



Hotel Ambassador 5*, Opatija

BUSINESS RESULTS 1/1/2021 – 30/9/2021

LIBURNIA RIVIERA HOTELI d.d.

Opatija, October 2021

KEY MESSAGES

KEY FINANCIAL INDICATORS

(in HRK million)	9M 2020	9M 2021	9M 2021 / 9M 2020
Total revenues	91.7	212.7	132%
Operating revenues	91.6	212.7	132%
Sales revenue	69.2	185.9	169%
Board revenues	55.9	157.6	182%
Operating costs	94.8	157.1	66%
EBITDA	-3.2	55.6	n/a
EBIT	-83.4	-19.7	76%
EBT	-85.6	-23.5	73%
	31/12/2020	30/09/2021	2021/2020
Net debt	265.2	270.3	2%
Cash and cash equivalents	12.1	62.6	419%

KEY OPERATING INDICATORS

	9M 2020	9M 2021	9M 2021 / 9M 2020
Number of acc. units (operating)	1,212	1,828	51%
Annual occupancy (%)	15.6%	24.5%	890 bp
Accommodation units sold	68,941	163,358	137%
Overnights	134,997	323,697	140%
Average daily rate (in HRK)	810	965	19%
RevPAR (in HRK)	46,082	86,216	87%

Note: Details and explanations of indicators can be found on page 8 in the chapter "Company results"

During first nine months of 2021, Liburnia Riviera Hotels d.d. (hereinafter Liburnia Riviera or the Company) recorded a strong recovery in tourism and business activities, especially during high season. The recorded total/operating revenues of HRK 212.7 million (+132% compared to the comparative period of 2020) in the nine-month period are a result of: i) successful business adjustments, marketing and sales activities to the pandemic impact of the COVID-19 virus, ii) the gradual mitigation of the impact of the COVID-19 pandemic on tourist and economic flows and iii) an increase in population vaccination in key tourism markets and in the Republic of Croatia resulting in strong demand for the Company's tourist capacities since the end of the second quarter of 2021. The achieved results further indicate a faster than initially expected recovery, as well as the resilience of Croatian tourism, particularly in the northern Adriatic regions (Istria, Primorje) where Liburnia Riviera operates. Namely, the diverse hotel portfolio of Liburnia Riviera and the convenient geographical location for automobile guests (Croatians, Germans, Austrians, Hungarians, Czechs, Slovenians, Italians, Serbs) represent Liburnia Riviera's natural hedging from present disruptions.

By the end of June 2021, most of Liburnia Riviera's tourist capacities (79%) had opened, with a total of 323,697 overnight stays (+140%; 2020: 134,997) in the first nine months of 2021. Despite the impact of COVID-19 pandemic and the absence of a large portion of the 2021 pre-season business, Liburnia Riviera achieved positive EBITDA in the amount of HRK 55.6 million (2020: HRK -3.2 million). HRK 58.8 million better operating result is achieved as a result of: i) further optimization and rationalization of operating costs, ii) increase of operating income due to strong demand for tourist capacities mainly during peak season, iii) significant increase in the average daily price (+19% compared to 2020 and +26% compared to 2019) as a result of optimization of sales channels and marketing activities and improvement of revenue management policies, and iv) HRK 4.4 million higher amount of received support from the Government of the Republic of Croatia compared to the same period last year.

Liburnia Riviera actively monitors positive developments related to the impact of COVID-19 pandemic on market fluctuations and dynamically analyses and implements necessary changes in its operations. Among them are preventive measures and action plans aimed at protection of health of guests and employees, and at maintaining business continuity while preserving jobs. Positive trend of business normalization of the Company is further supported by the proactive approach and sound liquidity management, while ensuring uninterrupted business operations. Liburnia Riviera's long-term liquidity position has been further strengthened through i) arranging a moratorium on the repayment of credit obligations until 30 June 2021, ii) refinancing most of the existing loan obligations to Erste&Steiermärkische Bank d.d. and iii) arranging a new EUR 11.5 million long-term credit line with Sberbank d.d. This additionally supports the Company's financial stability and cash flow strength for the repositioning of the tourism portfolio and safeguarding working capital levels to successfully execute comprehensive activities for the expected business normalization.

Aiming to securing future cash flows, during the first nine months of 2021 capital expenditures were reduced to the amount of HRK 27.3 million. They included the improvements and preparation of facilities for the season (primarily the Hotel Ambassador and Excelsior, and Villa Slatina). It also included reconstruction of Kvarner Hotel, and renovation beginning of a premium pastry shop in Imperial Hotel. In addition, modification of other tourist products and services continued, focused on increasing the quality and security of services for the 2021 tourist season.

In parallel, preparation of projects for further growth and development of Liburnia Riviera's tourism portfolio continues, with the current priority being maximization of free cash flow and reduction of net debt/EBITDA ratio towards pre-COVID levels. Namely, Croatia in 2022 has the opportunity to further consolidate the position of a safe and desirable Mediterranean destination, and to continue with a strong recovery dynamic, starting from the pre-season

next year when a high level of business normalization is expected. Given the resilience of the tourism industry in Croatia, especially the locations where Liburnia Riviera has its own tourist capacities, the strategic focus of the Government of the Republic of Croatia on key resources and the promotion of investments in tourism, are pivotal foundations for acceleration of business normalization, expediting the growth of Croatia's total GDP and increasing the competitiveness of the Croatian tourism sector in the coming period.

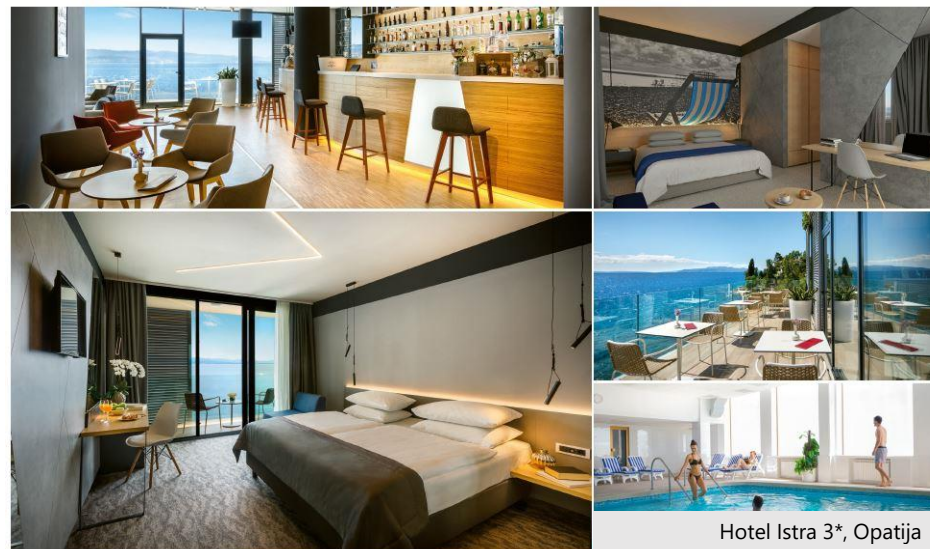
Liburnia Riviera, as a company with strong positive net asset value and simultaneous ownership and management of valuable hotel and tourist facilities together with contracted credit lines and refinancing of credit obligations, has created the necessary preconditions for expected normalization of the business in 2022 and 2023, and further sustainable growth and development of the company.



ABOUT LIBURNIA RIVIERA

Liburnia Riviera is one of the largest hospitality companies in the Republic of Croatia with revenues of over HRK 300 million in pre-COVID-19 market conditions. Opatija, also known as the 'Old Lady', 'Pearl of the Adriatic' or 'Queen of Tourism', represents an exclusive Adriatic resort with a long history of tourism dating back to 1844, and Liburnia Riviera's tourism portfolio has been highly integrated into international tourist markets for more than 100 years. Liburnia Riviera has about 2,300 keys in its tourism portfolio where in its 13 hotels, 5 villas and one camping resort it can host more than 4,700 guests per day. Catering for the perfect holiday and authentic experiences for them, there is almost 1,000 high-season employees.

Adhering to the vision of positioning of the Opatija Riviera as one of the best tourist destinations in the Mediterranean, the Opatija Riviera needs a significant strategic shift in tourism development that will ultimately result in further improvements and upscaling of tourist products and experiences. As the largest hotelier on the Opatija Riviera, Liburnia Riviera has launched internal reorganization measures, improving the business model, as well as renovating and reconstructing hotels and other premises in 2020 and 2021. However, due to the COVID-19 pandemic outbreak and its adverse impact on all industries, economic and tourist flows, including Liburnia's cash flow, the amount of planned investments decreased compared to the initial expectations and development plans. Nevertheless, the Company is focused on a strategy to stimulate growth and create new value, recognizing the reorganization to be the first step in building a solid ground for sustainable investments in high value-added products, talents, innovative services and destinations, as well as international branding.



SIGNIFICANT BUSINESS EVENTS

IMPACT OF COVID-19 ON THE COMPANY'S BUSINESS

Considering the continued adverse impact of COVID-19 unpredictable spread and resulting issues for the Company's business, actions and events related to the pandemic are explained in more detail in the chapter "Business management during the COVID-19 pandemic", to follow.

LIBURNIA RIVIERA GENERAL ASSEMBLY

General Assembly was held on 9th August 2021, with the following admissions:

- the Remuneration Report of Management and Supervisory Board Members for 2020 is approved together with the auditor's report of its inspection;
- the Company's realized loss for 2020 in the total amount of HRK 161,386,839 is distributed in such a way that part of HRK 27,105,058 is recovered from the Company's retained earnings, and the difference in the amount of HRK 134,280,781 is recorded as a transferred loss;
- discharge is given to the Board members responsible for managing the Company's business and to the members of the Supervisory Board for the supervision of the management of the Company's affairs in 2020;
- Auditor Grant Thornton revizija d.o.o. from Zagreb is appointed to carry out the audit of Liburnia Riviere in 2021;
- Mr. Johannes Böck and Mrs. Ana Odak were elected as new members of the Supervisory Board, following received resignations of Mr. Klaus Riederer, by then President and Mr. Branimir Žarkovic, by then member of the Supervisory Board.

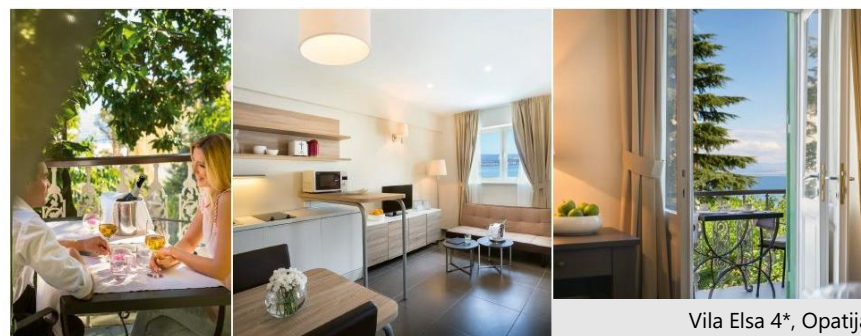
STRENGTHENING MEDIUM-TERM LIQUIDITY

At the end of July 2021, the Company contracted refinancing of the most of its existing loan obligations with the Company's largest lender, Erste&Steiermärkische Bank d.d., amounting to EUR 25 million which, by extending repayment periods, strengthened the future liquidity position in accordance with the sound management of the Company's long-term sustainability in the COVID-19 pandemic.

In September 2021, the Company entered into a loan agreement with Sberbank d.d. in the amount of EUR 11.5 million for a period of 6 years for the purpose of financing the working capital and ensuring the company's medium-term liquidity. These legal activities are a confirmation of trust of investors and financiers in the further development of Liburnia Riviera, as well as in the rapid recovery and further development of Croatian tourism.

BUSINESS SHARE PURCHASE AGREEMENT

Gitone Kvarner d.o.o. from Zagreb and Liburnia Riviera Hotels d.d. entered into a contract for the purchase of business shares in the amount of EUR 3.7 million, which gave Liburnia Riviera 100% shares of Aeris, company based in Opatija, for the purpose of consolidating and developing of future tourist products in geostrategic positions in Opatija.



Vila Elsa 4*, Opatija

BUSINESS MANAGEMENT DURING THE COVID-19 PANDEMIC

Market remained uncertain in the first five months of 2021, as countries across Europe experienced a resurgence of COVID-19 patients, resulting in movement restrictions of various degrees, aimed at reducing the number of COVID-19 infections, and ultimately undermining the travel demand until May 2021. During June, governments across Europe began easing restrictions on movements. That had a positive impact on the number of reservations and a strong increase in demand in Croatia, so most of our facilities (79% capacity) were open for the summer season. During July and August there was a noticeable increase in the number of overnight stays with high levels of occupancy of open capacities (July: 72%; August: 83%) with a significant increase in average daily prices to the level of HRK 1,050 in July (+18% compared to July 2020, +13% compared to July 2019) and HRK 1,250 in August (+38% compared to August 2020, +26% compared to August 2019). These results indicate the start of recovery and normalization of Liburnia Riviera's business and assures the resilience of Croatian tourism.

The Company continuously monitors situation related to the adverse impact of the COVID-19 pandemic on market dynamics and analytically assesses necessary changes in its operations. At present, the Company still applies preventive measures to protect the health of guests and employees. In addition, in cooperation with the city of Opatija and the Teaching Institute for Public Health (NZZJZ), a public testing centre for guests and employees has been set up, and employees have access to self-testing kits on Company premises. Benefits of employee vaccination are continuously and actively promoted in agreement with the epidemiological service, complemented by the observance of "Stay safe" standards defined by the Croatian Tourist Board and the NZZJZ.

IMPROVEMENTS OF TOURIST PRODUCTS AND SERVICES

Focusing on the increase of quality of services and safety of guests and employees, the Company continuously implements comprehensive set of activities. These include implementation of crisis procedures while providing general information on COVID-19 spread, and measures to prevent the occurrence and control of spread of respiratory viruses. In addition, precautionary activities comprise of restriction of the number of seatings in restaurants in accordance with the prescribed measures, mandatory wearing of masks for all employees in contact with guests, the possibility of testing for guests and delivering results, mandatory temperature check for employees, as well as continuous disinfection of all public spaces and accommodation units, including additional disinfection measures after the departure of a guest.

Incrementally adapting to the impact of the pandemic, and to increase the demand for the Company's tourist capacities, the "non-refundable" price list and card deposits have been cancelled until further notice. Policy of active management and adjustment to daily prices of tourist facilities has been intensified, as well as the creation of packages with additional services included, which has certainly contributed to the realization of a significant increase in average daily prices in high season. In the present circumstances of uncertainty related to the further development of the pandemic and the freedom of movement of people, the final business effect of the entry of new reservations, primarily those related to 2022, cannot be definitely predicted, especially given the pronounced trend of "last-minute" bookings, but also the simplified cancellation policy.

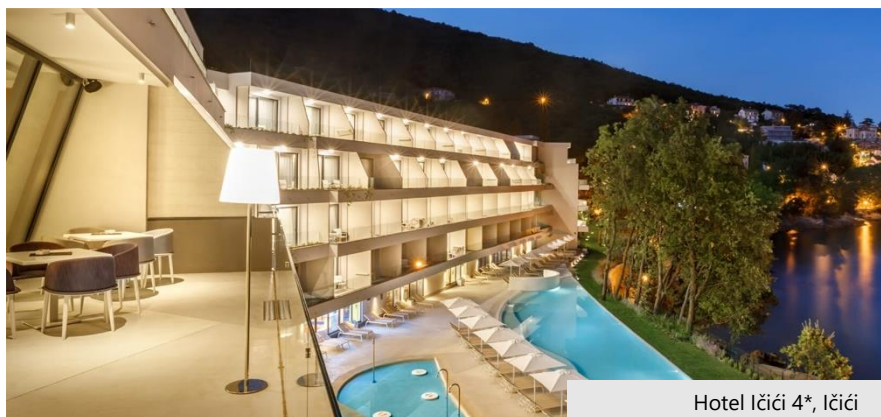
MEASURES TO SUPPORT AND HELP THE ECONOMY

The competent state and local authorities have adopted packages of support measures and assistance to the economy to mitigate the consequences of the specific circumstances caused by the COVID-19 pandemic, in order to overcome short-term liquidity challenges and ensure the preservation of jobs.

The Company has undertaken a comprehensive scope of actions to minimize negative impact on its own business, including, inter alia, the use of support to preserve jobs (HRK 4,000 per employee for salaries during the first seven months of 2021) and exemption from tax liabilities and contribution obligations, which relieved the cost of employees during the first nine months of 2021 by a total of HRK 16.7 million.



Hotel Kvarner 4*, Opatija



Hotel Ičići 4*, Ičići

LIQUIDITY PROTECTION

Aiming to secure liquidity and solvency, the Company continued its financial savings measures throughout 2021, mainly in the part of direct and operating costs due to reduced volume of business while ensuring the smooth business continuation. Cash outflow plans continued to be adapted to crisis management measures and included a high level of savings in direct and operational costs due to reduced volume of operations and minimization of otherwise fixed costs by dynamically opening tourist facilities while rationally using the workforce. Rationalization of operating costs included savings in energy costs, direct costs of food and beverages, costs of maintenance of systems and processes through negotiations with suppliers for lower prices, as well as minimizing employee costs through active resources management according to the needs. During May and June, with the opening of tourist facilities due to the strong entry of new reservations, Company actively hired additional seasonal workers, thereby increasing the number of employees to 742 in the peak season.

In 2020, moratoriums on the repayment of credit obligations were successfully agreed until 30 June 2021 in accordance with the applicable measures. Thus, in agreement with commercial banks, the repayment of the principal in the total amount of HRK 89.2 million was deferred. At the end of July, greater portion of the existing loan obligations to the Company's largest lender, Erste&Steiermärkische Bank d.d. was refinanced in the amount of EUR 25 million, which strengthened the medium-term cash position by extending repayment periods. Activities by sound management of long-term business sustainability continued in September 2021, when a long-term loan agreement with Sberbank d.d. was signed in the amount of EUR 11.5 million for a period of 6 years.

COMPANY RESULTS

KEY FINANCIAL INDICATORS¹

(in HRK million)	9M 2020	9M 2021	9M 2021 / 9M 2020
Total revenues	91.7	212.7	132%
Operating revenues	91.6	212.7	132%
Sales revenue	69.2	185.9	169%
Board revenues ²	55.9	157.6	182%
Operating costs ³	94.8	157.1	66%
EBITDA ⁴	-3.2	55.6	n/a
EBIT	-83.4	-19.7	76%
EBT	-85.6	-23.5	73%
	31.12.2021	30.09.2021	2021/2020
Net debt ⁵	265.2	270.3	2%
Cash and cash equivalents	12.1	62.6	419%

KEY OPERATING INDICATORS

	9M 2020	9M 2021	9M 2021 / 9M 2020
Number of acc. units (operating)	1,212	1,828	51%
Annual occupancy (%) ⁶	15.6%	24.5%	890 bp
Accommodation units sold	68,941	163,358	137%
Overnights	134,997	323,697	140%
Average daily rate (in HRK)	810	965	19%
RevPAR (in HRK)	46,082	86,216	87%

¹ Classified according to Quarterly Financial Statement standard (TFI PODRDG) EBIT and EBITDA are recorded on the basis of operating income.

² In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry) board revenues includes accommodation revenues and board food and beverage revenues.

In the first nine months of 2021, total revenues amounted to 212.7 million, which represents an increase of 132% compared to the same period last year.

The increase in total revenues in the amount of HRK 121 million was influenced by:

a) a significant increase in sales revenues in the amount of 169% (+HRK 116.7 million) to the level of HRK 185.9 million, consisting primarily of board revenues in the amount of HRK 157.6 million (+182%; +HRK 101.7 million). Despite extraordinary restrictions on movement, including restrictions on gatherings, partial restrictions on the operation of catering establishments and shops, and restrictions on border crossings and travel border controls, and consequently gap in the greater part of pre-season during the first half of 2021, there was an 81% increase in board revenues (+HRK 16.9 million). In high season, we have witnessed a strong demand for tourist capacities in Croatia due to the great desire of tourists to travel after a long period of restrictions and bans on crossing state borders and related quarantines. Consequently, Liburnia Riviera recorded an 242% increase in board revenues in the third quarter of 2021 (+HRK 84.8 million), primarily in the individual marketing segment thanks to a diverse tourism portfolio and convenient geographical location for automobile guests (Croatians, Germans, Austrians, Hungarians, Czechs, Slovenians, Italians, Serbs). This represents Liburnia Riviera's natural hedge from present market disruptions. With a significant sales increase of accommodation units (+137%) to the level of 163,358 units, strong support to the increase of sales revenues comes from a 19% increase in the average daily price to the level of HRK 965 within the first nine months. During July and August there was a

³ Operating costs calculated according to the formula operating expenses - depreciation - value adjustment - provisions.

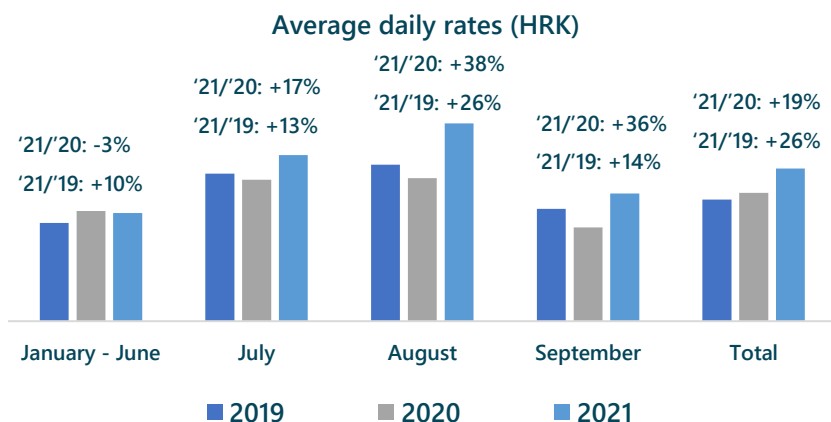
⁴ EBITDA (earnings before interest, taxes, depreciation and amortization) is calculated according to the formula: operating income - operating expenses + depreciation + value adjustments.

⁵ Net debt: long-term and short-term liabilities to banks and other financial institutions + other liabilities in accordance with IFRS 16 (leases) - cash and cash equivalents.

⁶ Annual occupancy and RevPar calculated based on the number of operating accommodation units.

noticeable increase in the number of overnight stays with high levels of open capacity occupancy (July: 72%; August: 83%) with a significant increase in average daily prices in July (+17% vs. July 2020, +13% vs. July 2019) and August (+38% compared to August 2020, +26% compared to August 2019). It is important to note that the average daily price achieved during the third quarter, when the highest demand for tourist capacities of Liburnia Riviera was recorded 25% higher than in the comparative period of 2020 and 19% higher than in period of 2019, respectively.

b) other operating revenues in the amount of HRK 26.7 million, which represents an increase of 20% compared to the same period in 2020. Its realization in 2021 is primarily due to the continued use of support measures of the Government of the Republic of Croatia during the year that include: i) aid for the preservation of jobs (HRK 4,000 per employee) and exemption from related contributions and tax liabilities, and ii) granting aid in the form of a subsidized premium, i.e., refund of the paid amount of the premium settled for the insurance of the loan concluded in December 2020. This generated revenue of HRK 19.7 million, while the rest is mainly represented by rent income and revenues from re-invoicing.



OPERATING EXPENSES

(in HRK million)	9M 2020	9M 2021	9M 2021 / 9M 2020
Total operating expenses	175.0	232.4	33%
Material costs	38.9	78.8	103%
Staff costs	39.9	61.6	54%
Depreciation and amortization	80.2	75.3	-6%
Provisions and value adjustments	0.02	0.05	140%
Other operating expenses	16.0	16.7	4%

Total operating expenses amounted to HRK 232.4 million with an increase of 33% (+HRK 57.4 million). The structure of total operating expenses consists of:

- material costs with a share of 34% (22% in 2020). The 103% growth (+HRK 57.4 million) to the level of HRK 78.8 million is primarily due to an increase in direct costs of raw materials and materials due to increased volume of operations;
- staff costs with an increase in the share of total operating expenses (27%) compared to the previous comparative period (23% in 2020). The reasons for the 54% increase (+HRK 21.7 million) to the amount of HRK 61.6 million are found in a) the increase in business volumes and the associated increase in the number of hours worked, b) new employment that was necessary to ensure quality of service in higher category tourist facilities, and c) further strengthening of the key management team, aiming to transform the business model in order to make Liburnia Riviera an internationally competitive tourism company in the hotel business in the medium term;
- depreciation with a share of 32% (46% in 2020). Its 6% decline (-HRK 4.9 million) to the level of HRK 75.3 million is a result of the absence of stronger investment cycles during 2020 and 2021 in order to

preserve and prudently manage liquidity due to the onset of the COVID-19 pandemic;

- d) other operating expenses with a share of 7% (9% in 2020), 4% growth (+HRK 0.7 million) to HRK 16.7 million is primarily due to increased expenditure on student work.

EBITDA

Despite still pronounced impact of the COVID-19 pandemic and lack of the larger portion of pre-season business, Liburnia Riviera achieved positive EBITDA in the amount of HRK 55.6 million (2020: HRK -3.2 million). The rise of HRK 58.8 million is due to: i) further optimization and rationalization of operating costs, ii) an increase in operating income due to strong demand for tourist capacities mainly during peak season, iii) significant increase in the average daily price (+19% compared to 2020 and +26% compared to 2019) due to the optimization of sales channels and marketing activities and improvement of the revenue management policies, and iv) HRK 4.4 million higher amount of support received by the Government of the Republic of Croatia compared to the same period last year.

FINANCIAL RESULT

In the first nine months of 2021, the financial result is -HRK 3.7 million (-HRK 2.2 million in 2020). The main reasons for HRK 1.5 million of lower financial performance compared to the previous comparative period are primarily found in the increase in interest costs on long-term loans due to the new debt contracted in December 2020.

GROSS PROFIT/(LOSS)

Pre-tax loss in the first nine months of 2021 amounts to -HRK 23.5 million (-HRK 85.6 million in 2020), representing an improvement of 73% as a result of stronger business operations.

ASSETS AND LIABILITIES

As of 30 September 2021, the total value of the Group's assets amounted to HRK 986.4 million, up by 5.9% compared to 31 December 2020. Fixed assets amounted to HRK 894.6 million and are lower by 1.5% (HRK -13.3 million) due to the lack of a significant investments, booked depreciation and the purchase of a 100% stake in the company Aeris d.o.o.

Total current assets increased by HRK 67.2 million to the amount of HRK 90.5 million as a result of a stronger cash position (HRK 62.6 million; HRK +50.6 million compared to 31 December 2020) and a typically higher customers receivables balance (HRK +16.6 million) primarily related to accommodation services that are expected to be collected during October and by the end of year.

Total share capital and reserves decreased by 3.9% to the amount of HRK 584.8 million as a result of the realized loss in the first nine months of this year.

Total long-term liabilities grew from HRK 184.0 million to HRK 322.6 million due to refinancing most of the existing loan obligations towards Erste&Steiermärkische Bank d.d. and the withdrawal of long-term credit lines in order to strengthen the Company's liquidity position.

Total short-term liabilities amounted to HRK 50.7 million, down by 59.4% (HRK -74.1 million) compared to 31 December 2020. The decline is largely due to refinancing most of the credit exposure towards Erste&Steiermärkische Bank d.d. and the repayment of a part the current portion of the long-term debt.

Accruals and deferred income increased by HRK 14.1 million to the amount of HRK 16.1 million due to the accrual of expected costs related to incoming suppliers' invoices during the beginning of October, which refer to September.

RISKS IN THE COMPANY'S BUSINESS

The tourism industry has been changing rapidly over recent years. This is a result of changes in travel patterns, the emergence of low-cost airlines and various online agencies, new technologies and changes in booking trends, as well as in the very expectations of guests. Considering that the tourism industry represents a business of global proportions, it is very closely linked to the real and financial economy, macroeconomic and geopolitical aspects, and environmental sustainability, Company assesses the probability of the occurrence of a particular risk at the macro and micro level for each segment of the business and its potential consequences, or impact on the business processes and system of Liburnia Riviera Hotel d.d.

The aim of risk management is to further encourage the creation of sustainable value and to assure Company's many stakeholders. The risk management process consists of the following steps: a) identification of potential risks in the business, b) analysis and assessment of the occurrence of identified risks, c) defining activities and responsibilities for effective risk management, d) supervision and monitoring of measures taken to eliminate and/or reduce the occurrence of risk events, and e) exchange of information on risk management results.

The Company, like most companies in the tourism sector, is exposed to number of risks in daily business that can be divided into the following categories:

1) FINANCIAL RISKS

Financial risks include currency, interest rate, credit, price and liquidity risk. Since the Company operates internationally, it is exposed to currency risk, which mainly arises from changes in the nominal exchange rate of EUR/HRK. Majority of the proceeds from sales abroad are generated in EUR, the currency in which all long-term credit debt is denominated, so the Company is for the

most part naturally protected from currency risk. However, a certain part of liabilities (primarily obligations to suppliers and obligations to employees) are expressed in HRK, which is why the Company actively manages currency risk through financial instruments available on the financial market, in accordance with the current state and future assessment of the Company's foreign exchange position, expectations of the movement of the value of the EUR/HRK currency pair, as well as other cross-currency relationships between the world currencies.

Furthermore, part of the debt with banks contracted at variable interest rates partially exposes the Company to the risk of changing interest outflows at cash flow, while credit risk arises from money, term deposits and trade receivables. Credit risk is minimized by arranging deals with customers who have an appropriate credit history, arranging prepayments or payments through security deposits and credit cards for individual customers. The Company also acquires insurance instruments for receivables (bills of exchange, promissory notes and guarantees) thus allaying the risks of non-performing of its claims for the services provided. In view of the negative consequences of COVID-19 on the Company's customers, mainly tour operators and travel agencies, the Company continuously monitors the adverse impact on related parties, while actively checking their financial competencies, and in the end, it implements forced collection by activating insurance measures to collect its receivables.

The Company is not an active participant in the capital markets in terms of trading with equity and debt securities, therefore it is not significantly exposed to price risk.

Sound liquidity risk management ensures that the Company ensures day-to-day control and provision of sufficient amounts of free cash through operating cash flows and adequate amounts of currently agreed and future credit lines to meet its obligations. Credit lines for 2021 are contracted with reputable financial institutions, while in general credit repayments are aligned with the period of significant cash inflows from operational activities. The Company

monitors the level of available sources of funds daily through reports on the balance of funds and liabilities. The COVID-19 pandemic, as an external stressor on the Company's business, has created strong pressures on operating cash flow. In accordance with sound management of the now increased liquidity risk, escalation plans for minimizing operating and fixed costs, preserving liquidity, solvency of companies and maintaining business continuity have been developed and activated. Also, together with applications for measures to support and assist the economy and the tourism sector, including deferring the payment of overdue principal on long-term loans in accordance with the given possibility of a moratorium on the repayment of credit obligations, a refinancing of part of the existing credit exposure and the provision of a new liquidity credit line was carried out (more details in chapter 'Business management during the COVID-19 pandemic').

2) BUSINESS RISKS

The Company is exposed to business risk related to competitiveness and business stability. Since the Company owns real estate, this business model requires intensive capital engagement to maintain high quality products and services. Capital intensive investment projects in increasing the quality of services and products may exceed budget expectations, construction does not have to be completed on time, in the meantime, changes to urban planning regulations, other laws and fiscal policy may take effect and may lead to the opening of litigations with suppliers and contractors or an inconsistent quality of work. These risks may adversely affect the Company's cost increase, as well as weaker cash flow and lower revenues.

Given that in conditions of a stable market, excluding the impact of the pandemic, more than 90% of the Company's guests are guests from abroad, the stability of macroeconomic indicators in their domicile countries is very important, where the exchange rate and price of goods and services that directly affect the purchasing power of guests play a significant role. The

extreme seasonality of Croatian tourism as an industry poses a significant risk and impact on business results, as it leads to insufficient use of available tourist capacities and resources. Therefore, the Company at all levels of management strives to develop the tourist offer, using its comparative advantages and expertise while pondering strategically about the development of the tourist product.

Without high-quality human resources management, the development of the Company is not possible, and the expansion of the labour market in recent years has identified risks related to deficit positions, the development of new knowledge and specific skills. The Company's ability to provide support to its business may be impaired if the Company is unable to hire, train and retain the sufficient number of workers necessary for the realization of its business strategy and sustainable growth and development, especially during the high season from June to September. Therefore, the Company continuously engages in a dialogue with social partners and ensures high level of workers' rights, starting with wage competitiveness, motivation and reward systems, until the career development, health care programmes and numerous training programmes.

3) OTHER RISKS

The Company is exposed to operational risk, i.e., direct and indirect losses arising from the Company's flawed internal and external processes. An incorrect assessment of a development opportunity may affect the Company's ability to deliver business growth and long-term value for shareholders. Given the complexity of the organization, systematic work is being done on analysis of data that actively monitor Company's business actions, thus providing timely work frame for valid business decisions.

The Company is aware of the risk of exposure to cyber-attacks which may result in significant disruptions to operations and financial losses due to declining revenues, costs of repairing damage from attacks, and significant

finances in the event of data security breaches, as well as the reliability of IT business solutions. Hence, the Company continuously works on its further development with a focus on data protection projects, improvement of existing and development and implementation of new, modern business systems.

CORPORATE GOVERNANCE

The Company continuously, to the greatest extent possible, develops and operates, in accordance with the good practice of corporate governance prescribed by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange d.d. Business strategy, policy, key acts and business practices have established governance standards, aimed at contributing to transparent and efficient business.

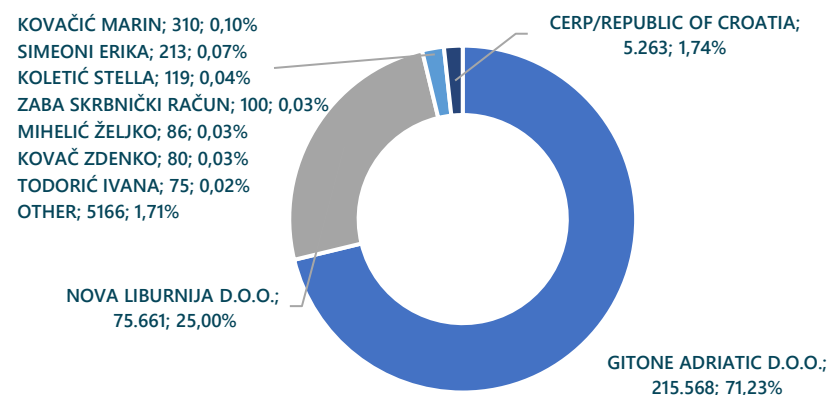
In the first nine months of 2021 for the most part, the Company has followed and applied the recommendations set out in the Code, disclosing all information as foreseen by the positive regulations and information beneficial for the interest of the Company's shareholders.

In accordance with the requirements of the Code, and in accordance with the provisions of the Companies Act, the Supervisory Board conducts internal supervision of the Company by regular inspections of presented reports. Members of the Supervisory Board are regularly provided with detailed information on the management and operations of the Company. At the meetings of the Supervisory Board, all matters within the competence of that body prescribed by the Companies Act and the Statute of the Company are discussed and decided. In addition, the Supervisory Board performs internal control and oversight through the Audit Committee, which provides expert support to the Supervisory Board and the Management Board in the effective performance of corporate governance, risk management, financial reporting and control obligations of the Company. Since 2021, the Strategic Development, Investment and Construction Committee, and the Procurement

Committee have also been active within the Supervisory Board, with the purpose to maximize the acceleration of internal processes of apt decision making in cooperation with the Company's management, with the aim of implementing further planned investments in the shortest possible time frame.

Management ensures that the Company keeps business and other books and business documentation, draws up bookkeeping documents, realistically assesses assets and liabilities, compiles financial and other reports in accordance with accounting regulations and standards and applicable laws and regulations.

Overview of the largest shareholders of the Company on September 30, 2021:



The Company does not have a formal diversity policy in place regarding gender, age, education or profession in executive, managerial and supervisory bodies. Executive/managerial roles in the Company are appointed depending on the needs of specific business activities, requiring certain knowledge, professional qualification, and the capacity of potential role holder, without taking into account diversity with regards to gender or age. The Company also requires certain knowledge, education and capacity of potential job holders in

these bodies in management and supervisory boards, and in accordance with the criteria and decisions of the Supervisory Board and the Assembly of the Company.

In accordance with the Statute of the Company, shareholders' right to vote is not limited to a certain percentage or number of votes, nor are there time restrictions for exercising of voting rights. Each ordinary share carries one vote at the General Assembly.

The Company's rights and obligations arising from the acquisition of its own shares are exercised in accordance with the provisions of Companies Act (ZTD). On the day of 30 September 2021, the Company holds 4 of its own shares, and in 2021 the Company did not acquire its own shares.

Members of the Company's Management and Supervisory Board are not direct or indirect holders of the Company's shares in terms of the Companies Act (ZTD), and thus do not represent significant holders of the Company's shares in terms of the Companies Act (ZTD) and the Corporate Governance Code, thereby ensuring their independence as provided by the applicable legislation.

The Management Board of the Company shall be appointed and revoked by the Supervisory Board.

Until 4 March 2021, President of the Management Board of the Company was Mr. Agron Berisha, who resigned during the first quarter of 2021, and board member was Mr. Johannes Böck. On 5 March 2021, the Supervisory Board appointed Mr. Vladimir Bosnjak as the new President of the Management Board, and on 14 June 2021, Mr. Karl Eckerstorfer was appointed as the third Board Member of the Company. In August 2021, Mr. Johannes Böck resigned as a member of the Management Board and from that day until the end of October 2021 the Company acts with two-member Board: Mr. Vladimir Bosnjak as the President of the Board, and Mr. Karl Eckerstorfer as a member of the Management Board. From 1.11.2021. due to the resignation of Mr.

Bošnjak, the current President of the Management Board, Company continues to be managed by Mr. Eckerstorfer, in the position of President of the Management Board with the newly appointed member of the Management Board, Mr. Dušan Mandič.

Authority of members of the Management Board are fully aligned with the provisions of the Companies Act (ZTD) and are regulated in more detail by the provisions of the Statute.

Company's Assembly appoints and revokes the Supervisory Board, in accordance with the Statute of the Company and the Companies Act (ZTD), and on the day of 30 September 2021 is composed of the following members:

- Johannes Böck, President,
- Alexander Paul Zinell, Deputy President,
- Philip Göth, member,
- Thomas Mayer, member,
- Davor Žic, member,
- Barbara Mesić, member,
- Helena Masarić, member,
- Domijan Mršić, member,
- Ana Odak, member.

By shareholders' decision of Nova Liburnia d.o.o. on 23 June 2021, Mr. Davor Žic was appointed as a member of Supervisory Board of the Company, instead of Ms. Andreja Rudančić. At the General Assembly of the Company held on 9 August 2021, Ms. Ana Odak and Mr. Johannes Böck were elected as Supervisory Board members, with Mr. Johannes Böck being elected as President during the first subsequent Supervisory Board meeting, since Company received the resignation of Mr. Klaus Riederer, by then President, and by Mr. Branimir Žarković, by then member of the Supervisory Board.

As a rule, the Management Board and the Supervisory Board work in meetings, by decision-making without holding meetings, by correspondence, all in

accordance with the provisions of positive regulations. The General Assembly is convened, operates and has the authority in accordance with the provisions of the ZTD as well as the provisions of the Statute of the Company, and the invitation and proposals of decisions, as well as the decisions taken, are made public in accordance with the provisions of the Companies Act (ZTD), the Capital Market Act and the Rules of the Zagreb Stock Exchange d.d. The rules on the appointment and revocation of members of the Management Board and members of the Supervisory Board are defined by the Statute, and in accordance with the provisions of the Companies Act (ZTD). The appointment rules do not contain any restrictions on diversity with regards to gender, age, education, profession and similar limitations.

The Supervisory Board, for the purpose of performing its function more efficiently as well as the tasks prescribed by the provisions of the Law on Audit and the Code of Corporate Governance, appointed:

Audit Committee: Mr. Branimir Žarković, President (until resignation) and Mr. Philip Göth and Mr. Domijan Mršić, members,

Strategic Development, Investments and Constructions Committee: Mr. Johannes Böck, President and of Mrs. Barbara Mesić and Mrs. Ana Odak, members,

Procurement Committee: Mr. Johannes Böck, President and of Mrs. Barbara Mesić and Mrs. Ana Odak, members.



LIBURNIA

HOTELS & VILLAS

Liburnia Riviera Hoteli d.d.

HR-51410 Opatija, M. Tita 198

T +385 51 710 300

F +385 51 710 410

E reservations@liburnia.hr www.liburnia.hr

Opatija, 28.10.2021.

Statement of Responsibility of the Management Board for Compiling the Issuer's Reports

The Management Board is required to prepare financial statements for each financial year that present fairly, in all material respects, the financial position of the Company and its performance and cash flows, in accordance with International Financial Reporting Standards adopted by the European Union and is responsible for keeping appropriate accounting records to prepare these financial statements at any time. The Management Board has the general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Management is responsible for selecting appropriate accounting policies that are in line with applicable accounting standards and should be applied consistently thereafter; make reasonable and prudent judgments and estimates, prepare financial statements based on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Management Board is also responsible for the preparation and content of management reports and statements on the application of the Code of corporate governance, in accordance with the Croatian Accounting Act. Management report and report of the corporate governance code for the period from 01.01.2021. to 30.09.2021. were approved for issuance by the Management Board.

Pursuant to Articles 462 to 471 of the Capital Market Act (Official Gazette 65/18), the Management Board issues this statement:

Interim unaudited unconsolidated financial statements of Liburnia Riviera Hotels d.d. have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Croatian Accounting Act.

The unaudited unconsolidated financial statements for the period from 1 January to 30 September 2021 give a true and fair view of the Company's assets and liabilities, financial position, profit or loss.

The management report, together with the unaudited financial statements for the stated period, contains an objective presentation of the development and results of operations and position of the Company with a description of the most significant risks and uncertainties to which the Company is exposed.

Vladimir Bošnjak, Chairman of the Board

Karl Eckerstorfer, Member of the Board

Annex 1

ISSUER'S GENERAL DATA

Reporting period:

1.1.2021

to

30.9.2021

Year:

2021

Quarter:

3.

Quarterly financial statements

Registration number (MB):

03166619

Issuer's home
Member State code:

HR

Entity's registration
number (MBS):

040008080

Personal identification
number (OIB):

15573308024

LEI:

74780000COJHFR9WBI35

Institution
code:

1121

Name of the issuer: LIBURNIA RIVIERA HOTELI d.d. OPATIJA

Postcode and town:

51410

OPATIJA

Apartment and house number: MARŠALA TITA 198

E-mail address: liburnia@liburnia.hr

Web address: www.liburnia.hr

Number of employees
(end of the reporting

733

Consolidated report:

KN

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Bookkeeping firm: (Yes/No)

(name of the bookkeeping firm)

Contact person: Kristina Lovrić

(only name and surname of the contact person)

Telephone: + 385 (0)51 710-347

E-mail address: kristina.lovric@liburnia.hr

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

BALANCE SHEET
balance as at 30.09.2021

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	907.833.655	894.575.198
I INTANGIBLE ASSETS (ADP 004 to 009)	003	15.748.150	20.077.495
1 Research and development	004	445.970	520.946
2 Concessions, patents, licences, trademarks, software and other rights	005	11.778.261	9.868.629
3 Goodwill	006		
4 Advances for the purchase of intangible assets	007		
5 Intangible assets in preparation	008		
6 Other intangible assets	009	3.523.919	9.687.920
II TANGIBLE ASSETS (ADP 011 to 019)	010	870.968.717	826.041.718
1 Land	011	113.159.833	113.060.877
2 Buildings	012	578.790.808	533.166.208
3 Plant and equipment	013	25.600.306	23.133.157
4 Tools, working inventory and transportation assets	014	133.078.457	118.055.765
5 Biological assets	015		
6 Advances for the purchase of tangible assets	016	2.515.293	8.190.125
7 Tangible assets in preparation	017	14.318.728	26.930.294
8 Other tangible assets	018	3.505.292	3.505.292
9 Investment property	019		
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	7.716.435	35.055.632
1 Investments in holdings (shares) of undertakings within the group	021	7.716.435	35.055.632
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. 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		
IV RECEIVABLES (ADP 032 to 035)	031	0	0
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		
V DEFERRED TAX ASSETS	036	13.400.353	13.400.353
C) CURRENT ASSETS (ADP 038+046+053+063)	037	23.265.016	90.508.995
I INVENTORIES (ADP 039 to 045)	038	3.239.639	5.994.297
1 Raw materials and consumables	039	1.789.582	2.770.377
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	151.454	117.617
5 Advances for inventories	043	1.298.603	3.106.303
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	7.947.388	17.334.781
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interests	048	2.068.695	2.591.760
3 Customer receivables	049	1.482.169	14.099.339
4 Receivables from employees and members of the undertaking	050	32.877	268.433
5 Receivables from government and other institutions	051	4.363.647	375.249
6 Other receivables	052		
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	16.320	4.547.945
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	16.320	
8 Loans, deposits, etc. given	062		4.547.945

IV CASH AT BANK AND IN HAND	063	12.061.669	62.631.972
D) PREPAID EXPENSES AND ACCRUED INCOME	064	501.318	1.344.431
E) TOTAL ASSETS (ADP 001+002+037+064)	065	931.599.989	986.428.624
OFF-BALANCE SHEET ITEMS	066		223.004
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	608.323.687	584.810.682
I INITIAL (SUBSCRIBED) CAPITAL	068	696.074.300	696.074.300
II CAPITAL RESERVES	069		
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	46.530.168	46.513.848
1 Legal reserves	071	45.018.765	45.018.765
2 Reserves for treasury shares	072		9.200
3 Treasury shares and holdings (deductible item)	073		-9.200
4 Statutory reserves	074		
5 Other reserves	075	1.511.403	1.495.083
IV REVALUATION RESERVES	076		
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078		
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	27.105.058	-134.280.781
1 Retained profit	084	27.105.058	
2 Loss brought forward	085		134.280.781
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-161.385.839	-23.496.685
1 Profit for the business year	087		
2 Loss for the business year	088	161.385.839	23.496.685
VIII MINORITY (NON-CONTROLLING) INTEREST	089		
B) PROVISIONS (ADP 091 to 096)	090	12.476.993	12.157.737
1 Provisions for pensions, termination benefits and similar obligations	091	2.315.167	2.315.167
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	10.161.826	9.842.570
4 Provisions for renewal of natural resources	094		
5 Provisions for warranty obligations	095		
6 Other provisions	096		
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	183.974.058	322.584.415
1 Liabilities to undertakings within the group	098		
2 Liabilities for loans, deposits, etc. of undertakings within the group	099		
3 Liabilities to companies linked by virtue of participating interests	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities to banks and other financial institutions	103	180.232.700	311.525.340
7 Liabilities for advance payments	104		
8 Liabilities to suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	3.741.358	11.059.075
11 Deferred tax liability	108		
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	124.838.089	50.744.547
1 Liabilities to undertakings within the group	110		504.528
2 Liabilities for loans, deposits, etc. of undertakings within the group	111		
3 Liabilities to companies linked by virtue of participating interests	112		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities to banks and other financial institutions	115	92.440.295	10.206.504
7 Liabilities for advance payments	116	4.646.613	6.838.457
8 Liabilities to suppliers	117	16.353.124	13.044.213
9 Liabilities for securities	118		
10 Liabilities to employees	119	4.496.563	8.203.734
11 Taxes, contributions and similar liabilities	120	556.564	5.237.962
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	6.344.930	6.709.149
E) ACCRUALS AND DEFERRED INCOME	124	1.987.162	16.131.243
F) TOTAL - LIABILITIES (ADP 067+090+097+109+124)	125	931.599.989	986.428.624
G) OFF-BALANCE SHEET ITEMS	126		223.004

STATEMENT OF PROFIT OR LOSS
For the period 01.01.2021 to 30.09.2021.

in HRK

Submitter: LIBURNIA RIVIERA HOTELI d.d. OPATIJA					
Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	91.587.786	66.625.680	212.672.663	159.808.126
1 Income from sales with undertakings within the group	002			647.864	647.864
2 Income from sales (outside group)	003	69.237.039	51.635.827	185.282.016	150.612.459
3 Income from the use of own products, goods and services	004				
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	22.350.747	14.989.853	26.742.783	8.547.803
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	175.027.462	75.431.950	232.442.376	113.130.308
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	38.871.213	22.723.837	78.797.933	52.152.178
a) Costs of raw materials and consumables	010	15.114.508	9.553.449	32.218.350	22.846.180
b) Costs of goods sold	011	12.979	0		
c) Other external costs	012	23.743.726	13.170.388	46.579.583	29.305.998
3 Staff costs (ADP 014 to 016)	013	39.905.566	16.489.581	61.633.076	27.812.204
a) Net salaries and wages	014	25.695.046	10.650.942	41.769.511	20.174.177
b) Tax and contributions from salary costs	015	8.992.735	3.679.000	12.512.467	4.455.917
c) Contributions on salaries	016	5.217.785	2.159.639	7.351.098	3.182.110
4 Depreciation	017	80.200.629	26.771.168	75.280.084	24.673.068
5 Other costs	018				
6 Value adjustments (ADP 020+021)	019	20.830	18.009	50.014	50.014
a) fixed assets other than financial assets	020	4.806	4.806	50.014	50.014
b) current assets other than financial assets	021	16.024	13.203		
7 Provisions (ADP 023 to 028)	022	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	023				
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025				
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	16.029.224	9.429.355	16.681.269	8.442.844
III FINANCIAL INCOME (ADP 031 to 040)	030	98.056	79.594	61.590	33.968
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	2.026	0	30	1
8 Exchange rate differences and other financial income	038	96.030	79.594	61.560	33.967
9 Unrealized gains (income) from financial assets	039				
10 Other financial income	040				
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	2.267.716	1.002.097	3.788.562	1.938.194
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	2.180.268	958.635	3.097.648	1.286.629
4 Exchange rate differences and other expenses	045	87.448	43.462	72.477	33.128
5 Unrealized losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048			618.437	618.437
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049				
VI SHARE IN PROFIT FROM JOINT VENTURES	050				
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051				
VIII SHARE IN LOSS OF JOINT VENTURES	052				
IX TOTAL INCOME (ADP 001+030+049 +050)	053	91.685.842	66.705.274	212.734.253	159.842.094
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	177.295.178	76.434.047	236.230.938	115.068.502
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-85.609.336	-9.728.773	-23.496.685	44.773.592
1 Pre-tax profit (ADP 053-054)	056	0	0	0	44.773.592
2 Pre-tax loss (ADP 054-053)	057	-85.609.336	-9.728.773	-23.496.685	0
XII INCOME TAX	058				
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-85.609.336	-9.728.773	-23.496.685	44.773.592

1 Profit for the period (ADP 055-059)	060	0	0	0	44,773.592
2 Loss for the period (ADP 059-055)	061	-85,609.336	-9,728.773	-23,496.685	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
XV INCOME TAX OF DISCONTINUED OPERATIONS	065				
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 055-+062)	068	0	0	0	0
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	0	0	0	0
1 Attributable to owners of the parent	076				
2 Attributable to minority (non-controlling) interest	077				
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	-85,609.336	-9,728.773	-23,496.685	44,773.592
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	0	0	0	0
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082				
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083				
4 Actuarial gains/losses on the defined benefit obligation	084				
5 Other items that will not be reclassified	085				
6 Income tax relating to items that will not be reclassified	086				
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	0	0	0	0
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)	097	0	0	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-85,609.336	-9,728.773	-23,496.685	44,773.592
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	0	0	0	0
1 Attributable to owners of the parent	100				
2 Attributable to minority (non-controlling) interest	101				

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2021. to 30.09.2021.

in HRK

Submitter: LIBURNIA RIVIERA HOTELI d.d. OPATIJA			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	-85.609.336	-23.496.685
2 Adjustments (ADP 003 to 010):	002	80.200.629	77.873.420
a) Depreciation	003	80.200.629	75.280.084
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004		-181.310
c) Gains and losses from sale and unrealized gains and losses and value adjustment of financial assets	005		-3.746
d) Interest and dividend income	006		
e) Interest expenses	007		3.097.648
f) Provisions	008		-319.256
g) Exchange rate differences (unrealized)	009		
h) Other adjustments for non-cash transactions and unrealized gains and losses	010		
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	-5.408.707	54.376.735
3 Changes in the working capital (ADP 013 to 016)	012	6.128.773	10.142.279
a) Increase or decrease in short-term liabilities	013	2.287.150	22.284.330
b) Increase or decrease in short-term receivables	014	3.509.356	-9.387.393
c) Increase or decrease in inventories	015	332.267	-2.754.658
d) Other increase or decrease in working capital	016		
II Cash from operations (ADP 011+012)	017	720.066	64.519.014
4 Interest paid	018	-1.563.868	-2.792.358
5 Income tax paid	019		
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-843.802	61.726.656
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021		163.162
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	2.025	
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposits	025		
6 Other cash receipts from investment activities	026		
III Total cash receipts from investment activities (ADP 021 to 026)	027	2.025	163.162
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-48.744.955	-54.630.309
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030		
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		-4.547.945
IV Total cash payments from investment activities (ADP 028 to 032)	033	-48.744.955	-59.178.254
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-48.742.930	-59.015.092
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	37.525.000	65.191.137
4 Other cash receipts from financing activities	038		
V Total cash receipts from financing activities (ADP 035 to 038)	039	37.525.000	65.191.137
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040		-16.468.569
2 Cash payments for dividends	041		
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		
5 Other cash payments from financing activities	044		-863.829
VI Total cash payments from financing activities (ADP 040 to 044)	045	0	-17.332.398
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	37.525.000	47.858.739
1 Unrealized exchange rate differences in respect of cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-12.061.732	50.570.303
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	25.944.110	12.061.669
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	13.882.378	62.631.972

NOTES TO FINANCIAL STATEMENTS - TFI

(Drawn up for quarterly reporting periods)

Name of the issuer: LIBURNIA RIVIERA HOTELI d.d.

Personal identification number (OIB): 1557308024

Reporting period: 01.01.2021. do 30.09.2021.

Notes to financial statements for quarterly periods include:

a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (items 15 to 15C IAS 34 - Interim financial reporting).

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). They are made using the historical cost method. Significant business events and transactions in the observed period are explained in the report "Business results from 1.1.2021. to 30.9.2021." which was published simultaneously with this document on the company's website as well as on the website of the Zagreb Stock Exchange and submitted to the Official Register at the Croatian Financial Services Supervisory Agency.

b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period Report "Business results from 1.1.2021. to 30.9.2021." as well as all officially published reports so far are available on the website of the Zagreb Stock Exchange and on the Company's website. Audited annual reports of Liburnia Riviera Hotels d.d. for 2020 are available on the website of the Zagreb Stock Exchange as well as on the company's website. (www.liburnia.hr, www.hanfa.hr, www.zse.hr).

c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (item 16.A (a) IAS 34 - Interim financial reporting)

The Company declares that the accounting policies applied in the preparation of the financial statements for the reporting period ending on 30.9.2021. are identical to those applied in the last published annual audited financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

d) a description of the financial performance in the case of the issuer whose business is seasonal Report "Business results from 1.1.2021. to 30.9.2021." as well as all officially published reports so far are available on the website of the Zagreb Stock Exchange and on the Company's website (www.liburnia.hr, www.hanfa.hr, www.zse.hr).

e) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration

Name of the issuer: LIBURNIA RIVIERA HOTELI d.d.

Headquarters: Maršala Tita 198, 51410 Opatija

Legal form: joint stock company

Country of establishment: Republic of Croatia

OIB: 1557308024

Statistic number of the subject: 040008080

2. adopted accounting policies (only an indication of whether there has been a change from the previous period)

No changes were applied in the accounting policies.

3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately

Financial liabilities are included in the balance sheet.

4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence

Details are available in the published report "Business results from 1.1.2021. until 30.9.2021."

5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security

In July this year some loans were refinanced by new loan from Erste Steiermärkische Bank in the amount of Eur 24.705.543 and it will mature in September 2031.

In September, a long-term loan agreement was signed with Sberbank in the amount of 11.513.517 euro, which matures no later than September 2027. For all loans promissory notes are issued in the amount of the loan – in total 61 million euro –and all loans are secured by mortgaged properties. Besides that, the value of other issued financial instruments is HRK 7,8 million.

As of September 30, 2021, the value of concession that will expire after more than five years is HRK 9,3 million.

6. average number of employees during the financial year

Average number of employees in the period from 01.01.2021. to 30.06.2021. was 573.

7. where, in accordance with the regulations, the undertaking capitalized on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalized on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries

The Company did not capitalize the cost of salaries in the reporting period.

8. where a provision for deferred tax is recognized in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year

Deferred tax assets amount to HRK 13,400,353 and are unchanged compared to 31.12.2020. and 30.6.2021.

9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

The company has 100% ownership in the company Ika 21 d.o.o., with registered office at Ulica maršala Tita 198, Opatija. As of 31st of December 2020, the share capital of the company is HRK 20.000 and the loss was HRK 7.363. In August this year, Liburnia also acquired 100% ownership in the company Aeris d.o.o. in Opatija, address Ulica marsala Tita 198. The share capital of the company on the day of acquisition amounts to HRK 20.000 and the loss last year was HRK 9.003. The company also holds 33,3% stake in the limited liability company Remisens Hotel Group in Zagreb, Miramarska 24.

10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorized capital

During the business year, there were no new share subscriptions.

11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer

There are no certificates of participation, convertible debentures, guarantees, options or similar securities or rights related to the reporting period.

12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability

Not applicable.

13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member

Not applicable.

14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13

Not applicable.

15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available

Not applicable.

16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking

There are no arrangements with companies that are not included in the financial statements as of June 30, 2021.

17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet.

There are no events with material effect in the financial position after the balance sheet date.