per share – basic (in HRK)	27	9.22	0.42

The following notes form an integral part of these financial statements

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

As at 31/12/2021

*(All amounts are provided in thousands of HRK)*

	31/12/2021	31/12/2020
<b>Business activities</b>		
Cash inflow (outflow) generated from operations (note 28)	44,098	22,478
<b>Investment activities</b>		
Acquisition of intangible non-current assets	0	0
Procurement of property, plant and equipment	(10,176)	(11,407)
Procurement of investment property	(2,090)	(2,479)
(Increase)/decrease in current financial investments	(45,077)	1,198
<b>Net cash outflow used for investment activities</b>	<b>(57,343)</b>	<b>(12,688)</b>
<b>Financial activities</b>		
Purchase of own shares	0	(40)
Dividend distribution	0	0
Cash receipts from loans	2,677	7,458
Cash outflows for loans	(9,053)	(9,091)
<b>Net cash outflow from financial activities</b>	<b>(6,376)</b>	<b>(1,673)</b>
<b>Net increase/decrease in cash</b>	<b>(19,621)</b>	<b>8,117</b>
<b>Changes in cash</b>		
At beginning of the year	23,357	15,240
At the end of the year (note 13)	<b>3,736</b>	<b>23,357</b>
<b>Increase/decrease in cash</b>	<b>(19,621)</b>	<b>8,117</b>

The following notes form an integral part of these financial statements

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

As at 31/12/2021

*(All amounts are provided in HRK)*

<i>(in HRK thousand)</i>	<b>Share capital</b>	<b>Own shares</b>	<b>Capital reserves</b>	<b>Reserves</b>	<b>Retained profit</b>	<b>Total equity</b>
Balance as at 01 January 2020	229,146	(1,439)	2,932	29,177	86,966	346,782
Distribution of own shares	0	308	0	0	0	308
Purchase of own shares	0	(40)	0	0	0	(40)
Transfer to reserves	0	0	0	9,400	(9,400)	0
Net comprehensive income for the period	0	0	0	0	1,022	1,022
<b>Balance as at 31 December 2020</b>	<b>229,146</b>	<b>(1,171)</b>	<b>2,932</b>	<b>38,577</b>	<b>78,588</b>	<b>348,072</b>
<b>As at 1 January 2021</b>	<b>229,146</b>	<b>(1,171)</b>	<b>2,932</b>	<b>38,577</b>	<b>78,588</b>	<b>348,072</b>
Net comprehensive income for the period	0	0	0	0	22,172	22,172
<b>As at 31 December 2021</b>	<b>229,146</b>	<b>(1,171)</b>	<b>2,932</b>	<b>38,577</b>	<b>100,760</b>	<b>370,244</b>

The following notes form an integral part of these financial statements

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

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### NOTE 1 – GENERAL INFORMATION

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

As at 31 December 2021, 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 10 February 2022.

#### **(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.

Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

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The financial statements are presented in the Croatian currency, the Croatian kuna (HRK), rounded to the nearest thousand (unless otherwise stated), which is the Company's functional currency.

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

### (d) Non-consolidated financial statements

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

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

### (e) Segment reporting

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

## NOTE 3 – NEW STANDARDS AND INTERPRETATIONS

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

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

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

- **Amendments to IFRS 16 "Leases" - COVID-19 lease concessions, adopted in the European Union on 09 October 2020 (effective for annual periods beginning on or after 1 June 2020).**

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

Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

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

#### **Amendments to existing standards published by the IASB and adopted in the European Union, but not yet effective**

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

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

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

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

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

- **Amendments to IAS 1 “Presentation of Financial Statements” – “Classification of Current and Non-Current Liabilities” (effective for annual periods beginning on or after 1 January 2023),**
- **Amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023),**
- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of Accounting Estimates (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 (effective for annual periods beginning on or after 1 January 2023),**
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Interests in Associates and Joint Ventures” – “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” (the IASB has deferred the date of application of these amendments indefinitely).**

Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

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

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

### **NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Foreign currencies**

Transactions in foreign currencies are converted into the functional currency on the basis of the exchange rate of the date of the transaction. Monetary assets and liabilities are converted into the functional currency on the basis of the exchange rate of the date of statement of financial position. Gains or losses pertaining to payments and collection based on such transactions and to the conversion of monetary assets and liabilities into the functional currency are included in the Statement of Comprehensive Income. As at 31 December 2021 the exchange rate of Croatian kuna was EUR 1/HRK 7.517174 (31 December 2020: EUR 1/HRK 7.536898).

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

#### **(b) Use of estimates and judgements**

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

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

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

#### **(c) Comparative figures**

If necessary, comparative figures can be reclassified to conform to the presentation for the current year.

Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

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#### **NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(d) Revenue recognition**

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

###### **(a) Service revenue**

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

###### **(b) Rental revenue**

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

##### **(e) Costs of sale**

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

##### **(f) Selling, general and administrative expenses**

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

##### **(g) Repairs and maintenance**

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

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

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

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

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

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.

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

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

**(i) Property, plant and equipment**

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

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

the cost or value of buildings and equipment over their estimated useful lives, as follows:

	2021	2020
Buildings	40.00 years	55.55 years
Equipment for tourism and hotel industry	10-40 years	10-40 years
Other equipment	7-15 years	7-15 years

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

In accordance with the decision of the Management Board, in 2021, the depreciation rate changed (increased) for the buildings group (hotel buildings), namely from 1.80% to 2.50%.

The decision to change the depreciation rate of buildings (hotel buildings) is based on an objective estimate of changes in the useful life of property.

**Effects of change**

<i>(in HRK thousand)</i>	<b>Depreciation amount based on old depreciation rates</b>	<b>Depreciation amount based on new depreciation rates</b>	<b>Effect of change</b>
Property, plant and equipment	16,178	19,033	2,855
<b>Total non-current assets</b>	<b>444,876</b>	<b>442,020</b>	<b>-2,855</b>
<b>TOTAL ASSETS</b>	<b>497,758</b>	<b>494,903</b>	<b>-2,855</b>
Depreciation of property, plant and equipment	16,213	19,068	2,855
<b>Operating expenses</b>	<b>102,254</b>	<b>105,109</b>	<b>2,855</b>
<b>Net profit for the current year</b>	<b>25,027</b>	<b>22,172</b>	<b>-2,855</b>

The following notes form an integral part of these financial statements

Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

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#### **NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

#### **(j) Investment property**

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

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

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

#### **(k) Investments**

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

#### **(l) Inventories**

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

#### **(lj) Receivables and prepayments**

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

Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

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#### **NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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.

#### **(m) Cash**

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

#### **(n) Own shares**

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

#### **(nj) Financial instruments**

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

#### **(o) Borrowings**

Borrowings are initially recognized at nominal value decreased by transaction costs, which equals the fair value. In future periods, borrowings are carried at amortized cost; any difference between the proceeds (minus transaction costs) and the surrender value is recognized in the statement of comprehensive income over the period of the borrowing, using the effective interest method. Borrowings shall be classified as current liabilities unless the Company has an unconditional right to postpone the settlement of the liability by at least 12 months after the reporting date.

#### **(p) Trade payables**

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

Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

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### **(r) Comparative amounts**

Where necessary, comparative amounts are used.

## **NOTE 5 – KEY ACCOUNTING ESTIMATES AND JUDGMENTS**

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

### Corporate income tax

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

### Property, plant and equipment life

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

### Impairment of financial assets

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

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 6 – INTANGIBLE ASSETS**

<i>(in HRK thousand)</i>	Investments in borrowed assets – buildings	Total
<b>Year ended 31 December 2020</b>		
Opening net book amount	305	305
Additions	-	-
Depreciation charge	(214)	(214)
Closing net book amount	91	91
<b>Balance as at 31 December 2020</b>		
Cost	2,141	2,141
Accumulated value adjustments	(2,050)	(2,050)
Net book value	<b>91</b>	<b>91</b>
<b>Year ended 31 December 2021</b>		
Opening net book amount	91	91
Additions	140	140
Depreciation charge	(35)	(35)
Closing net book amount	196	196
<b>Balance as at 31 December 2021</b>		
Cost	2,281	2,281
Accumulated value adjustments	(2,085)	(2,085)
Net book value	<b>196</b>	<b>196</b>

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.

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 7 – PROPERTY, PLANT AND EQUIPMENT**

<i>(in HRK thousand)</i>	Land	Investments In facilities	Equipment	Buildings under construction	Total
<b>Year ended 31 December 2020</b>					
At beginning of the year	43,295	260,793	66,367	3,583	374,038
Additions	-	559	4,695	6,153	11,407
Transfer from assets under construction	-	6,287	2,622	(8,909)	-
Reductions – sale, disposal	-	-	(336)	(26)	(362)
Depreciation charge	-	(6,564)	(7,674)	-	(14,238)
Closing net book amount	43,295	261,075	65,674	801	370,845
<b>Balance as at 31 December 2020</b>					
Cost	43,295	344,457	111,294	801	499,847
Accumulated value adjustments	-	(83,382)	(45,620)	-	(129,002)
Net book value	43,295	261,075	65,674	801	370,845
<b>Year ended 31 December 2021</b>					
At beginning of the year	43,295	261,075	65,674	801	370,845
Additions	1,114	-	4,104	4,817	10,035
Transfer from assets under construction	-	2,804	354	(3,157)	-
Reductions - disposal	-	-	(79)	-	(79)
Depreciation charge	-	(9,525)	(7,684)	-	(17,209)
Closing net book amount	44,409	254,354	62,369	2,461	363,592
<b>Balance as at 31 December 2021</b>					
Cost	44,409	347,261	115,158	2,461	509,289
Accumulated value adjustments	-	(92,907)	(52,789)	-	(145,696)
Net book value	44,409	254,354	62,369	2,461	363,592

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 reservation was eliminated, so the number of reserved shares remaining is 3,123 which, after the 1:8 corporate share split activity from 2018, gives the total number of reserved shares of 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.

The following notes form an integral part of these financial statements

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 7 – PROPERTY, PLANT AND EQUIPMENT (continued)**

Their usage is regulated by the approved concessions. Under the Concession Agreement of the Kornati maritime domain-port of nautical tourism, the use is, for the moment, regulated for a period of 32 years, or until 2031.

In accordance with the Act on Maritime Domain and Seaports, on 17 October 2017, the Company submitted to the Government of the Republic of Croatia, through the competent Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia, a request with regard to the Kornati Marina in Biograd na Moru for modification and amendment to the Decision on Concession and the Concession Agreement, that is for extending the term of the concession by a period of 50 years, i.e. until the year 2049. To date, no decision has been made on the Company's request.

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

As at 31 December 2021 the total investment in the "Park Soline" campsite, as reported at cost, was in the amount of HRK 122,151 thousand. Of the mentioned total investment amount, HRK 58 thousand was invested in land, HRK 79,591 thousand in infrastructure and the construction and reconstruction of seven modernly equipped and furnished sanitary facilities and investment in the construction of buildings housing the campsite management offices, the sales and marketing department of the campsite and reception, whereas 42,503 thousand was invested in equipment, mostly the holiday mobile homes. A total amount of HRK 2,299 thousand was invested in the restaurant at the "Park Soline" campsite, of which HRK 1,436 thousand in the building and HRK 863 thousand in equipment. The campsite is spread over 200,800 m<sup>2</sup> 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 conversion and privatization process and legitimate expectations, made capital investments on the tourism land which is not estimated in the conversion process.

The above-mentioned land, except a land plot of 779 m<sup>2</sup> and the land on which the building have been constructed, is not included in the estimated value of the Croatian Privatization Fund and is not included in the Company's share capital in the process of conversion and privatization. This confirms one of the most important outstanding issues of the procedure of conversion and privatization of enterprises in our country, and that is arranging the real owner of the construction land, which in the conversion and privatization procedure has not been estimated in the value of the capital of legal entities.

Pursuant to the Act on Tourism and Other Land Not Evaluated in the Conversion and Privatization 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

Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

contract for tourism land plots in campsites has been concluded in the Republic of Croatia since its adoption (2010).

**NOTE 7 – PROPERTY, PLANT AND EQUIPMENT (continued)**

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

The new Act on Non-Evaluated Construction Land which entered into force on 2 May 2020 (hereinafter: Act on Non-Evaluated Construction Land) provides that buildings and land in the campsite which are estimated in the value of the capital, are owned by the company, whereas campsite land not estimated in the value of the capital, according to the Act on Non-Evaluated Construction Land, is owned by the Republic of Croatia.

Furthermore, under the new Act on Non-Evaluated Construction Land, co-ownership determined in accordance with the Act on Tourism Land would be dissolved so that the company becomes the owner of the campsite buildings and land estimated in the value of the capital in the conversion process and entered in the Company's share capital during the privatization process, as well as land area under the buildings with its attached evaluated land (Art. 15), whereas the Republic of Croatia becomes the owner of the campsite buildings and land not estimated in the value of the capital in the conversion process and not entered in the Company's share capital during the privatization process. In March 2021, the Company submitted the appropriate application for leasing construction land of the camp site for a period of 50 years to the competent authority of the Republic of Croatia, that is, to the Ministry of Physical Planning, Construction and State Assets. Under the provisions of the Act on non-evaluated construction land, a company shall become the owner of buildings, land under buildings and land in the campsite that were evaluated and entered into the value of social capital in the conversion and privatization 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 privatization process (so called Parts of the campsite owned by the Republic of Croatia).

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.

A part of the buildings of Ilirija d.d. (Hotel Adriatic, Hotel Ilirija and Tennis Centre) with purchase value of HRK 131,854 thousand and its land of a purchase value of HRK 24,901 thousand are subjects to lien in favour of the commercial bank for approved loans (see Note 16).

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

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

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

The value of the said buildings, property and land, recorded in company accounts as the cost of acquisition decreased by the accumulated depreciation, amounts to HRK 172,955 thousand, namely HRK 141,155 thousand less than the market value estimated by the commercial bank.

The commercial bank estimated a total value of the buildings and land subject to lien in favour of the bank for approved loans (Hotel Adriatic, Hotel Ilirija, Hotel Kornati and City Galleria) in the amount of HRK 314,110 thousand, whereas the total value of the Company's medium and long-term loans amounted to HRK 80,316 thousand as at 31 December 2021, representing a loan share of 25,57% of the Company's total assets evaluated by the commercial bank serving as lien in favour of the bank for approved loans.

**NOTE 8 – INVESTMENT PROPERTY**

<i>(in HRK thousand)</i>	Land	Buildings facilities	Total
<b>Year ended 31 December 2020</b>			
Opening net book amount	12,648	64,021	76,669
Additions	-	2,479	2,479
Depreciation charge	-	(1,221)	(1,221)
Closing net book amount	12,648	65,279	77,927
<b>Balance as at 31 December 2020</b>			
Cost	12,648	70,137	82,785
Accumulated value adjustments	-	(4,858)	(4,858)
Net book value	12,648	65,279	77,927
<b>Year ended 31 December 2021</b>			
Opening net book amount	12,648	65,279	77,927
Additions	-	2,091	2,091
Depreciation charge	-	(1,824)	(1,824)
Closing net book amount	12,648	65,546	78,194
<b>Balance as at 31 December 2021</b>			
Cost	12,648	72,228	84,876
Accumulated value adjustments	-	(6,682)	(6,682)
Net book value	12,648	65,546	78,194

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

During the year, the Company had rental income from investment property in the amount of HRK 13,076 thousand, while operating expenses related to investment property amounted to HRK 8,892 thousand.

The following notes form an integral part of these financial statements

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 9 – INVESTMENTS IN SUBSIDIARIES**

<i>(in HRK thousand)</i>	2021	2020
Ilirija Građenje d.o.o., Biograd n/m	19	19
Ilirija Nautika d.o.o., Biograd n/m	19	20
	<b>38</b>	<b>39</b>

The aforementioned companies have not yet started with their business activities.

Investments and the respective ownership are as follows:

Company name	Type of activity	Seat	Share percentage	
			2021	2020
<b>Subsidiaries</b>				
Ilirija Građenje d.o.o., Biograd n/m	construction, property	Croatia	100.00%	100.00%
Ilirija Nautika d.o.o., Biograd n/m	marinas	Croatia	100.00%	100.00%

**NOTE 10 – INVENTORIES**

<i>(in HRK thousand)</i>	2021	2020
Raw material and materials	859	933
Small inventory and spare parts	139	127
	<b>998</b>	<b>1,060</b>

**NOTE 11 - RECEIVABLES AND ADVANCES**

<i>(in HRK thousand)</i>	2021	2020
Domestic trade receivables	1,411	2,539
Domestic trade receivables - related parties, A. H.	21	121
Foreign trade receivables	139	121
Suspect and contested trade receivables	3,093	2,734
Advance receivables	252	51
Co-owners receivables – related parties	7	16
VAT receivables	982	323
Receivables due from employees	11	-
Other receivables	246	180
	6,162	6,085
Trade receivables value adjustment	(3,093)	(2,734)
	<b>3,069</b>	<b>3,351</b>

During the year, the value of trade receivables for which collection is uncertain in the amount of HRK 359 thousand was adjusted.

The following notes form an integral part of these financial statements

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 12 - SHORT-TERM FINANCIAL ASSETS**

<i>(in HRK thousand)</i>	2021	2020
Loans to co-owners – related parties	50	-
Time deposits with banks	45,030	-
	<b>45,080</b>	<b>-</b>

**NOTE 13 – CASH**

<i>(in HRK thousand)</i>	2021	2020
Gyro accounts	290	15,624
Foreign currency accounts	3,379	7,715
Cash in hand	67	18
	<b>3,736</b>	<b>23,357</b>

**NOTE 14 – SHARE CAPITAL AND OWN SHARES**

<i>(in HRK thousand)</i>	Ordinary shares	Reserved shares	Total	Own shares	Share capital less the own shares
Balance as at 31 December 2020	226,774	2,372	229,146	(1,171)	227,975
Balance as at 31 December 2021	226,774	2,372	229,146	(1,171)	227,975

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

As at 31 December 2021, the balance of own shares amounted to 7,833 shares (2020: 7,833) at investment cost of HRK 1,171 thousand (2020: HRK 1,171 thousand). During 2021, there were no acquisitions or disposals of own shares.

In the process of Company conversion, by the decision of the Croatian Privatization Fund, shares with a value of DEM 2,727,000 have been reserved due to the unresolved property rights on certain properties. Since in the meantime a part of the properties was sold and for a part the ownership issue was resolved, the Croatian Privatization Fund resolutions cancelled the provision of shares for such properties, so on 31/12/2021, the number of reserved shares amounted to 24,984, or 1.0352% (2020: 1.0352%).

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 14 – SHARE CAPITAL AND OWN SHARES (continued)**

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

	31/12/2021	31/12/2020
Arsenal Holdings d.o.o., Zadar	59.21	59.21
Ilirija d.d., Biograd na moru (own shares)	0.32	0.32
AZ mandatory pension fund	16.71	16.34
AZ voluntary pension fund	3.54	3.04
Centre for restructuring and sale (CERP)	1.38	3.13
Other shareholders	18.84	17.96
	<b>100.00</b>	<b>100.00</b>

**NOTE 15 – RESERVES**

<i>(in HRK thousand)</i>	2021	2020
Legal reserves	24,078	24,078
Reserves for own shares	6,976	6,976
Other reserves	7,523	7,523
	<b>38,577</b>	<b>38,577</b>

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.

**NOTE 16 – BORROWINGS**

On 12 March 2020 the Company initiated the adjustment of business processes in the new circumstances of the COVID - 19 pandemic and in accordance with the new organizational structure of the Company. Accordingly, payments of all due liabilities for the principals of long-term and short-term loans were deferred for one year, i.e. until 30 April 2021, and payments of all due liabilities on the basis of leasing were also deferred for a period of one year, i.e. until 31 March 2021.

In accordance with the above, the deferral of payment of all individual financial leasing instalments and due principals of long-term loans expired on the above dates in 2021, and the Company resumed their regular repayment.

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 16 – BORROWINGS (CONTINUED)**

<i>(in HRK thousand)</i>	Approved principal	Interest rate %	2021	2020
<b>Short-term</b>				
Erste&Steiermärkische Bank d.d., Rijeka	EUR 270,000.00	2.30%	-	-
Erste&Steiermärkische Bank d.d., Rijeka	KN 2,500,000.00	2.40%	-	-
			-	-
Plus: current due amounts of long-term borrowings and leasing			14,118	9,076
<b>Total short-term portion</b>			<b>14,118</b>	<b>9,076</b>
<b>Mid-term and long-term</b>				
Erste&Steiermärkische Bank d.d., Rijeka	EUR 1,680,000.00	3%	10,521	11,181
Erste&Steiermärkische Bank d.d., Rijeka	EUR 7,491,008.67	2.60%	41,295	43,285
Erste&Steiermärkische Bank d.d., Rijeka	EUR 6,000,000.00	2.60%	33,827	35,675
Erste&Steiermärkische Bank d.d., Rijeka	EUR 600,000.00	2.60%	3,759	4,522
S - Leasing d.o.o., Zagreb	EUR 2,667,802		19,149	20,262
			108,551	114,925
Minus: current due amounts of long-term borrowings and leasing			(14,118)	(9,076)
<b>Total mid-term and long-term debt</b>			<b>94,433</b>	<b>105,849</b>
<b>Total borrowings</b>			<b>108,551</b>	<b>114,925</b>

**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 13 December 2022, up to HRK 2,500,000.00

- revolving loan approved on 29 November 2021, in the amount of EUR 270,000.00, for financing working capital, at a fixed interest rate of 2.30% p.a. The repayment date is 3 December 2022. As at 31 December 2021, the Company did not use the loan, so there are no financial or loan liabilities.

**Mid-term and long-term borrowings**

The Company's request for refinancing of all liabilities deferred in respect of the principal of loans in the period from 1 April 2020 to 30 April 2021 and transferring to regular repayment scheme by loan instalments at the end of the Repayment Plan has been approved. In June 2020 the Company and Erste & Steiermärkische Bank d.d. signed an Annex to the Loan Agreement deferring payments of all liabilities due in respect of the principal of the long-term loans with a one-year deferral period.

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 16 – BORROWINGS (CONTINUED)**

The commercial bank Erste & Steiermärkische Bank d.d. approved the Company's request for deferral of payment of all monthly instalments of financial leasing for the period from 1 April 2020 - 31 March 2021.

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

- mid-term loan for financing permanent working capital approved on 3 June 2020, in the amount of EUR 600,000.00, at a fixed interest rate of 2.60% p.a. The loan is to be repaid in 36 monthly instalments in the amount of EUR 16,666.67. The repayment date is 1 June 2024. Loan balance as of 31 December 2021 amounts to EUR 499 thousand or HRK 3,759 thousand.

- loan approved on 26 February 2016, in the amount of EUR 1,680,000.00, as an investment loan from the loan support program for the tourism sector in cooperation with the Croatian Bank for Reconstruction and Development, for the reconstruction of the Kornati marina in Biograd na Moru. The loan is to be repaid in 60 quarterly instalments in the amount of EUR 27,991.59, the last instalment being due on 30 June 2034. Loan balance as of 31 December 2021 amounts to EUR 1,399 thousand or HRK 10,521 thousand.

- loan approved on 25 May 2016, in the amount of EUR 7,491,008.67, to refinance the existing long-term loan. The loan is to be repaid in 60 quarterly instalments in the amount of EUR 124,850.14, the last instalment being due on 01 October 2032. Loan balance as of 31 December 2021 amounts to EUR 5,493 thousand or HRK 41,295 thousand.

- loan approved on 29 November 2016, in the amount of EUR 6,000,000.00, for the purchase of the City Galleria Business and Shopping Centre building in Zadar. The loan is to be repaid in 180 monthly instalments in the amount of EUR 33,333.33, the last instalment being due on 1 March 2033. Loan balance as of 31 December 2021 amounts to EUR 4,500 thousand or HRK 33,827 thousand.

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

The liability to S-leasing d.o.o., Zagreb relates to the liabilities under 43 financial leasing contracts to purchase equipment, which are to be repaid in equal monthly annuities. Interest rates are fixed for all contracts, namely, 3.15% for 38 contracts, and 2.90% for five contracts. Liabilities under these financial leasing contracts are due from 2022 to 2028.

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

<i>(in HRK thousand)</i>	
2022	14,118
2023	13,487
2024	12,413
2025	10,550
2026	8,962
after 2027	49,021
	<b>108,551</b>

The following notes form an integral part of these financial statements

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 17 - TRADE AND OTHER PAYABLES**

<i>(in HRK thousand)</i>	2021	2020
Trade payables	5,668	7,606
Trade payables - Group, Arsenal Holdings, TCZ	3	3
Payables under received advances	75	192
Provisions per initiated legal proceedings	1,161	1,161
Residence tax	11	1
Fee for the use of maritime domain	142	102
Interest payables	2	2
Dividend payables	-	12
Employee payables	1,747	1,483
Liabilities to the government	1,109	959
Corporate income tax receivables	4,187	-
Other payables - co-owners, related party	-	176
Other payables	52	213
	<b>14,157</b>	<b>11,910</b>

**NOTE 18 – CONTINGENT LIABILITIES**

<i>(in HRK thousand)</i>	2021	2020
Advances from individual guests	583	612
Advances from agencies	1,368	1,151
	<b>1,951</b>	<b>1,763</b>

**NOTE 19 – SEGMENT REPORTING**

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

The portfolio of ILIRIJA d.d. 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.

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

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

**NOTE 19 – SEGMENT REPORTING (continued)**

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:

<i>Year ended 31 December 2021 (in HRK thousand)</i>	<b>Hotel sector</b>	<b>Nautical sector</b>	<b>Camping sector</b>	<b>Ilirija Travel</b>	<b>City Galleria</b>	<b>Total</b>
Revenue	30,555	49,090	33,222	2,623	12,951	128,441
Revenue from leases – the Group, Arsenal Holdings	21	21	15		18	75
Total revenue	<u>30,576</u>	<u>49,111</u>	<u>33,237</u>	<u>2,623</u>	<u>12,969</u>	<u>128,516</u>
Result						
Segment result	(3,433)	23,065	10,283	(5,167)	4,613	29,361
Net financial expenses	<u>(534)</u>	<u>(622)</u>	<u>(843)</u>	<u>(2)</u>	<u>(1,001)</u>	<u>(3,002)</u>
Profit before tax	(3,967)	22,443	9,440	(5,169)	3,612	26,359
(i) Cost of corporate income tax	<u>(630)</u>	<u>3,565</u>	<u>1,499</u>	<u>(821)</u>	<u>574</u>	<u>4,187</u>
Net profit for the year	<u>(3,337)</u>	<u>18,878</u>	<u>7,941</u>	<u>(4,348)</u>	<u>3,038</u>	<u>22,172</u>

The following notes form an integral part of these financial statements

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

<i>For the year ended on 31/12/2021 (in HRK thousand)</i>	<b>Hotel sector</b>	<b>Nautical sector</b>	<b>Camping sector</b>	<b>Ilirija Travel</b>	<b>City Galleria</b>	<b>Total</b>
<b>Assets and liabilities</b>						
Segment assets	166,166	96,022	107,692	31,977	84,339	486,196
Non-allocated assets						8,707
<b>Total assets</b>						<b>494,903</b>
Segment liabilities	3,472	15,854	18,335	933	34,649	73,243
Non-allocated liabilities						47,229
Corporate income tax receivables						4,187
<b>Total liabilities</b>						<b>124,659</b>
Other segment details						
<b>Capital investments:</b>						
Land - unallocated						1,114
Property, plant and equipment	1,534	521	5,577			7,632
Intangible assets				140		140
Investment property					2,098	2,098
Depreciation of property, plant and equipment	7,339	2,718	5,326	1,106		16,489
Non-allocated depreciation						601
Total property, plant and equipment depreciation						17,090
Depreciation of intangible assets				35		35
Depreciation of investment property					1,943	1,943

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

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 19 – SEGMENT REPORTING (continued)**

Year ended 31 December

2020

*(in HRK thousand)*

	<b>Hotel sector</b>	<b>Nautical sector</b>	<b>Camping sector</b>	<b>Ilirija Travel</b>	<b>City Galleria</b>	<b>Total</b>
Revenue	12,928	43,302	19,445	1,587	12,668	89,930
Revenue from leases – the Group, Arsenal Holdings	60				15	75
<b>Total revenue</b>	<b>12,988</b>	<b>43,302</b>	<b>19,445</b>	<b>1,587</b>	<b>12,683</b>	<b>90,005</b>
<b>Result</b>						
Segment result	(11,135)	18,781	(971)	(6,572)	5,421	5,524
Net financial expenses	(1,025)	(1,113)	(1,231)	(2)	(1,131)	(4,502)
Profit before tax	(12,160)	17,668	(2,202)	(6,574)	4,290	1,022
(i) Cost of corporate income tax						
<b>Net profit for the year</b>	<b>(12,160)</b>	<b>17,668</b>	<b>(2,202)</b>	<b>(6,574)</b>	<b>4,290</b>	<b>1,022</b>

For the year ended on 31/12/2020 *(in HRK thousand)*

As at 31/12/2020

**Assets and liabilities**

	<b>Hotel sector</b>	<b>Nautical sector</b>	<b>Camping sector</b>	<b>Ilirija Travel</b>	<b>City Galleria</b>	<b>Total</b>
Segment assets	163,406	91,394	99,338	32,296	82,586	469,020
Non-allocated assets						7,650
<b>Total assets</b>						<b>476,670</b>
Segment liabilities	2,691	17,835	18,026	1,380	37,397	77,329
Non-allocated liabilities						51,269
<b>Total liabilities</b>						<b>128,598</b>
<b>Other segment details</b>						
Capital investments:						
Property, plant and equipment	564	1,494	8,528	152	307	11,045
Intangible assets		362				362
Investment property					2,479	2,479
Depreciation of property, plant and equipment	4,705	2,671	5,160	1,112		13,648
Non-allocated depreciation						590
Total property, plant and equipment depreciation						14,238
Depreciation of intangible assets						214
Depreciation of investment property					1,221	1,221

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

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***Revenue – per geographical area**

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

<i>(in HRK thousand)</i>	2021	2020
Domestic sales revenue	108,102	78,640
Domestic sales revenue - Group, Arsenal Holdings	75	75
Revenues from sales abroad	20,339	11,290
	<b>128,516</b>	<b>90,005</b>

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

**NOTE 20 - OTHER OPERATING REVENUE**

<i>(in HRK thousand)</i>	2021	2020
Aid for preservation of employment	4,952	6,810
Exchange office commission fee	149	87
Insurance damages collected	156	267
Revenue from joint financing	360	252
Other revenues	338	220
	<b>5,955</b>	<b>7,636</b>

**NOTE 21 - COST OF RAW MATERIAL, MATERIALS AND ENERGY**

<i>(in HRK thousand)</i>	2021	2020
Raw materials and materials consumed	11,176	6,229
Energy	5,334	4,149
Small inventory	614	718
	<b>17,124</b>	<b>11,096</b>

The following notes form an integral part of these financial statements

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 22 - COST OF SERVICES**

<i>(in HRK thousand)</i>	2021	2020
Transport, telephone, postal fees	1,285	1,103
Repairs and maintenance	5,691	4,686
Cost of fairs	-	242
Leases	2,141	1,431
Rents - Group, Arsenal Holdings, TC	1,584	1,584
Rents - related party, natural person	194	197
Promotion costs	2,173	2,176
Promotion costs - Group, Arsenal Holdings	4	4
Municipal utility services	3,668	2,721
Utility and water fees	1,578	1,968
Other services	168	150
	<b>18,486</b>	<b>16,262</b>

**NOTE 23 - STAFF COSTS**

<i>(in HRK thousand)</i>	2021	2020
Net salaries	20,992	18,609
Taxes and contributions from/on salaries	12,960	11,842
Other regulatory disbursements	2,037	1,367
	<b>35,989</b>	<b>31,818</b>

At the end of the year the number of staff employed by the Company was 268 (2020: 233). 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 2021 amounted to HRK 2,384 thousand (2020: HRK 2,535 thousand).

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 24 - OTHER OPERATING EXPENSES**

<i>(in HRK thousand)</i>	2021	2020
Travel expenses	232	743
Commission fees	1,899	598
Supervisory Board - related parties	401	682
Agency fees	1,958	1,454
Service contract (net)	1,630	861
Service contract (net) - related parties	-	402
Intellectual services (lawyer, notary and other)	125	164
Entertainment programme organisation	118	358
Security services	1,525	1,430
Entertainment expenses	740	568
Insurance premiums	875	855
Memberships, taxes and contributions	977	908
Bank and payment transaction charges	227	199
Concessions	1,382	1,283
Donations, sponsorships	623	552
Deficits	79	336
Subsequently identified expenses from previous years	168	1,536
Write-off of uncollected trade receivables for which legal proceedings or forced collection are initiated	359	2,734
Other	1,125	1,605
	<b>14,443</b>	<b>17,268</b>

**NOTE 25 - NET FINANCIAL EXPENSES**

<i>(in HRK thousand)</i>	2021	2020
<b>Financial revenues</b>		
Foreign exchange gains	360	38
Interest income	0	59
Total financial revenue	360	97
<b>Financial expenses</b>		
Foreign exchange losses	(145)	(1,286)
Interest expenses	(3,123)	(3,298)
Other financial expenses	(94)	(15)
Total financial expenses	(3,362)	(4,599)
<b>Net financial expenses</b>	<b>(3,002)</b>	<b>(4,502)</b>

The following notes form an integral part of these financial statements

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 26 - CORPORATE INCOME TAX**

Corporate income tax is calculated in accordance with Croatian legislation. Tax rate on taxable income is 18% (2020: 18%). As at 31 December 2021, the corporate income tax liability amounted to HRK 4,187 thousand (2020: no corporate income tax liability as the Company uses benefits under the Investment Promotion Act).

Adjustment of the Company's effective tax expense per income statement with statement of comprehensive income and taxation at the statutory rate is detailed in the table below:

<i>(in HRK thousand)</i>	31 December 2021	31 December 2020
<b>Profit before tax</b>	<b>26,359</b>	<b>1,022</b>
Tax calculated at a rate of 18%	4,745	184
Tax effect of net expenses non-deductible for tax purposes	333	1,284
Tax effect of net income not subject to tax	(891)	(1,226)
<b>Tax liability</b>	<b>4,187</b>	<b>242</b>
Benefit under the Investment Promotion Act	-	(242)
<b>Final tax liability</b>	<b>4,187</b>	<b>-</b>

**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).

	2021	2020
Net profit attributable to shareholders <i>(in HRK thousand)</i>	22,172	1,022
Weighted average number of issued ordinary shares	2,405,655	2,405,326
Basic earnings per share <i>(in HRK)</i>	9.22	0.42

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***NOTE 28 - CASH GENERATED FROM OPERATIONS**

Adjustment of profit with cash generated from operations as follows:

<i>(in HRK thousand)</i>	2021	2020
Profit for the current year	26,359	1,022
Adjustment for:		
Depreciation of intangible assets (Note 6)	35	214
Property, plant and equipment depreciation (Note 7)	17,209	14,238
Depreciation of investment property (Note 8)	1,824	1,221
Value of sold and disposed tangible assets not written off (Note 6)	79	186
Sold and disposed intangible assets (Note 7)	0	362
Distribution of own shares (Note 14)	0	308
Other adjustments	(32)	0
Changes in working capital:		
- trade receivables	1,211	3,757
- other receivables	(995)	8,728
- inventories	61	707
- trade payables	(1,939)	(7,359)
- liabilities to the government	(147)	0
- employee payables	264	(325)
- other payables	169	(581)
<b>Cash inflow generated from operations</b>	<b>44,098</b>	<b>22,478</b>

**NOTE 29 - RELATED PARTY TRANSACTIONS**

The Company majority owner is Arsenal Holdings d.o.o., Zadar, which owns 59.21% share in the Company. Transactions with related parties, in addition to the aforementioned, include transactions with Trgovinski centar Zadar d.o.o., which is a member of the "Arsenal Holdings" group and which is owned by the same owner as well as the co-owners of the Company - natural persons and the Management Board and key management. Related party transactions, in the normal course of its operations, include purchase and sale of goods under market conditions, as well as services, loans and gross salaries of key management and supervisory board compensation.

Year-end balances resulting from related party transactions that are included in the balance sheet are as follows:

<i>(in HRK thousand)</i>	2021	2020
Domestic trade receivables (Note 11)	21	121
Other receivables from co-owners (Note 11)	7	16
Trade payables (Note 17)	3	3

The following notes form an integral part of these financial statements

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

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

<i>(in HRK thousand)</i>	2021	2020
Service revenues (Note 19)	75	75
Rents (Note 22)	1,778	1,781
Promotion (Note 22)	4	4
Gross salaries of key management (Note 23)	2,384	2,535
Service contract (net) (Note 24)	-	402
Supervisory Board (Note 24)	401	682

**NOTE 30 – RISK MANAGEMENT**

During its regular business operations, the Company is exposed to interest rate, currency, and credit risks. The policy for managing risks connected to short-term and long-term financing of clients, managing funds and debts and liabilities can be summarised as follows:

**Interest rate risk**

Interest rate risk refers to risk of changes in the value of future cash flows of a financial instrument due to changes in market interest rates.

The Company's exposure to risk of changes on the interest rate market is primarily linked to received loans and granted deposits and loans.

Due to the fact that the Company uses the borrowings with both fixed and, to a lesser extent, variable interest rate, it is subject to minimal risk of variable interest rates.

**Credit risk**

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

**Liquidity risk**

The Management Board is responsible for liquidity risk management, as it sets out an appropriate framework for managing the liquidity risk, in order to manage short-term, mid-term, and long-term financing and liquidity requirements.

With regard to the liquidity risk, the Company's policy is to maintain adequate funds or to have funds at its disposal from loans for future liabilities.

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

The Company uses the following basic models for measuring the liquidity risk and based on the results it implements measures for liquidity risk management:

- Budgetary projections
- Cash flow projections
- Fund source analysis
- Maturity mismatch analysis of the statement of financial position.

Prudent liquidity management implies maintaining a sufficient amount of money in order to settle the Company's liabilities. The Finance Department monitors the level of liquidity on a regular basis. In these changed business conditions caused by the global COVID-19 pandemic, the Company has been carrying out activities to optimise all of its operating costs and minimise them to essential and indispensable costs, and actively cooperates with all significant creditors to settle current liabilities.

*Tabular analysis of the liquidity risk*

The following tables show the maturity of the Company's liabilities presented in the statement of financial position at the end of the period.

<i>(in HRK thousand)</i>	<b>Weighted average effective interest rate rate %</b>	<b>Up to 1 month</b>	<b>From 1 to 3 mos</b>	<b>From 3 mos to 3 yr</b>	<b>Over 1 yr</b>	<b>Total</b>
<b>2020</b>						
Interest-free	-	11,908	-	-	-	11,908
Interest	3.09%	-	-	9,079	105,849	114,928
		<b>11,908</b>	<b>-</b>	<b>9,079</b>	<b>105,849</b>	<b>126,836</b>
<b>2021</b>						
Interest-free	-	14,157	-	-	-	14,157
Interest	3.09%	1,177	3,530	9,411	94,433	108,551
		<b>15,334</b>	<b>3,530</b>	<b>9,411</b>	<b>94,433</b>	<b>122,708</b>

The tables are based on undiscounted cash outflows per financial liability as at their maturity date. The tables show cash flows per principal.

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)*

The following tables show the maturity of the Company's financial assets presented in the statement of financial position at the end of the period, confirming the non-existence of the liquidity risk.

<i>(in HRK thousand)</i>	<b>Weighted average effective interest rate rate %</b>	<b>Up to 1 month</b>	<b>From 1 to 3 mos</b>	<b>From 3 mos to 1 yr</b>	<b>From 1 to 5 yrs</b>	<b>Total</b>
<b>2020</b>						
Receivables and cash balances	-	26,641	0	0	0	26,642
		<b>26,641</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,642</b>
<b>2021</b>						
Receivables and cash balances	-	6,794	0	0	0	6,794
Deposits and loans	0.010%	0	11	45,080	0	45,091
		<b>6,794</b>	<b>11</b>	<b>45,080</b>	<b>0</b>	<b>51,885</b>

The illiquidity risk, which is considered a financing risk, refers to a risk of difficulties that the Company will face when collecting funds for the timely settlement of liabilities linked to financial instruments. The Company's approach to managing liquidity is to ensure, as much as possible, its liquidity at any given moment in order to be able to timely meet its obligations, both in regular and extraordinary circumstances, without causing unacceptable losses or risking damage to the Company's reputation. The liquidity risk arises from everyday activities. Currently, the Company is not at risk of illiquidity, and current assets exceed current liabilities several times over.

**Currency risk**

The Company uses Croatian kuna as its business currency. Certain assets and liabilities are denominated in foreign currency, which is converted to Croatian kuna according to the stipulated exchange rate at the date of the statement of financial position. The resulting differences are recorded as profit or loss in the statement of comprehensive income, but they have no effect on short-term cash flows.

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

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

The impact of exchange rate change is calculated by using a simulation over the positions in the statement of financial position, which are currency-dependent, such as receivables for operating and financial leasing, received advances, received securities, and foreign currency accounts.

## Notes to the financial statements (continued)

As at 31/12/2021

*(All amounts are provided in HRK)***Currency risk management**

The book value of funds and liabilities of the Group and the Company as at 31 December denominated in foreign currency shown in HRK thousand:

	Assets		Liabilities	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
EUR	6,468	1,040	14,440	15,249

**Foreign currency sensitivity analysis**

The Company is mainly exposed to the euro exchange rate changes and the following table shows the Company's sensitivity to a 10% increase and decrease in the EUR/HRK exchange rate. The sensitivity analysis includes cash balances and non-current liabilities in EUR as at 31 December and adapts their conversion to HRK at the end of the reporting period for a 10% exchange rate change.

**10% exchange rate increase analysis**

	31/12/2021		Exchange rate		31/12/2020		Exchange rate	
	EUR	HRK	>10% (in HRK)	Effect (in HRK)	EUR	HRK	>10% (in HRK)	Effect (in HRK)
<b>Assets</b>	6,468	48,623	53,485	4,862	1,040	7,837	8,621	784
<b>Liabilities</b>	14,440	108,551	119,407	10,855	15,249	114,928	126,420	11,493
<b>Net effect</b>				<b>(5,993)</b>				<b>(10,709)</b>

**10% exchange rate decrease analysis**

	31/12/2021		Exchange rate		31/12/2020		Exchange rate	
	EUR	HRK	<10% (in HRK)	Effect (in HRK)	EUR	HRK	<10% (in HRK)	Effect (in HRK)
<b>Assets</b>	6,468	48,623	43,761	(4,862)	1,040	7,837	7,053	(784)
<b>Liabilities</b>	14,440	108,551	97,696	10,855	15,249	114,928	103,435	11,493
<b>Net effect</b>				<b>5,993</b>				<b>10,709</b>

Foreign currency sensitivity analysis indicates a moderate currency risk.

Notes to the financial statements (continued)

As at 31/12/2021

(All amounts are provided in HRK)

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**Regulatory risk**

The Company is exposed to changes in tax and other regulations within the legal system of the Republic of Croatia. In particular, this applies to the regulations pertaining to the maritime domain and tourist land, in which domain the Company has made significant long-term investments crucial for its business, while not all rights guaranteed by the Constitution from the field of protection of capital investments referred to in Art. 48 and 49 of the Constitution of the Republic of Croatia), of which the Company informs the regulatory and investment public multiple times in its regular annual and quarterly business and financial reports.

**NOTE 31 – CONTINGENT LIABILITIES**

The Company is a party to several legal proceedings, but the Management Board does not expect losses that would significantly impact property, ownership status and operations of the Company.

Upon order of the Company, a bank guarantee was issued in favour of Hrvatske šume d.o.o., Zagreb, for the amount of HRK 500 thousand with a validity period until 15 July 2024, as well as a bank guarantee in favour of the Ministry of Sea, Transport and Infrastructure of the Republic of Croatia, in the amount of HRK 451,442.06 with a validity period until 09 April 2025.

**NOTE 32 – EVENTS FOLLOWING THE REPORTING PERIOD**

Under the decision of the Supreme Court of the Republic of Croatia following the revision 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 subject real property – which is indisputably the case in our opinion. Until the Court issues another decision, the entry in the land register shall return to its 2006 status, i.e. the tennis centre property shall have Ilirija d.d. and the Town of Biograd na Moru as co-owners, each owning ½ of the property. In further proceedings Ilirija d.d. will continue to assert its right of ownership over the real property, which represents an equipped complex of 20 tennis courts with auxiliary facilities that has been in the possession and ownership of Ilirija d.d. for over 30 years.

**NOTE 33 - FINANCIAL STATEMENTS AUTHORISATION**

The Company Management Board adopted the financial statements and authorised their issuing on 10 February 2022.

Signed on behalf of the Company's Management Board

  
\_\_\_\_\_  
Goran Ražnjević, member of the  
Management Board



BALANCE SHEET			
balance as at 31/12/2021 in HRK			in HRK
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Last day of the preceding business year 31/12/2020	At the reporting date of the current period 31/12/2021
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	<b>448.901.984</b>	<b>442.020.422</b>
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	91.017	195.936
1 Research and development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005		
3 Goodwill	006		
4 Advances for the purchase of intangible assets	007		
5 Intangible assets in preparation	008		
6 Other intangible assets	009	91.017	195.936
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>448.772.808</b>	<b>441.786.690</b>
1 Land	011	43.295.283	44.409.058
2 Buildings	012	261.075.724	254.354.467
3 Plant and equipment	013	65.673.584	62.368.657
4 Tools, working inventory and transportation assets	014		
5 Biological assets	015		
6 Advances for the purchase of tangible assets	016	321.986	941.389
7 Tangible assets in preparation	017	478.987	1.519.414
8 Other tangible assets	018		
9 Investment property	019	77.927.244	78.193.705
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>38.159</b>	<b>37.796</b>
1 Investments in holdings (shares) of undertakings within the group	021	38.159	37.796
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits, etc. to undertakings within the group	023		
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024		
5 Investment in other securities of companies linked by virtue of participating interests	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interests	026		
7 Investments in securities	027		
8 Loans, deposits, etc. given	028		
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030		
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	<b>0</b>	<b>0</b>
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>		
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>27.768.064</b>	<b>52.882.622</b>
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>1.059.513</b>	<b>998.219</b>
1 Raw materials and consumables	039	1.059.513	998.219
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

<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>3.284.530</b>	<b>3.068.267</b>
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interests	048		
3 Customer receivables	049	2.781.284	1.570.424
4 Receivables from employees and members of the undertaking	050		10.568
5 Receivables from government and other institutions	051	322.994	1.039.414
6 Other receivables	052	180.252	447.861
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>67.291</b>	<b>45.080.000</b>
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057		
5 Investment in other securities of companies linked by virtue of participating interests	058		
6 Loans, deposits etc. to companies linked by virtue of participating interests	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	67.291	45.080.000
9 Other financial assets	062		0
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>23.356.730</b>	<b>3.736.136</b>
<b>D ) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>		<b>0</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>476.670.048</b>	<b>494.903.044</b>
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>		
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)</b>	<b>067</b>	<b>348.072.518</b>	<b>370.244.994</b>
<b>I INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>229.146.480</b>	<b>229.146.480</b>
<b>II CAPITAL RESERVES</b>	<b>069</b>	<b>2.932.389</b>	<b>2.932.389</b>
<b>III RESERVES FROM PROFIT (ADP 071+072-073+074+075)</b>	<b>070</b>	<b>37.405.213</b>	<b>37.405.213</b>
1 Legal reserves	071	24.077.986	24.077.986
2 Reserves for treasury shares	072	6.975.716	6.975.716
3 Treasury shares and holdings (deductible item)	073	-1.171.168	-1.171.168
4 Statutory reserves	074		
5 Other reserves	075	7.522.679	7.522.679
<b>IV REVALUATION RESERVES</b>	<b>076</b>		
<b>V FAIR VALUE RESERVES (ADP 078 to 080)</b>	<b>077</b>	<b>0</b>	<b>0</b>
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		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
<b>VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)</b>	<b>083</b>	<b>77.566.557</b>	<b>78.588.436</b>
1 Retained profit	084	77.566.557	78.588.436
2 Loss brought forward	085		
<b>VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)</b>	<b>086</b>	<b>1.021.879</b>	<b>22.172.476</b>
1 Profit for the business year	087	1.021.879	22.172.476
2 Loss for the business year	088		
<b>VIII MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>		
<b>B) PROVISIONS (ADP 091 to 096)</b>	<b>090</b>	<b>0</b>	<b>0</b>
1 Provisions for pensions, termination benefits and similar obligations	091		
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093		
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	0	0

<b>C) LONG-TERM LIABILITIES (ADP 098 to 108)</b>	<b>097</b>	<b>105.848.809</b>	<b>94.433.244</b>
1 Liabilities towards undertakings within the group	098		
2 Liabilities for loans, deposits, etc. to companies within the group	099		
3 Liabilities towards companies linked by virtue of participating interest	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities towards banks and other financial institutions	103	105.848.809	94.433.244
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107		
11 Deferred tax liability	108		
<b>D) SHORT-TERM LIABILITIES (ADP 110 to 123)</b>	<b>109</b>	<b>20.986.782</b>	<b>28.274.461</b>
1 Liabilities towards undertakings within the group	110		
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities towards banks and other financial institutions	115	9.078.805	14.118.155
7 Liabilities for advance payments	116	192.879	75.031
8 Liabilities towards suppliers	117	7.609.349	5.670.806
9 Liabilities for securities	118		
10 Liabilities towards employees	119	1.482.594	1.746.985
11 Taxes, contributions and similar liabilities	120	1.462.035	5.502.364
12 Liabilities arising from the share in the result	121		
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	1.161.120	1.161.120
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>1.761.939</b>	<b>1.950.345</b>
<b>F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)</b>	<b>125</b>	<b>476.670.048</b>	<b>494.903.044</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>		

STATEMENT OF PROFIT OR LOSS			
for the period 01/01 to 31/12/2021			
Item	ADP code	Same period of the previous year	Current period
		2020	2021
1	2	3	4
<b>I OPERATING INCOME (ADP 128 to 132)</b>	<b>127</b>	<b>97.640.559</b>	<b>134.470.753</b>
1 Income from sales with undertakings within the group	128	75.356	75.354
2 Income from sales (outside group)	129	89.928.901	128.440.586
3 Income from the use of own products, goods and services	130	32.978	20.127
4 Other operating income with undertakings within the group	131		
5 Other operating income (outside the group)	132	7.603.324	5.934.686
<b>II OPERATING EXPENSES (ADP 134+135+139+143+144+145+148+155)</b>	<b>133</b>	<b>92.116.518</b>	<b>105.109.481</b>
1 Changes in inventories of work in progress and finished goods	134		
<b>2 Material costs (ADP 136 to 138)</b>	<b>135</b>	<b>27.358.320</b>	<b>35.610.557</b>
a) Costs of raw material	136	11.096.341	17.124.369
b) Costs of goods sold	137		
c) Other external costs	138	16.261.979	18.486.188
<b>3 Staff costs (ADP 140 to 142)</b>	<b>139</b>	<b>30.451.269</b>	<b>33.951.602</b>
a) Net salaries and wages	140	18.609.339	20.991.868
b) Tax and contributions from salaries expenses	141	7.514.665	8.132.403
c) Contributions on salaries	142	4.327.265	4.827.331
4 Depreciation	143	15.673.654	19.068.149
5 Other expenses	144	17.266.743	15.172.496
<b>6 Value adjustments (ADP 144+145)</b>	<b>145</b>	<b>0</b>	<b>0</b>
a) fixed assets other than financial assets	146		
b) current assets other than financial assets	147		
<b>7 Provisions (ADP 149 to 155)</b>	<b>148</b>	<b>0</b>	<b>0</b>
a) Provisions for pensions, termination benefits and similar obligations	149		
b) Provisions for tax liabilities	150		
c) Provisions for ongoing legal cases	151		
d) Provisions for renewal of natural resources	152		
e) Provisions for warranty obligations	153		
f) Other provisions	154		
8 Other operating expenses	155	1.366.532	1.306.677
<b>III FINANCIAL INCOME (ADP 157 to 166)</b>	<b>156</b>	<b>97.205</b>	<b>360.375</b>
1 Income from investments in holdings (shares) of undertakings within the group	157		
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	158		
3 Income from other long-term financial investment and loans granted to undertakings within the group	159		
4 Other interest income from operations with undertakings within the group	160		
5 Exchange rate differences and other financial income from operations with undertakings within the group	161		
6 Income from other long-term financial investments and loans	162		
7 Other interest income	163	58.979	266
8 Exchange rate differences and other financial income	164	38.226	360.109
9 Unrealised gains (income) from financial assets	165		
10 Other financial income	166		
<b>IV FINANCIAL EXPENDITURE (ADP 168 to 174)</b>	<b>167</b>	<b>4.599.367</b>	<b>3.362.161</b>
1 Interest expenses and similar expenses with undertakings within the group	168		
2 Exchange rate differences and other expenses from operations with undertakings within the group	169		
3 Interest expenses and similar expenses	170	3.297.973	3.123.657
4 Exchange rate differences and other expenses	171	1.286.382	144.612
5 Unrealised losses (expenses) from financial assets	172		
6 Value adjustments of financial assets (net)	173		
7 Other financial expenses	174	15.012	93.892

<b>V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>175</b>		
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	176		
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	177		
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>178</b>		
<b>IX TOTAL INCOME (ADP 127+156+175 + 176)</b>	<b>179</b>	<b>97.737.764</b>	<b>134.831.128</b>
<b>X TOTAL EXPENDITURE (ADP 133+167+177 + 178)</b>	<b>180</b>	<b>96.715.885</b>	<b>108.471.642</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 179-180)</b>	<b>181</b>	<b>1.021.879</b>	<b>26.359.486</b>
1 Pre-tax profit (ADP 179-180)	182	1.021.879	26.359.486
2 Pre-tax loss (ADP 180-179)	183	0	0
<b>XII INCOME TAX</b>	<b>184</b>		<b>4.187.010</b>
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 181-184)</b>	<b>185</b>	<b>1.021.879</b>	<b>22.172.476</b>
1 Profit for the period (ADP 181-184)	186	1.021.879	22.172.476
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)			
<b>XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 189-190)</b>	<b>188</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit from discontinued operations	189		
2 Pre-tax loss on discontinued operations	190		
<b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>191</b>		
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)			
<b>XVI PRE-TAX PROFIT OR LOSS (ADP 181+188)</b>	<b>194</b>		
1 Pre-tax profit (ADP 194)	195		
2 Pre-tax loss (ADP 194)	196		
<b>XVII INCOME TAX (ADP 184+191)</b>	<b>197</b>		
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 194-197)</b>	<b>198</b>		
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)			
<b>XIX PROFIT OR LOSS FOR THE PERIOD (ADP 202+203)</b>	<b>201</b>	<b>0</b>	<b>0</b>
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)			
<b>I PROFIT OR LOSS FOR THE PERIOD</b>	<b>204</b>	<b>1.021.879</b>	<b>22.172.476</b>
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 206+ 213)</b>	<b>205</b>	<b>0</b>	<b>0</b>
<b>III Items that will not be reclassified to profit or loss (ADP207 to 211)</b>	<b>206</b>	<b>0</b>	<b>0</b>
1 Changes in revaluation reserves of fixed tangible and intangible assets	207		
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	208		
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	209		
4 Actuarial gains/losses on the defined benefit obligation	210		
5 Other items that will not be reclassified	211		
6 Income tax relating to items that will not be reclassified	212		
<b>IV Items that may be reclassified to profit or loss (ADP 214 to 221)</b>	<b>213</b>	<b>0</b>	<b>0</b>
1 Exchange rate differences from translation of foreign operations	214		
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	215		
3 Profit or loss arising from effective cash flow hedging	216		
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	217		
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	218		
6 Changes in fair value of the time value of option	219		

7 Changes in fair value of forward elements of forward contracts	220		
8 Other items that may be reclassified to profit or loss	221		
9 Income tax relating to items that may be reclassified to profit or loss	222		
<b>V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 206+213- 212 - 222)</b>	<b>223</b>	<b>0</b>	<b>0</b>
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 204+223)</b>	<b>224</b>	<b>1.021.879</b>	<b>22.172.476</b>
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 225+226)</b>	<b>225</b>	<b>0</b>	<b>0</b>
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 01/01/2021 to 31/12/2021			
in HRK			
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Same period of the previous year 2020	Current period 2021.
1	2	3	4
<b>Cash flow from operating activities</b>			
1 Pre-tax profit	001	1.021.879	26.359.486
<b>2 Adjustments (ADP 003 to 010):</b>	<b>002</b>	<b>16.221.597</b>	<b>22.237.934</b>
a) Depreciation	003	15.673.654	19.068.148
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	547.943	78.611
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	0	-266
e) Interest expenses	007	0	3.123.657
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	0	-285.275
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	253.059
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>17.243.476</b>	<b>48.597.420</b>
<b>3 Changes in the working capital (ADP 013 to 016)</b>	<b>012</b>	<b>4.685.993</b>	<b>-1.375.848</b>
a) Increase or decrease in short-term liabilities	013	-7.467.821	-1.653.405
b) Increase or decrease in short-term receivables	014	12.455.851	216.263
c) Increase or decrease in inventories	015	-707.820	61.294
d) Other increase or decrease in working capital	016	405.783	0
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>21.929.469</b>	<b>47.221.572</b>
4 Interest paid	018	-3.225.799	-3.123.657
5 Income tax paid	019	6.957.218	0
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>25.660.888</b>	<b>44.097.915</b>
<b>Cash flow from investment activities</b>			
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	59	266
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	3.000
6 Other cash receipts from investment activities	026	0	0
<b>III Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>59</b>	<b>3.266</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-14.581.297	-12.265.561
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	-45.080.000
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
<b>IV Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-14.581.297</b>	<b>-57.345.561</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>-14.581.238</b>	<b>-57.342.295</b>
<b>Cash flow from financing activities</b>			
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	7.458.224	2.677.025
4 Other cash receipts from financing activities	038	0	0
<b>V Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>7.458.224</b>	<b>2.677.025</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-8.295.998	-5.003.867
2 Cash payments for dividends	041	-2.968	0
3 Cash payments for finance lease	042	-2.082.481	-4.049.372
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	-40.000	0

5 Other cash payments from financing activities	044	0	0
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-10.421.447</b>	<b>-9.053.239</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	<b>-2.963.223</b>	<b>-6.376.214</b>
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>8.116.427</b>	<b>-19.620.594</b>
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	15.240.303	23.356.730
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)</b>	<b>050</b>	<b>23.356.730</b>	<b>3.736.136</b>

STATEMENT OF CASH FLOWS - Direct method			
for the period 01/01/2021 to 31/12/2021			
in HRK			
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Same period of the previous year 2020	Current period 2021
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
<b>I Cash from operations (ADP 001 to 008)</b>	<b>009</b>	<b>0</b>	<b>0</b>
9 Interest paid	010	0	0
10 Income tax paid	011	0	0
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 009 to 011)</b>	<b>012</b>	<b>0</b>	<b>0</b>
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
<b>II Total cash receipts from investment activities (ADP 013 to 018)</b>	<b>019</b>	<b>0</b>	<b>0</b>
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
<b>III Total cash payments from investment activities (ADP 020 to 024)</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 019 + 025)</b>	<b>026</b>	<b>0</b>	<b>0</b>
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
<b>IV Total cash receipts from financing activities (ADP 027 to 030)</b>	<b>031</b>	<b>0</b>	<b>0</b>
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
<b>V Total cash payments from financing activities (ADP 032 to 036)</b>	<b>037</b>	<b>0</b>	<b>0</b>
<b>C) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 031 + 037)</b>	<b>038</b>	<b>0</b>	<b>0</b>
1 Unrealised exchange rate differences in cash and cash equivalents	039	0	0
<b>D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 012+026+038+039)</b>	<b>040</b>	<b>0</b>	<b>0</b>
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 01/01/2021 to 31/12/2021

in HRK

Item	ADP code	Attributable to owners of the parent																	Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent			
		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)	
<b>Previous period</b>																				
1 Balance on the first day of the previous business year	01	229.146.480	2.932.389	14.677.986	6.975.716	1.438.432		7.522.679							55.632.643	31.333.914	346.783.375		346.783.375	
2 Changes in accounting policies	02																0		0	
3 Correction of errors	03																0		0	
<b>4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)</b>	<b>04</b>	<b>229.146.480</b>	<b>2.932.389</b>	<b>14.677.986</b>	<b>6.975.716</b>	<b>1.438.432</b>	<b>0</b>	<b>7.522.679</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55.632.643</b>	<b>31.333.914</b>	<b>346.783.375</b>	<b>0</b>	<b>346.783.375</b>	
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.021.879	1.021.879		1.021.879	
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	
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	
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	
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	
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	
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	
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	
13 Other changes in equity unrelated to owners	13																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	
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	
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																0		0	
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																0		0	
18 Redemption of treasury shares/holdings	18					40.000											-40.000		-40.000	
19 Payments from members/shareholders	19																0		0	
20 Payment of share in profit/dividend	20																0		0	
21 Other distributions and payments to members/shareholders	21					-307.264									21.933.914	-31.333.914	-9.092.736		-9.092.736	
22 Transfer to reserves according to the annual schedule	22			9.400.000													9.400.000		9.400.000	
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																0		0	
<b>24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)</b>	<b>24</b>	<b>229.146.480</b>	<b>2.932.389</b>	<b>24.077.986</b>	<b>6.975.716</b>	<b>1.171.168</b>	<b>0</b>	<b>7.522.679</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>77.566.557</b>	<b>1.021.879</b>	<b>348.072.518</b>	<b>0</b>	<b>348.072.518</b>	
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																				
<b>I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1.021.879</b>	<b>1.021.879</b>	<b>0</b>	<b>1.021.879</b>	
<b>III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>9.400.000</b>	<b>0</b>	<b>-267.264</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21.933.914</b>	<b>-31.333.914</b>	<b>267.264</b>	<b>0</b>	<b>267.264</b>	

Current period																			
1 Balance on the first day of the current business year	28	229.146.480	2.932.389	24.077.986	6.975.716	1.171.168	7.522.679								77.566.557	1.021.879	348.072.518		348.072.518
2 Changes in accounting policies	29																0		0
3 Correction of errors	30																0		0
<b>4 Balance on the first day of the current business year (restated) (AOP 28 to 30)</b>	<b>31</b>	<b>229.146.480</b>	<b>2.932.389</b>	<b>24.077.986</b>	<b>6.975.716</b>	<b>1.171.168</b>	<b>0</b>	<b>7.522.679</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>77.566.557</b>	<b>1.021.879</b>	<b>348.072.518</b>	<b>0</b>	<b>348.072.518</b>
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	22.172.476	22.172.476		22.172.476
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
9 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
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
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
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
13 Other changes in equity unrelated to owners	40																0		0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42																0		0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																0		0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44																0		0
18 Redemption of treasury shares/holdings	45																0		0
19 Payments from members/shareholders	46																0		0
20 Payment of share in profit/dividend	47																0		0
21 Other distributions and payments to members/shareholders	48														1.021.879	-1.021.879	0		0
22 Carryforward per annual plan	49																0		0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																0		0
<b>24 Balance on the last day of the current business year reporting period (ADP 31 to 50)</b>	<b>51</b>	<b>229.146.480</b>	<b>2.932.389</b>	<b>24.077.986</b>	<b>6.975.716</b>	<b>1.171.168</b>	<b>0</b>	<b>7.522.679</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78.588.436</b>	<b>22.172.476</b>	<b>370.244.994</b>	<b>0</b>	<b>370.244.994</b>
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
<b>I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22.172.476</b>	<b>22.172.476</b>	<b>0</b>	<b>22.172.476</b>
<b>III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1.021.879</b>	<b>-1.021.879</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 9.9 REPRESENTATION LETTER

ILIRIJA d.d.  
BIOGRAD NA MORU

Biograd na Moru, 04/02/2022

Statement made by the persons responsible for the preparation of the financial statements for the period from 01/01/2021–31/12/2021

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

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

The financial statements give a true and fair view of the financial position of the Company as at 31/12/2021, operating results and cash flows of the Company in accordance with International Financial Reporting Standards.

The Management's Report gives a true overview of operating results and position of the Company as at 31/12/2021

Financial statements for the period from 01/1/2021 - 31/12/2021 are audited.

Accounting Manager::  
Zorka Strpić



**ILIRIJA** dioničko društvo  
za ugostiteljstvo i turizam  
Biograd na Moru

Management Board:  
Goran Ražnjević



## 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: 13/2022

In Biograd na Moru, 10 February 2022

Pursuant to Articles 250a, 300a and 300b of the Companies Act ("Official Gazette" No 152/11 – consolidated text, 111/12, 68/13, 110/15 and 40/19), 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 10 February 2022 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 2021 (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 2021 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 2021 Annual Financial Statements of the Company.
  
- III. The Company's Management Board hereby creates the 2021 Annual Statement of the Company (non-consolidated) consisting of the following:
  - 1 2021 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 2021
  
- IV. The Company Management Board hereby defines the Decision on Proposed Profit Allocation for 2021 in the total amount of: **HRK 22,172,476.03**, so the profit shall be allocated as follows:
  - HRK 13,752,683.53 into the retained profit;
  - HRK 8,419,792.50 for dividend distribution;



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www.ilirijabiograd.com

- V. This Decision, along with the 2021 Annual Financial Statement of the Company (non-consolidated), shall be referred to the Supervisory Board of the Company for consideration, i.e. approval.
- VI. The Company Management Board shall convene the General Assembly of the Company following the approval of the 2021 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



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www.ilirijabiograd.com

### SUPERVISORY BOARD

Number:14/2022-2

In Biograd na Moru, 23 February 2022

Pursuant to Articles 300c and 300d of the Companies Act ("Official Gazette" No 152/11 – consolidated text, 111/12, 68/13, 110/15 and 40/19) and the Management Board Decision No 18/2022, of 15 February 2022, the Supervisory Board of ILIRIJA d.d. at its session held on 23 February 2022, adopted the following:

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

- I. The Company Supervisory Board hereby approves the 2021 Annual Statement of the Company (non-consolidated) consisting of the following:
  - 1) 2021 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 2021
  
- II. Following the approval by the 2021 Annual Statement of the Company (unconsolidated) it is considered that the Annual Financial Statements of the Company for 2021 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 2021 in the total amount of: **HRK 22,172,476.03** as follows:
  - HRK 13,752,683.53 into the retained profit;
  - HRK 8,419,792.50 for dividend distribution

President of the Supervisory 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.

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