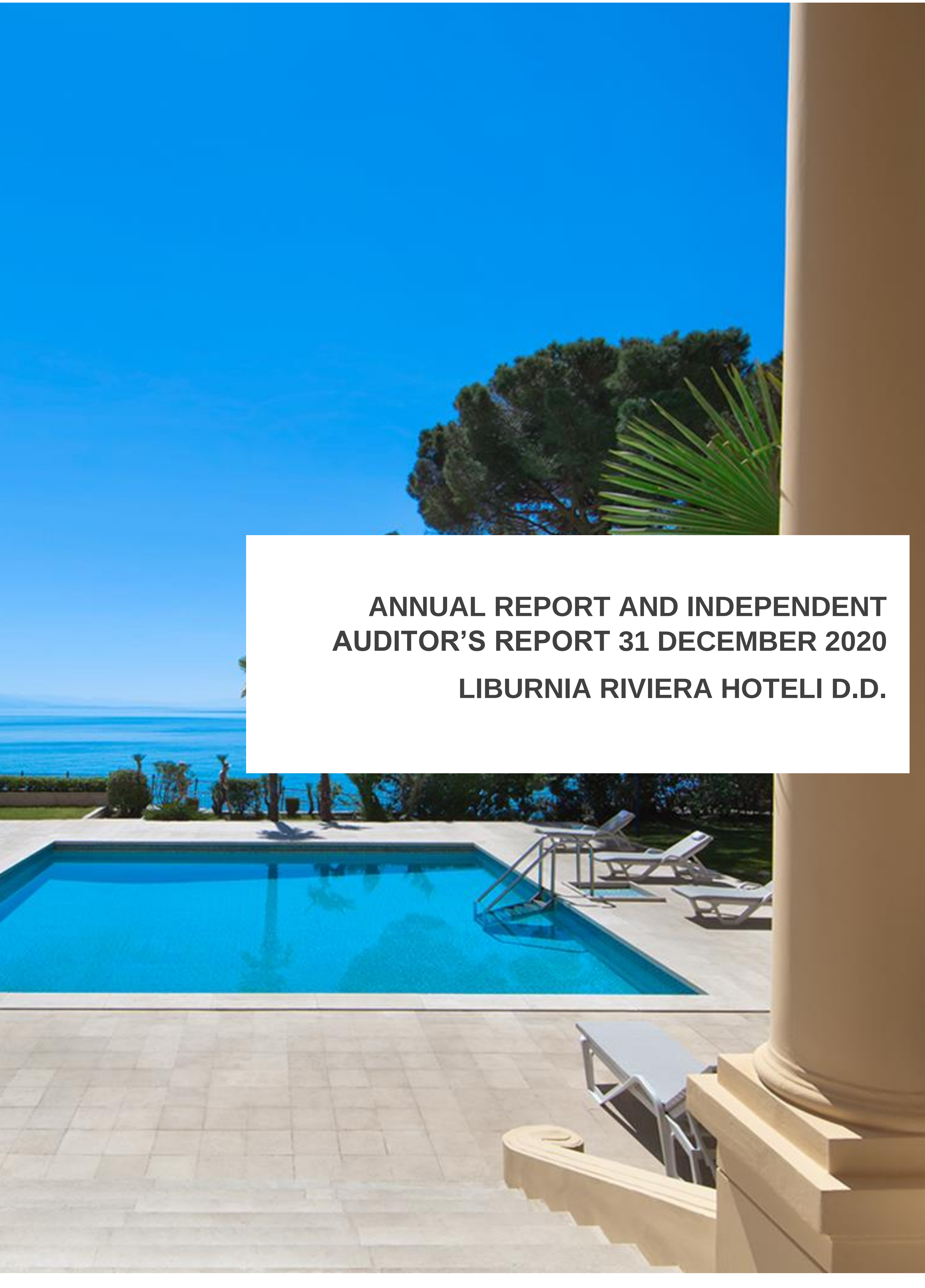

ANNUAL REPORT AND INDEPENDENT AUDITOR'S REPORT 31 DECEMBER 2020

LIBURNIA RIVIERA HOTELI D.D.

Content

Management Report to the shareholders of Liburnia Riviera Hoteli d.d., Opatija

Pursuant to the provisions of the Companies Act (hereinafter: CA) and the Accounting Act (hereinafter: AA), the Management Board of Liburnia Riviera Hoteli d.d. (hereinafter: the Company), with registered seat in Opatija, Maršala Tita 198, whose main activities are accommodation and hospitality services, travel agency and tour-operator services, present the Annual Report of the Company for 2020.

I/ Key messages of the Company's operations during 2020

During 2020, the Company actively managed the COVID-19 crisis and timely launched action plans for the stabilization of business operations that were successfully adapted to the extraordinary circumstances to protect the health of guests and employees, ensure sufficient liquidity, protect jobs and enable partial normalization of operations.

Despite the adverse impact of the Covid-19 pandemic on business activities, the Company generated 143,718 overnight stays in 2020 (-79% as compared to 2019) and operating revenues in the amount of HRK 110.7 million (-66% as compared to 2019). Business operations took place under adverse market conditions, and the development of the pandemic in the first quarter of 2020 resulted in the cancellation of bookings and a reduced occupancy, which had a negative impact on operations in the rest of 2020. From May 2020, the company gradually opened its facilities and during high season guests could stay in 6 tourist facilities (hotel Ambasador 5*, hotel Admiral 4*, hotel Marina 4*, hotel Istra 3*, hotel Mediteran 3* and Autocamp Medveja 3*). Despite a decent start of the tourist season, warnings and travel restrictions issued by some of the Company's main emitting markets in August disabled tourist traffic to Croatia causing a sharp decline in the second part of August and the postseason. Given the initially unpredictable final negative effect of the COVID-19 pandemic on tourism, as well as on economic and business flows and consequently on the Company's operations, we are satisfied with the possibility that the tourist season 2020 is at least partially realized.

Simultaneously to the pandemic, operational savings plans and investment savings were implemented, agreements were reached with creditors and measures introduced by the Government of the Republic of Croatia for the preservation of jobs were used, thus ensuring the required level of liquidity. During the second quarter of 2020, improvements of tourist products and services were made in order to increase the quality and safety of guests and employees for the 2020 tourist season.

With the support of all participant, the Company actively managed the crisis and the tourist season in 2020 and ensured a stable position for the normalization of operations during 2021-2023.

II/ Significant business events

Impact of the COVID-19 pandemic on the Company's operations

Given the extremely negative impact and challenges caused by the unpredictable spread of the COVID-19 virus on the Company's operations, actions and events related to the pandemic are explained in more detail in the chapter III/Business management during the COVID-19 pandemic.

Acquisition of the company IKA 21 d.o.o.

On 17 July 2020 the Company acquired 100% of shares in the company IKA 21 d.o.o. which due to its attractive location unlocks an enormous potential for investment in additional tourist capacities.

General Assembly

During 2020 two meetings of the Company´s General Assembly were held, on 30 June and on 29 December 2020 and, in accordance with the relevant regulations, the adopted decisions were published on the website of the Zagreb Stock Exchange and on the Company's website.

III/Business management during the COVID-19 pandemic

Since February 2020, the Company has been actively monitoring the development of the situation related to the negative impact of the COVID-19 pandemic on market trends and analyzing the necessary changes in operational business. Extraordinary measures restricting movement, including restrictions on gatherings, partial restrictions on the operation of hospitality facilities and shops, as well as restrictions on border crossings and road border controls have negatively affected the tourism industry by reducing the demand for travel. The Company has taken preventive measures to protect the health of guests and employees, activated crisis management procedures and maintenance of business continuity while preserving jobs, by which it successfully achieved a partial normalization of business operations.

Modification of tourist products and services and demand

In order to improve the quality of services and safety of guests and employees, the Company implemented a comprehensive package of activities that included the implementation of crisis procedures along with the provision of general information on the spread of COVID-19 and measures to prevent and control the spread of respiratory viruses, buffet service by waiters, limiting the number of seats in restaurants in accordance with the prescribed measures, mandatory wearing of masks of all employees who are in contact with guests, the possibility of testing guests and test result delivery, mandatory measurement of employee temperature, and in some facilities of guest temperature before entering the restaurant. Improvement of the disinfection procedures of all public spaces and accommodation units and additional disinfection measures after guest departure have also been introduced.

III/ Business management during the COVID-19 pandemic (continued)

Modification of tourist products and services and demand (continued)

Disruptions in European and world tourist flows had a negative impact on arrivals from April to the end of 2020, while reduced business and revenue volumes, as well as an increased volatility of booking requests in 2021 are to be expected. In order to dynamically adjust business operations to the impact of the pandemic and increase the demand for the Company's tourist capacities, the "non-refundable" price list was abolished, the policy of active management and adjustment to daily prices of tourist facilities, the creation of packages with additional services and the transfer of bookings from 2020 to 2021 was intensified. In the current circumstances of uncertainty related to the further development of the pandemic and freedom of movement of people, it is not possible to predict with certainty the final negative effect of the slower trend of new booking requests on business operations, especially given the pronounced trend of "last-minute" bookings and the simplified booking cancellation policy.

Economic support and aid measures

Competent state and local authorities have adopted economic support and aid packages to mitigate the effects of the special 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 package of activities to minimize the negative effects on its own operations, including in particular aids for job preservation (HRK 3,250 per employee in March, HRK 4,000 for salaries from April to December 2020) and tax exemption thus relieving the cost of employees by a total of HRK 26,9 million. The Company made use of measures to reduce the utility fee in the amount of HRK 0,8 million, a three-month delay in the payment of tourist membership fees and the introduction of a moratorium on credit obligations of clients in existing placements. The Government of the Republic of Croatia continues with job preservation measures during 2021, currently announced until the end of April (the final duration of the measures is subject to decisions of the Government of the Republic of Croatia).

Liquidity protection

In order to ensure liquidity and solvency, during 2020 the Company undertook financial austerity measures, mostly in the part of direct and operating costs due to the reduced volume of operations by simultaneously ensuring a smooth continuation of operations. Cash outflow plans are adapted to crisis management measures and include a high level of savings in direct and operating costs due to reduced business volume and minimizing otherwise fixed costs by partially opening tourist facilities while rationally using labor and suspending bonus payments and consequently reducing total staff costs. Rationalization of operating costs included savings of energy sources, direct food and beverage costs, system and process maintenance costs through negotiations with suppliers over lower prices, as well as minimizing employee costs by keeping the number of seasonal workers in the optimal range needed for adequate business operations, suspension of work of hotel restaurants and sales points where demand was expected to be insufficient, reduced funding of various events, entertainment programs, scholarships and the like in line with the expected decline in revenue.

III/ Business management during the COVID-19 pandemic (continued)

Liquidity protection (continued)

Moratoriums on loan repayments have been successfully contracted in accordance with the applicable measures. In agreement with commercial banks, the repayment of the principal in the total amount of HRK 89,2 million was postponed until 30 June 2021. The Company adjusted its actions in line with arrangements with banks and received confirmations on the exemption of meeting the financial conditions for 2020. On 9 December 2020, the conclusion of additional medium-term liquidity in the amount of EUR 11,4 million with Erste Bank was concluded in accordance with the programs "Working capital COVID-19 measure" and "Insurance of liquidity loans for exporters (COVID-19 measure)" of the Croatian Bank for Reconstruction and Development. In addition to contracting medium-term activities, in the first and second quarter the Company started contracting short-term credit lines with Erste Bank in the total amount of EUR 5 million.

The reduced investment cycle during 2020 in the amount of HRK 56 million included the start of the renovation of the hotel Kvarner, the acquisition of land next to the camp in Medveja in order to increase capacities, of as well as the improvement of the IT infrastructure, which significantly upgraded the reliability of the data center and information network and implemented a modern tourist facility management system. Additionally, in the second quarter of 2020, modifications of tourist products and services were started in order to improve the quality and safety of services for the 2020 tourist season. The intensity of the next investment cycle depends on the dynamics of the recovery of tourist flows, while prioritizing the maximization of free cash flow.

The Company, as a company with a strong positive net asset value and at the same time the owner and manager of valuable hotel and tourist facilities and facilities with agreed credit lines and moratoriums on credit liabilities, does not anticipate challenges in bridging possible further reductions of business activities. In addition, according to impairment tests carried out in accordance with the International Accounting Standard 36 the Company demonstrated that it has no obligation to impair long-term tangible and intangible assets.

IV/ Results of the company Liburnia Riviera Hoteli d.d.

In 2020, the Company's operating revenues amounted to HRK 110,7 million (-66% as compared to 2019). Operating revenues were primarily affected by a 77% drop in sales revenues (HRK -239,3 million) to HRK 73,1 million as a result of a reduction in business volume caused by the COVID-19 pandemic and related disruptions of economic and tourist flows. Sales revenues on foreign markets decreased by 81% (HRK -197.4 million) and amount to HRK 46,2 million with a share of 63% in total sales revenues (78% in 2019).

The main part of sales revenue consists of guesthouse revenues, which in 2020 amounted to HRK 59,1 million (-77% as compared to 2019), while the beginning of the year (January and February) is marked by stronger business operations (+ 21%) as compared to the same period in 2019. In February 2020, the first booking cancellations for the following period were received, especially from the Far Eastern markets (China, South Korea, Japan, Taiwan) due to the rapid spread of COVID-19 in that geographical area.

IV/ Results of the company Liburnia Riviera Hoteli d.d. (continued)

On 11 March 2020, the World Health Organization declared a global COVID-19 pandemic, and in March 2020, along with the tightening of general prevention measures against the COVID-19 pandemic by the competent authorities, the Company closed all tourist facilities. The closure of tourist facilities resulted in the cancellation of group and M.I.C.E. placements and one part of individual bookings, recording a significant decrease of bookings.

In the last week of May, Camp Medveja 3* was opened following the reopening of business activities based on the plan of opening the tourist season in Croatia announced by the Ministry of Tourism and faciliating the border crossing regime from June onwards. In the second part of June, the hotels Ambasador 5* and Admiral 4* were reopened and the income from guesthouses in June amounted to HRK 5,0 million, while the number of bookings increased significantly due to the better epidemiological situation.

In July, the hotels Marina 4*, Istra 3* and Mediteran 3* were reopened, and the occupancy of open facilities reached 60% of the total capacity. Thus, guesthouse revenues in July and August 2020 amounted to HRK 37,9 million, or 34% as compared to the same period in 2019. Although the tourist season started decently, after several countries issued travel warnings in August, tourist traffic to Croatia was disabled, causing a sharp drop in booking volume and cancellations in the second part of August and the postseason. Consequently, at the end of August, the hotels Istra 3* and Mediteran 3*, during September the hotel Marina 4* in Mošćenička Draga and the camp Medveja 3*, at the end of October the hotel Admiral 4* were closed, while the hotel Ambassador 5* was the only one open during the fourth quarter of 2020.

Other operating revenues amounted to HRK 37,5 million (+ 177% as compared to 2019) as a result of the use of measures by the Government of the Republic of Croatia, including aids for the preservation of jobs (HRK 3,250 in March 2020 and HRK 4,000 from April to December 2020) and exemption from related tax liabilities (total revenue of HRK 26,9 million).

Operating expenses amount to HRK 275,0 million with a decrease of 11% (HRK 310,4 million in 2019).

Material costs amount to HRK 52,8 million with a decrease in the share in total operating expenses to 19% (30% in 2019). The decrease of HRK 41,4 million is a consequence of the lower business volume caused by the COVID-19 pandemic disruption of tourist flows.

Staff costs amount to HRK 58,1 million with a share of 21% in operating expenses (28% in 2019). Compared to the same period last year, they are lower by HRK 28,2 million as a result of hotel closures from mid-March to June 2020 and partial opening during the high season and consequently lower demand for seasonal labor.

Amortization and depreciation, with a share in operating expenses of 40% (33% in 2019) amounts to HRK 109,8 million and its 6% growth is a consequence of the conducted investment cycle.

Value adjustments amount to HRK 22,9 million (+ HRK 18.6 million as compared to 2019), as a result of a higher net book value of depreciated assets (+ HRK 19.0 million as compared to 2019), given that part of the obsolete, damaged or destroyed property was written off and disposed of. Written-off and sued receivables are for HRK 0,4 million lower than last year.

IV/ Results of the company Liburnia Riviera Hoteli d.d. (continued)

Provisions for lawsuits increased by HRK 0,7 million and amounted to HRK 8,2 million.

Other operating expenses amount to HRK 23,2 million with an 8% share in operating expenses (7% in 2019). The 8% growth in other operating expenses is primarily due to increased costs of donations and legal services.

The financial result for 2020 amounts to HRK -7,8 million (HRK -2,3 million in 2019). The main reason for the HRK 5,5 million worse financial result as compared to the previous period is the cost of processing and approving loans for medium-term liquidity, as well as the increase in foreign exchange losses (primarily unrealized) and interest expenses on loans.

In 2020, the loss for the period amounted to HRK 161,4 million, while in 2019 the net profit amounted to HRK 10,7 million.

The recorded net loss, as well as negative operating earnings (EBITDA), in the amount of HRK 31,7 million (HRK -154,9 million as compared to the previous period) are the result of disturbances on the tourism market and disruptions of European and world tourist flows as well as suspensions of the work of facilities caused by the COVID-19 pandemic.

V/ The Company during the period from the balance to the final reporting date

During 2020, the Company actively managed, with the support of all participants, the crisis and the tourist season and ensured a stable position for the normalization of business operations during 2021-2023. In the forthcoming period, the focus will be on further adapting business operations, products and services to extraordinary circumstances, preserving jobs and dynamically preparing financial and operational business models, crisis management and risk minimization to proactively and prudently provide for different recovery scenarios.

Given the unpredictable development of the situation related to the spread of COVID-19 and a number of obstacles to the free transfer of passengers, goods and services in many important emitting markets, the Company is currently unable to make quantitative estimates of the negative impact on future business operations, while significant information related to the COVID-19 pandemic that could have an impact on the financial stability will be published in accordance with the relevant regulations.

VI/ Risks of the Company

The tourism industry is within its scope globally oriented and very closely linked to the real and financial economy, the geopolitical environment and environmental sustainability. Thus, the Company proactively monitors and assesses risks, at a micro and macro level, considering the impact of each individual risk. The objective of risk management is to further encourage the creation of sustainable value and offer confidence to many shareholders of the Company. The risk management process consists of the following steps: a) identification of potential risks in business, b) analysis and assessment of identified risks, c) definition of activities and responsibilities for effective risk management, d) monitoring and follow-up of initiatives to avoid risk events, and e) exchange of information on the results of risk management

In its daily operations, the Company is exposed to a number of financial risks, including currency, interest rate, credit, price and liquidity risk. As the Company operates internationally, it is exposed to currency risk, mostly arising from changes in the nominal exchange rate of the euro / kuna. Currency risk arises from future commercial transactions and recognized assets and liabilities. Most foreign sales revenue is generated in euros, the currency in which most of the long-term credit debt is denominated. Consequently, the Company is partially hedged against currency risk. Due to the occurrence of extraordinary circumstances caused by the COVID-19 pandemic in 2020, potentially strong depreciation pressures on the kuna against the euro affect the value of long-term credit debt denominated in euros. In the event of an exceptional reduction in euro inflows, the Company and the Group will use existing euro liquidity reserves to service long-term debt repayments and access adequate hedging financial instruments, in accordance with the current situation and future assessment of the Company's foreign exchange position, expectations of value movements of the currency pair kuna / euro as well as other intercurrency relations between world currencies. Furthermore, part of the indebtedness with banks contracted at variable interest rates partially exposes the Company to cash flow interest rate risk, while credit risk arises from cash, time deposits and trade receivables. Credit risk is minimized by contracting transactions with customers who have an appropriate credit history, by arranging prepayments or payments through security deposits and credit cards for individual customers. The Company also obtains security instruments for receivables (bills of exchange, promissory notes and guarantees), thus reducing the risks of uncollectibility of its receivables for services rendered. Given the negative consequences of COVID-19 on the Company's customers, especially on tour operators and travel agencies, the Company continuously monitors the adverse impact on related parties while actively checking their creditworthiness. The Company is not an active participant in the capital market in terms of trading with equity and debt securities. The Company prudently manages liquidity risk and, at any time, controls and ensures a sufficient amount of cash through operating cash flows and adequate amounts of contracted credit lines to meet liabilities, as well as ensuring the availability of credit lines in the future. Credit lines for 2020 and 2021 have been contracted with reputable financial institutions, while loan repayments, in general, have been aligned with periods of significant cash inflows from operating activities. The Company and the Group monitor the level of available sources of cash on a daily basis through reports on the balance of cash and liabilities. The COVID-19 pandemic, as an external stressor to the Company's business, has created strong pressures on the operating cash flow.

VI/ Risks of the Company (continued)

In accordance with prudent management of the now increased liquidity risk, escalation plans have been developed and activated to minimize costs, preserve liquidity, solvency of companies and maintain business continuity together with applications for support and aid measures to the economic and tourism sector, including deferral of payment of due long-term loan principals in line with the possibility of placing moratoriums on the repayment of loan liabilities (in more detail in the chapter III/ Business management during the COVID-19 pandemic).

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 investment to maintain high quality products and services. Capital-intensive investment projects to increase the quality of services and products may exceed budget expectations, construction may not be completed on time, and in the meantime changes to urban regulations, other laws and fiscal policy may take effect. These risks may adversely affect the increase of the Company's and Group's costs, as well as lower cash flow and lower revenues.

Given that in a stable market, beyond the impact of the pandemic, more than 90% of the Company's guests are foreign guests, the stability of macroeconomic indicators in their domicile countries is very important where the exchange rate and prices of goods and services directly affect the purchasing power of guests.

The pronounced seasonality of Croatian tourism as an economic branch represents a significant risk and impact on business results, as it leads to insufficient use of available tourist capacities and resources. The Company strives at all levels of management to develop its tourist offer using comparative advantages and expertise know-how by strategic considerations of the development of the tourist product.

Without a qualitative human resources management, the development of the Company is not possible, and the expansion of the labor market in recent years has identified risks related to scarce positions, the development of new knowledge and specific skills. The Company continuously works on a dialogue with social partners and ensures a high level of workers' rights in terms of salary competitiveness, motivation and reward systems, as well as career development, health care and cooperation with educational institutions.

The Company is exposed to operational risk, ie direct and indirect losses arising from incorrect internal and external processes of the Company. Given the complexity of the system, the Company is systematically working on the analysis of data that actively monitors the business trends of the Company in order to make timely fair business decisions.

In order to ensure the reliability of IT business solutions, in 2020 the Company invested in the renewal of IT infrastructure, whereby it significantly upgraded the reliability of the data center and IT network, as well as in the implementation of a modern tourist facility management system. Aware of the risk of reliability of IT business solutions and cyber security of business, the Company is continuously working on their further development with an emphasis on data protection projects and the improvement of existing and development and implementation of new, modern business systems.

VII/ Corporate management

The Company is continuously, to the greatest extent possible, developing and operating, in accordance with the good corporate governance practice prescribed by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange d.d. Zagreb. By its business strategy, policy, key acts and business practice the Company has established management standards that seek to contribute to transparent and efficient business operations.

In 2020, the Company followed and applied the recommendations set out in the Code, publishing all the information whose publishing is anticipated by positive regulations and the information that is in the best interests of the Company's shareholders.

In accordance with a requirement of the Code and with the directives of the CA, the Supervisory Board conducts internal control of the Company through regular audits of the presented reports. The members of the Supervisory Board are regularly provided with detailed information on the management and operations of the Company. At the Supervisory Boards meetings, all the matters within the competence of that body, prescribed by the CA and the Company's Articles of Association, are discussed and the decisions are made. The Supervisory Board's report on the conducted supervision of the management is a part of the Company's Annual Report, submitted to the General Assembly. In addition, the Supervisory Board performs internal control and oversight through the Audit Committee which provides professional support to the Supervisory Board and the Management Board in the effective performance of corporate governance, risk management, financial reporting and control of the Company. The Management Board is responsible for monitoring that the Company runs its business and other records and documentation, complies the accounting documents, evaluates assets and liabilities and prepares financial and other reports in accordance with accounting rules and standards, as well as applicable laws and regulations.

The Company does not have a formal diversity policy in place with respect to gender, age, education or profession for its executive, management and supervisory bodies. The Company's policy of appointment to executive bodies is carried out in accordance with the needs of specific business activities in terms of knowledge, qualifications and competence on the part of potential executives, without taking into account gender or age. The Company's management and oversight bodies also require certain knowledge, education and competence on the part of potential executives in these bodies, in accordance with the criteria and decisions of the Supervisory Board and the Company's Assembly.

VII/ Corporate management (continued)

1. Ten main shareholders as at 31 December 2020:

No.	Shareholder	Number of shares	% (percentage of ownership)
1.	GITONE ADRIATIC D.O.O.	215.568	71,23
2.	NOVA LIBURNIJA D.O.O.	75.661	25
3.	CERP/REPUBLIC OF CROATIA	5.308	1,75
4.	KOVAČIĆ MARIN	301	0,1
5.	SIMEONI ERIKA	213	0,7
6.	KOLETIĆ STELLA	119	0,04
7.	ZAGREBAČKA BANKA D.D./KRASS GUIDO ALEXANDER GISBERT	100	0,03
8.	MIHELIĆ ŽELJKO	86	0,03
9.	KOVAČ ZDENKO	80	0,03
10.	TODORIĆ IVANA	75	0,02
11.	OTHER	5130	1,07

In accordance with the Company's Articles of Association, the voting right of a shareholder is neither limited to a certain percentage or number of votes, nor are there time constraints to gain voting rights. Each regular share entitles to one vote at the General Assembly.

The Company's rights and obligations arising from the acquisition of its own shares are achieved in accordance with the directives of the CA. During 2020, the Company did not acquire own shares.

The members of the Company´s Management and Supervisory Board are not, either directly or indirectly, owners of Company shares in terms of the provisions of CA, thus they do not represent material shareholders of the Company in terms of the provisions of CA and the Corporate Governance Code, enabling their independence in terms of the regulations of applicable legislation.

Pursuant to paragraph 3, article 497 Management Board declares that the Company, based on the conditions known at the time of entering a legal transaction or any action related to the Company, received a corresponding counter-action, without any harm incurred for the Company.

The management board of the Company is nominated and revoked by the Supervisory Board and is composed of two members. On 5 March 2021, the Supervisory Board nominated Mr. Vladimir Bošnjak as president of the Management Board.

As of 31 December 2020 the Management Board consisted of two members, the president of the Management Board, Mr. Agron Beriša who resigned in the first quarter of 2021, and the member of the Management Board, Mr. Johannes Böck. Until November 2020, president of the Management Board was Mr. Heimo Hirn, who resigned as of 12 November 2020. The powers of the members of the Management Board are entirely harmonized with the provisions of the CA and are described in more detail in the Company's Articles of association.

VII/ Corporate management (continued)

The Supervisory Board of the Company is nominated and revoked by the General Assembly of the Company in accordance with the Company's Articles of Association and the CA and it is composed of the following members as at 31 December 2020:

- Klaus Riederer, president,
- Alexander Paul Zinell, vice president,
- Philip Goeth, member,
- Thomas Mayer, member,
- Branimir Žarković, member,
- Andreja Rudančić, member,
- Barbara Mesić, nominated by the general assembly at its meeting held on 29 December 2020, following the resigning of Mr. Crnov,
- Helena Masarić, member and
- Domijan Mršić, member.

Mr. Petar Crnov, as member of the Supervisory Board, resigned on 19 November 2020.

The Management Board and the Supervisory Board work normally in meetings, by correspondence in accordance with the provisions of positive regulations.

The General Assembly is convened, works and has powers in accordance with the provisions of the CA and the provisions of the Company's Articles of Association, while the call and proposed decisions, as well as decisions made are published in accordance with the provisions of the CA, the Capital Market Act and the Rules of the Zagreb Stock Exchange d.d. The General Assembly of the Company was held on 30 June and 29 December 2020, and the decisions made were announced in accordance with the relevant regulations.

The rules on the appointment and revocation of members of the Management Board and members of the Supervisory Board are determined by the Articles of Association, in accordance with the provisions of the CA. The rules of appointment do not contain any restrictions on diversity with regard to gender, age, education, profession and similar restrictions.

The Company has an Audit Board, and the Supervisory Board appoints and revokes the Audit Board in accordance with the Company's Articles of Association and the CA. As at 1 January 2020 members of the Audit Board were: Franco Palma, president, Helena Masarić, vice president, Joško Marić, member. As of 20 February 2020, the Supervisory Board appointed new members of the Audit Board: Branimir Žarković, president, Philip Goeth, member, Domijan Mršić, member.

VIII/ Non-financial report

Pursuant to article 21.a (Official Gazette 78/15, 134/15, 120/16, 116/18) of the Accounting Act, the Company publishes a non-financial report for the business year 2020.

Following the characteristics of the tourism activity performed by the Company, where, in addition to the social component and human resources, one of the most important resources is the environment, the Company pays special attention to the principles of socially responsible business operations. The Company's comprehensive approach to corporate social responsibility, in relation to key shareholders with whom the company maintains continuous communication, is part of the Company's strategy in which sustainable destination development and support to the local community, as well as environmental protection, employee and guest satisfaction are part of regular business. Therewith the Company sustainably develops the local community by enriching the tourist offer by expanding the tourist infrastructure and supporting cultural, gastronomic, educational and entertainment programs, projects and initiatives that improve the attractiveness and competitiveness of the destination and contribute to the prolongation of the tourist season and, thus, preserving its cultural identity and the value of the local community.

Ecology and sustainable development

Environmental responsibility is one of the biggest challenges of the future, actively monitored by the Company and in which it directs a large part of its resources in order to maintain a high level of competitiveness and sustainability. Tourism intensively applies environmentally responsible concepts as environmental protection contributes to economic growth, employment and increased competitiveness and comparative advantages. The entire business of the Company is based on ecologically sustainable systems and the Company pays special attention to the preservation and protection of the environment. The Company has a contract for measuring the emission of pollutants into the air from stationary sources, and has an ISO 50001 energy certificate. The strategic goal of the Company is to continuously improve the quality of services, including continuous improvement and increase of energy efficiency (electricity, heating oil, gas, water) and procurement of energy efficient products and services.

Water conservation, as one of the most important natural resources, and its rational use in the Company's business is achieved by controlling and optimizing water consumption, as well as informing guests about the importance of conscious water use. In order to increase energy savings, the Company uses energy-saving devices and high-energy efficiency equipment. The selection of non-hazardous from hazardous waste, at the place of its generation, increases the amount of secondary raw materials that can be recycled and reduces the amount of waste that is permanently disposed of in landfills. Waste disposal is performed by companies authorized for the disposal of certain types of waste and acting in accordance with the principles of environmental protection.

The Company also regularly disposes of organic waste (eg food leftovers from the kitchen) in an environmentally and legally prescribed manner, which favors the development of bacteria.

VIII/ Non-financial report (continued)

Employment and ensuring workers' rights

The Company achieves the highest employment in the high tourist season, ie in the period from June to September. As at 31 August 2020, the Company employed 588 employees, of which 289 for an indefinite period of time and 299 for a definite period of time. The Company reaches its lowest employment outside the tourist season, in February. As of 29 February 2020, the Company employed 422 employees, of which 291 for an indefinite period of time and 131 for a definite period of time. During 2020, average employment was reduced compared to 2019 due to the consequences of the COVID-19 pandemic and reduced seasonal employment.

Investment and comprehensive care of human resources is one of the primary business objectives of the Company, which ensures employee satisfaction with material working and accommodation conditions, and consequently a high level of quality service to guests. In addition to its commitment to complying with all legal requirements and internal health and safety standards of its employees, contractual partners and guests, providing additional benefits to employees (eg hot meals for all employees), talent management and career development, the Company continuously invests in accommodation facilities for its seasonal workers at locations from Opatija to Medveja.

The formal legal relations with employees are regulated by sources that regulate employment relations and respect the provisions of the Labor Act, the Collective Agreement for Hotel and Catering Business, the Collective Agreement concluded by the Company with trade union branches operating in the Company, which include the Istria, Kvarner and Dalmatia Trade Union and the Trade Union for tourism and services of Croatia, as well as employment contracts of each individual worker. Negotiations with the Trade Unions are renewed every year and are conducted in good faith, so there is a continuous agreement on the rights of workers and the obligations of the employer, as well as the obligations of workers to the employer. The Workers' Council was established in the Company in accordance with the provisions of the Labor Act. Communication with the Workers' Council and the representatives of the Trade Union takes place directly in all situations prescribed by the sources of labor law. The employer informs the representatives of workers and trade unions about the situation in the Company, business results and other issues that are important for workers.

Respecting human rights

In accordance with the provisions of the Labor Act, the Company fulfills its obligations based on the protection of the dignity, life, health and privacy of employees as well as the protection of personal data. When recruiting and promoting, the Company provides candidates with equal opportunities and treatment. Attention is also paid to guests and all guests are approached equally regardless of nation, religion, skin color or gender. Direct or indirect discrimination against a job applicant and the person employed, on the basis of race or ethnicity or color, gender, language, religion, national or social origin, property status, education, social status, marital or family status, age, health status, disability, genetic inheritance, expression or sexual orientation is not permitted.

VIII/ Non-financial report (continued)

Respecting human rights (continued)

The Company protects the dignity of employees during the performance of work by ensuring working conditions in which they will not be exposed to harassment by superiors, associates or persons with whom the employee regularly comes into contact in the performance of their duties.

The Company organizes work in a way that ensures the health and life of workers, as well as protective clothing and footwear in accordance with regulations on safety at work.

Anti-corruption policy

The Company applies high ethical standards in its business, implements a policy of zero tolerance towards corruption and promotes the same in relations with partners. High business standards are set forbidding to accept or give bribes in order to gain an advantage for oneself or the Company.

Personal data protection

The Company values the protection of the privacy of employees, guests and partners. Their personal data are protected, and special attention was paid to the harmonization of personal data protection procedures with the provisions of the General Regulation and the Act on the Implementation of the General Regulation on Data Protection. Rules and procedures have been adopted, and in the implementation of the solution based on the provisions of the General Regulation, increased attention has been paid to the collection of personal data of website visitors and guests at the receptions of facilities. Technical measures have been taken to more effectively protect personal data. Personal data are systematized in accordance with the General Regulation and internal regulations, and procedures for access to personal data are provided. The Company carries out the implemented policies and procedures and continuously improves the data protection system of data processed.

The annual report of the Management Board has been prepared on the basis of the obligation from Article 250a of the Companies Act and Article 21 of the Accounting Act.

The report refers to the company Liburnia Riviera Hotels d.d., Opatija, Maršala Tita 198, whose main activities are accommodation and hospitality and catering services, travel agency and tour operator services with the aim of presenting the most important business achievements in 2020 and reviewing future expectations.

Statement of Management Board's responsibilities

The Management Board is required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and of the results of its operations and its cash flows, in accordance with International Financial Reporting standards as adopted by EU, and is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. It has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Management Board is responsible for selecting suitable accounting policies to conform with applicable accounting standards and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management is also responsible for the preparation and content of the Management Report and the Statement of the implementation of corporate governance code, as required by the Croatian Accounting Act. The Management Report and the Corporate Governance Code Compliance Statement set out on pages 2 to 15, were authorized for issuance by the Management Board. The Management Board is responsible for submitting the Annual Report to the Supervisory Board, including financial statements, and the Supervisory Board is required to approve the financial statements for submission to the General Assembly of Shareholders for adoption.

The Annual report was approved by the Management Board on 26 April 2021 for submission to the Supervisory Board and was signed below by:

Vladimir Bošnjak
President of the Management Board

Johannes Böck
Member of the Management Board

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., OPATIJA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LIBURNIA RIVIERA HOTELI d.d. („the Company"), which comprise the statement of financial position of the Company as at 31 December 2020, and the statements of comprehensive income, cash flows and changes in equity of the Company for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Emphasis of Matter

We draw attention to Note 4 (e) to the financial statements describing the impact of the COVID-19 pandemic on the Company's business operations and on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include identified most significant risks of material misstatement due to error or fraud with the greatest impact on our audit strategy, the schedule of the resources available to us and the time consumed by the engaged audit team.
These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., OPATIJA

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the matter*
Impairment and useful life of tourist facilities As at 31 December 2020, the carrying amount of the Company's *property, plant and equipment* amounted to HRK 870,968 thousand (2019: HRK 967,295 thousand). See Note 2.3. within Accounting policies; Note 4(a) within *Key accounting matters* and Note 14.1 *Property, plant and equipment* within the financial statements. As at 31 December 2020, the carrying amount of property, plant and equipment represented approximately 93% of the Company's total assets. These assets, carried at cost less accumulated depreciation and any accumulated impairment losses, consist primarily of tourism properties and related assets, and are subject to annual analysis to determine whether there are indicators of a possible impairment. As described in Note 14.1 of the financial statements, in the current year, the Company identified impairment indicators relating to certain underperforming tourism properties. As a result, as at 31 December 2020 the Company tested the above tourism properties for impairment and determined the assets recoverable amount based on an estimate of their fair value less costs to sell. The test did not indicate any impairment loss of those properties as at 31 December 2020.	Our audit procedures in this area included, among others: - Evaluating the Company's accounting policy for identification of impairment, measurement and recognition of any impairment losses and determination of remaining useful lives in respect of tourism properties against the requirements of the relevant financial reporting standards; - Assessing the Company's judgments regarding identification of impairment indicators for tourism properties by analyzing the financial performance of the respective properties against the expected levels of performance; - For the underperforming assets, challenging the key assumptions used in determining their recoverable amounts by comparing the carrying values of these assets with quoted prices for assets identified by as comparable or considering Company's recent sales of similar assets;

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., OPATIJA

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the matter*
Determination of the recoverable amount requires making significant assumptions and judgments, in particular those relating to comparability of properties. Also as discussed in Note 4(a) significant management judgement is required to determine whether the estimated useful life of tourism properties requires revision considering their national heritage status. The Company has assessed the remaining useful lives for tourism properties based on the detailed analysis performed for each property, by applying inputs from the Company's technical experts as well as the analysis provided by an external appraiser engaged by the Company. Due to the above factors the assessment of impairment for tourism properties as well as determination of remaining useful life were determined by us to be associated with a significant risk of material misstatement. As such it required our increased attention in the audit and was considered by us to be a key audit matter.	Challenging the key assumptions used in determining the remaining useful lives of the tourism properties by: - Inquiring the Company's technical experts, its finance team members as well as management; - Evaluating professional experience and objectivity of the external appraiser; - Assessing consistency of assumptions used in other related estimates, including the estimate of recoverable amount of tourism property; - Assessing the appropriateness and completeness of related disclosures in the financial statements.

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., OPATIJA

Other matters

The annual financial statements of the Company for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on these financial statements on 8 May 2020.

Other Information

Management is responsible for the other information. The other information comprises the Management Report and Corporate Governance Statement included in the Annual Report of the Company, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report under *Report on Other Legal Requirements*, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the 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.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., OPATIJA

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 controls.

- 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 controls.

- 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., OPATIJA

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 controls 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Requirements

Report based on the requirements of the Directive (EU) no. 537/2014

1. As of 29 December 2020 we were appointed by decision of the General Assembly of the company LIBURNIA RIVIERA HOTELI d.d., on proposal of the Audit committee, and on proposal of the Supervisory Board of the company LIBURNIA RIVIERA HOTELI d.d. to audit the financial statements for 2020.

2. As of the date of this report our total uninterrupted engagement of statutory audit of the financial statements of the Company from the audit of the annual financial statements of the Company for 2020, in total 1 year, covering the period from 1 January to 31 December 2020.

3. Apart from the matters we have identified in our independent auditor's report as key audit issues within the section Independent Auditor's Report on the annual financial statements, we have nothing to report with regard to point (c) of article 10 of the Directive (EU) no. 537/2014.

4. During our statutory audit of the Company's annual financial statements for 2020, we are able to identify irregularities, including fraud, and in performing our audit engagement. to determine whether the Company has complied with laws and regulations that are generally recognized to have a direct impact on determining significant amounts and disclosures in their financial statements, as well as other laws and regulations that do not have a direct impact on determining significant amounts and disclosures in their annual financial statements, but compliance with which may be critical to the Company's operational aspects, its ability to continue as a going concern or avoid significant penalties.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., OPATIJA (continued)

Report on Other Legal Requirements (continued)

Report based on the requirements of the Directive (EU) no. 537/2014 (continued)

Unless we identify, or become aware of, non-compliance with any of the aforementioned laws or regulations that is apparently insignificant, in our judgment of its content and its impact, financially or otherwise, to the Company, its shareholders and the general public, we are required to inform the Company and request examination of that matter and take appropriate measures to address the irregularities and to prevent the recurrence of those irregularities in the future. If the Company, as of the date of the audited balance sheet, does not correct the irregularities that resulted in misstatements in the audited annual financial statements that are cumulatively equal to or greater than the materiality of the financial statements as a whole, we are required to modify our opinion in the independent auditor's report.

In the audit of the annual financial statements of the Company for 2020, we determined the significance for the financial statements as a whole in the amount of HRK 4,6 million, calculated in accordance with our methodology and generally accepted standards.

5. Our audit opinion is consistent with the additional report for the Company's Audit committee prepared in accordance with the provisions of article 11 of the Directive (EU) no. 537/2014.

6. During the period between the starting date of the Company's audited annual financial statements for 2020 and the date of this report, we did neither provide prohibited non-audit services to the Company and / or its parent company within the EU, nor did we in the financial year before that period provide services for designing and implementing 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, and we have maintained our independence from the Company in performing the audit.

Report based on the requirements of the Accounting Act

1. In our opinion, based on the audit procedures performed, the information in the Annual Management Report and Statement of implementation of the Corporate Governance Code of the Company for 2020 are reconciled, in all material aspects, with the accompanying financial statements of the Company for 2020.

2. In our opinion, based on the audit procedures performed, the accompanying Annual Management Report of the Company for 2020 was prepared in accordance with article 21 of the Accounting Act.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., OPATIJA (continued

Report on Other Legal Requirements (continued)

Report based on the requirements of the Accounting Act (continued)

3. Based on our knowledge and understanding of the Company´s nature of business and its environment gained during our audit, we could not detect any significant misstatements disclosed in the Annual Management Report of the Company.

4. In our opinion, based on the work performed during the audit, the Statement of implementation of the Corporate Governance Code, included in the Company's Annual Management Report for 2020, is in accordance with the requirements set out in article 22 of the Accounting Act.

5. The Statement of implementation of the Corporate Governance Code, included in the Company's Annual Management Report for 2020, contains those information required by article 22 of the Accounting Act.

The engagement partner on the audit resulting in this independent auditors' report is mr.sc. Dalibor Briški.

Grant Thornton revizija d.o.o.
Ulica grada Vukovara 284
10000 Zagreb
Croatia

Zagreb, 26 April 2021

Director
Dalibor Briški

Grant Thornton revizija d.o.o.
HR - 10000 Zagreb

Certified Auditor
Marko Vidiček

STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2020

(in thousands of HRK)	Note	2020	2019
Revenue	5, 6.1	73,148	312,419
Other income	6.2	37,319	13,413
Cost of materials and services	7	(52,789)	(94,175)
Staff costs	8	(58,126)	(86,328)
Depreciation and amortization		(109,751)	(103,350)
Other operating expenses	9	(53,616)	(25,458)
Impairment loss on trade receivables	2.1.1, 16	(688)	(1,099)
Other gains - net	10	185	136
Operating profit / (loss)		(164,318)	15,558
Finance income	11	262	1,009
Finance costs	11	(8,079)	(3,312)
Net finance costs	11	(7,817)	(2,303)
Profit / (loss) before tax		(172,135)	13,255
Income tax expense	12	10,749	(2,539)
Profit / (loss) for the year		**(161,386)**	**10,716**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		**(161,386)**	**10,716**
Earnings/(loss) per share (in HRK) - basic and diluted	13	(533.26)	35.41

The accompanying notes form a part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

(in thousands of HRK)	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	14.1	870,968	967,295
Intangible assets	14.2	12,225	529
Right of use assets	14.2	3,523	4,306
Investments	15	7,716	500
Deferred tax assets	12	13,400	2,652
		907,832	975,282
Current assets			
Inventories		3,241	3,648
Loans granted	24	2,069	-
Trade and other receivables	16	6,396	9,847
Current tax receivables		-	705
Cash and cash equivalents	17	12,062	25,943
		23,768	40,143
Total assets		**931,600**	**1,015,425**
EQUITY			
Share capital	18	696,074	696,074
Legal reserves	18	45,019	45,019
Capital reserves	18	1,511	1,511
Retained earnings		(134,281)	27,105
		608,323	769,709
LIABILITIES			
Non-current liabilities			
Borrowings	19	180,234	149,813
Provisions for other liabilities and expenses	20	12,477	4,560
Lease liabilities	21	3,741	3,557
		196,452	157,930
Current liabilities			
Trade and other payables	22	33,489	35,400
Borrowings	19	92,440	51,767
Corporate income tax liabilities		-	-
Lease liabilities		896	619
		126,825	87,786
Total liabilities		**323,277**	**245,716**
Total liabilities and equity		**931,600**	**1,015,425**

The accompanying notes form a part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

(in thousands of HRK)	Note	Share capital	Legal reserves	Capital reserves	Retained earnings	Total
Balance at 1 January 2019		696,074	45.019	1.511	16.389	758.993
Profit for the year		-	-	-	10.716	10.716
Total comprehensive loss		-	-	-	10.716	10.716
Balance at 31 December 2019	**18**	**696,074**	**45,019**	**1,511**	**27,105**	**769,709**
Balance at 1 January 2020		**696,074**	**45,019**	**1,511**	**27,105**	**769,709**
Loss for the year		-	-	-	(161.386)	(161.386)
Total comprehensive loss		-	-	-	(161.386)	(161.386)
Balance at 31 December 2020	**18**	**696,074**	**45,019**	**1,511**	**(134,281)**	**608,323**

The accompanying notes form a part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

(in thousands of HRK)	**Note**	**2020**	**2019**
Cash flow generated from operating activities			
Cash from operations	23	(24,933)	112,341
Income tax paid/returned		705	1,560
Interest paid		(3,463)	(2,528)
Net cash generated from operating activities		**(27,691)**	**111,373**
Cash flow from investing activities			
Purchase of property, plant and equipment		(35,414)	(205,963)
Purchase of intangible assets		(13,233)	(332)
Investments in subsidiaries		(7,216)	-
Proceeds from disposal of property, plant and equipment		185	136
Loans received		-	37,500
Interest received		2	407
Loans granted		(2,069)	-
Net cash used in investing activities		**(57,745)**	**(168,252)**
Cash flow from financing activities			
Borrowings received		73,235	110,000
Repayments of borrowings		(1,141)	(39,541)
Receipts from leases		1,518	-
Repayments of right of use liabilities		(1,057)	(727)
Net cash from financing activities		**71,555**	**69,732**
Net increase/ (decrease) in cash and cash equivalents		**(13,881)**	**12,853**
Cash and cash equivalents at beginning of year		25,943	13,090
Cash and cash equivalents at end of year	17	12,062	25,943

The accompanying notes form a part of these financial statements.

NOTE 1 – GENERAL INFORMATION

LIBURNIA RIVIERA HOTELI d.d. (hereinafter: the Company or LRH) with its registered office in Opatija, Maršala Tita 198, Croatia was established as a result of the transformation of the socially-owned company Liburnia Riviera Hoteli to a public limited company on 1 January 1993, when the transformation was registered at the Commercial District Court in Rijeka. The Company's principal activities are accommodation and hospitality services, travel agency and tour operator services, retail and wholesale as well as sports and recreational activities.

As at 31 December 2020 the Company's shares were listed on the Zagreb Stock Exchange.

The Company is included in the consolidated financial statements of the company Gitone Beteiligungsverwaltungs GmbH, with registered seat in Austria, 1030 Vienna, Am Modenapark 13/9.

The financial statements for the year ended 31 December 2020 were approved for issuance on 26 April 2021.

Management Board and Supervisory Board

The Company's Management Board is nominated and revoked by the Supervisory Board and consists of two members of the Management Board of the Company. On 5 March 2021 the Supervisory Board nominated Mr. Vladimir Bošnjak as president of the Management Board.

As of 31 December 2020 the Management Board of the Company consists of two Board members, the president of the Management Board Mr. Agron Beriša who resigned in the first quarter of 2021, and the member of the Management Board Mr. Johannes Böck. Until November 2020, president of the Management Board was Mr. Heimo Hirn, who resigned on 12 November 2020. The powers of the members of the Management Board are entirely harmonized with the regulations of the CA and are regulated in more detail in the Articles of Association.

The Supervisory Board of the Company is nominated and revoked by the general assembly of the Company in accordance with the Company's Articles of Association and the CA and it is composed of the following members as at 31 December 2020:

- Klaus Riederer, president,
- Alexander Paul Zinell, vice president,
- Philip Goeth, member,
- Thomas Mayer, member,
- Branimir Žarković, member,
- Andreja Rudančić, member,
- Barbara Mesić, nominated by the general assembly on its meeting held on 29 December 2020, following the resigning of Mr. Crnov
- Helena Masarić, member, and
- Domijan Mršić, member.

Mr. Petar Crnov, as member of the Supervisory Board, resigned on 19 November 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS"). The financial statements have been prepared under the historical cost convention except where otherwise disclosed. These financial statements have been prepared under the assumption that the Company will be able to continue as a going concern.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates. It also requires the Management Board to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

This is the first set of the Company's annual financial statements in which IFRS 16 Leases has been applied. Changes to significant accounting policies are described in note *2.1.1.* (Changes in accounting policies and disclosures).

2.2 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in thousands of Croatian kuna (HRK), which is the Company's functional currency and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income within "Finance income/costs".

Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are recorded in the statement of comprehensive income within Finance income and costs. All other foreign exchange losses and gains are recorded in the statement of comprehensive income within "Finance income/costs".

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Property, plant and equipment

Property, plant and equipment is included in the statement of financial position at historical cost less accumulated depreciation and provision for impairment, where required. Historical cost includes the cost that is directly attributable to the acquisition of assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of replacement of larger items of property, plant and equipment is capitalized, and the carrying amount of the replaced part is derecognized.

Land, artwork and assets under construction are not depreciated. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings (hotels)*	12-25 years
Equipment	2-15 years

* Average remaining useful life is defined based on the rest of weighted average useful life of individual building components.

Depreciation is calculated for each asset until the asset is fully depreciated or to its residual values if significant. The assets' useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable am.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of comprehensive income within "Other gains/(losses) – net".

2.3.1 Impairment of non-financial assets

The Company determines indicators for impairment of property, plant and equipment by applying the method of multiplying net carrying value and operating profit of the segment, in the way that the net carrying value of certain asset or its segment (identified as a cash generating unit) is put in a relationship with realized operating profit of the asset or segment.

In case that, for certain assets or segments (cash generating unit) multiplier of net carrying value and segment's operating profit exceeds set values, it's recoverable amount is determined as greater of its value in use and its fair value less costs to sell, whichever is high.

Determining impairment indicators, together with assessing future cash flows and determining fair value of assets (or group of assets) requires significant judgement from management when recognizing and estimating impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

Calculation of fair value less costs to sell is based on the method of market approach which uses prices and other relevant information from market transactions for the same or comparable (similar) assets, the same or comparable liabilities or group of assets or liabilities, for example certain business segment.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Intangible assets

Intangible assets comprising investments in technical documentation and the value of computer software licenses are stated at cost. These costs are amortized over their estimated useful lives of 5 years. Assets under construction are not amortized.

2.5 Investments in subsidiaries and associates a

Subsidiaries

Subsidiaries are those entities in which the Company has, directly or indirectly, more than half of the voting power or has the power to govern the financial and operating policies. The Company has a subsidiary that is valued at cost less any impairment.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or otherwise has significant influence over the operations. Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Impairment of investments in subsidiaries and associates

The net carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognized in the statement of comprehensive income.

2.6 Financial assets

2.6.1 Classification

Trade and other receivables and loans granted that were classified as loans and receivables under IAS 39 are now classified at amortized cost under IFRS 9.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. The unwinding of discount in future periods is recognized as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

2.6.2. Measurement and recognition

Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Trade and other receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.

Fail values of investments listed on stock exchange are based on current supply prices. If the market for certain financial asset is not active (as for unlisted securities), the Company determines fair value using valuation techniques which take into account recent transactions under usual trading conditions and comparison with other similar instruments, taking full use of market information and relaying minimally on information specific to business subject.

2.6.3. Impairment of non-derivative financial assets

Financial instruments

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

2.6.3. Impairment of non-derivative financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being significantly past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the asset.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 360 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

2.7 Inventories

Inventories of food, beverages and trade goods are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less impairment.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on accounts with banks and similar institutions and cash on hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Leases (continued)

i. As a lessee (continued)

— the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in separate line items in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Leases (continued)

ii. As a lessor (continued)

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 January 2019

Leases where the significant portion of risks and rewards of ownership are not retained by the Company are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Assets leased out under operating leases are included in "Property, plant and equipment" in the statement of financial position. Assets are depreciated on the straight-line basis equal to other property and equipment. Rental income is recognized over the period of the lease using the straight-line method.

2.11 Share capital

Ordinary shares are classified as equity. Gains directly attributable to the issue of new shares are shown in equity as a deduction, net of transactions costs and income tax.

2.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates. Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In that case the tax is recognized directly in equity. The current income tax charge is calculated at a rate of 18% according to Croatian laws and regulations. The Management Board periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and consider establishing provisions, where appropriate, on the basis of amounts expected to be paid to the Tax Administration.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred Tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.15 Employee benefits

(a) Pension obligations and post-employment benefits

In the normal course of business through salary deductions, the Company makes payments to mandatory pension funds on behalf of its employees as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Company does not have any other pension scheme and consequently, has no other obligations in respect of employee pensions except for amounts payable to each employee once retired. In addition, the Company is not obliged to provide any other post-employment benefits.

(b) Termination benefits e

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits falling due more than 12 months after the reporting sheet date are discounted to their present value.

(c) Short-term employee bene

The Company recognizes a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. In addition, the Company recognizes liabilities for accumulated compensated absences based on unused vacation days at the reporting date, as well as labor hours realized from the reorganization of working hours not utilized up to the reporting date.

(d) Long-term employee benefits

The Company recognizes a provision for jubilee awards and termination benefits where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions for future operating losses are not recognized.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in hotels and apartments, campsites and restaurants of the Company. Revenue is presented net of agency fees and value-added tax.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entities and specific criteria have been met for each of the Company's activities as described be. The Company sells hotel and tourism services. These services are provided based on fixed-price contracts. Revenues from hotel and tourism services are recognized over time when the services are provided. The Company offers to its customers food and beverages in hotel rooms as well as in hotel restaurants. Revenues are recognized when services are provided at the point of time. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

2.18 Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of participating shares outstanding during the reporting year.

2.19 Value added tax

The Tax Administration requires the settlement of VAT on a net basis. VAT related to sales and purchases is recognized and disclosed in the statement of financial position on a net basis. Where receivables have been impaired for the purpose of adjustment, impairment loss is recorded for the gross amount of the debtor, including VAT.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision-maker is the Company's Management Board which is in charge of managing hotel and tourist facilities and contents.

2.21 Standards issued but not yet effect

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards.

- Definition of a Business (Amendments to IFRS 3)

- Definition of Material (Amendments to IAS 1 and IAS 8)

2.22 Determination of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to fair value measurement which assumes the overall responsibility of the Management Board and finance department in relation to the monitoring of all significant fair value measurements, consultation with external experts and the responsibility to report, with respect the above, to those charged with corporate governance.

Fair values are measured using information collected from third parties in which case the Board and the finance department assess whether the evidence collected from third parties support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy where such valuations should be classified.

Fair values are categorized into different level in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – input variables for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more significant inputs are not based on observable market data, the fair value estimate is included in level 3.

NOTE 3 – FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose them to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Company does not have a written risk management program, but overall risk management in respect of these risks is carried out by the Company's Management Board.

The accounting policies for financial instruments have been applied to the line items below:

(in thousands of HRK)	**31 December 2020**	**31 December 2019**
Financial assets at amortized cost		
Trade receivables	1,482	6,535
Other receivables	4,914	3,312
Loans granted	2,069	-
Cash and cash equivalents	12,062	25,943
	20,527	**35,790**
Financial liabilities at amortized cost		
Trade and other payables	16,354	10,346
Borrowings	272,674	201,580
Lease liabilities	4,637	4,176
	293,665	**216,102**

(a) Market risk

(i) Currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro (EUR). Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

Most of long-term debt is denominated in EUR. Therefore, movements in exchange rates between the euro and kuna may have an impact on the results of future operations and future cash flow.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

	2020				2019			
(in thousands of HRK)	EUR	HRK	Other	Total	EUR	HRK	Other	Total
Financial assets								
Trade receivables	557	925	-	1,482	2,718	3,817	-	6,535
Loans granted	-	2,069	-	2,069	-	-	-	-
Cash and cash equivalents	289	11,754	19	12,062	2,920	22,579	444	25,943
	846	**14,748**	**19**	**15,613**	**5,638**	**26,396**	**444**	**32,478**
Financial liabilities								
Trade and other payables	1,668	14,685	-	16,353	793	9,537	16	10,346
Borrowings	173,433	99,240	-	272,673	102,580	99,000	-	201,580
Lease liabilities	1,249	3,388	-	4,637	335	3,841	-	4,176
	176,350	**117,313**	**-**	**293,663**	**103,708**	**112,378**	**16**	**216,102**
Net exposure	**(175,504)**	**(102,565)**	**19**	**(278,050)**	**(98,070)**	**(85,982)**	**428**	**(183,624)**

As at 31 December 2020, if the euro had weakened/strengthened by 1% against the kuna, with all other variables held constant, the Company's net profit for the year would have been HRK 1,789 thousand higher/lower (2019: HRK 981 thousand higher/lower), mainly as a result of foreign exchange gains /losses on translation of EURO-denominated borrowings and foreign cash funds in EUR. EUR foreign exchange rate as at 31 December 2020 was HRK 7.536898 per 1 EURO (2019: 7.442580).

(ii) Interest rate risk

The Company has interest-bearing short-term cash deposits which are contracted at variable rates and expose the Company to risk of changes in interest rates. This risk is not material given the low interest rates. The interest rate for time deposits was set at 0.05% (2019: 0.05%). The interest rate on funds held on giro and foreign currency accounts was 0.001% (2019: 0.001%)

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. As at 31 December 2020, the borrowings contracted at variable interest rates amount to HRK 202,230 thousand (2019: HRK 201,580 thousand). The Company has no objectives or policies with respect to interest rate risk management. The variable interest rates on borrowings are 6M EURIBOR plus 1.5% and 6M EURIBOR plus 1.6%.

As at 31 December 2020, if interest rates on borrowings with variable interest rates had been 0.5% lower/higher (2019: 0.5% lower/higher), with all other variables held constant, the Company's net profit for the year would have been HRK 1,011 thousand higher/lower (2019: HRK 503 thousand).

(iii) Price risk

As at 31 December 2020, the Company did not had investment in equity securities and was not exposed to price risk. The Company is not exposed to commodity price risk.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The maximum exposure of the Company to credit risk as at the reporting date:

(in thousands of HRK)	**31 December 2020**	**31 December 2019**
Loans and receivables		
Trade receivables	1,482	6,535
Loans granted	2,069	-
Cash and cash equivalents	12,062	25,943
Total	**15,613**	**32,478**

The credit quality of the Company's exposure is as follows:

(in thousands of HRK)	**Trade receivables**	**Cash and cash equivalents**	**Loans granted**	**Total**
2020				
Neither past due nor impaired	227	12,062	2,069	**14,358**
Past due but not impaired	1,044	-	-	**1,044**
Past due and impaired	3,777	-	-	**3,777**
Impairment	(3,777)	-	-	**(3,777)**
	1,271	12,062	2,069	**15,402**

(in thousands of HRK)	**Trade receivables**	**Cash and cash equivalents**	**Loans granted**	**Total**
2019				
Neither past due nor impaired	1,281	25,943	-	**27,224**
Past due but not impaired	1,343	-	-	**1,343**
Past due and impaired	3,579	-	-	**3,579**
Impairment	(3,579)	-	-	**(3,579)**
	2,624	25,943	-	**28,567**

The Company deposits its cash at banks with the following credit ratings by Standard & Poor's:

(in thousands of HRK)	**31 December 2020**	**31 December 2019**
Cash at bank		
BBB+	11,355	24,583
BBB-	408	323
Other or without rating	299	1,037
	12,062	**25,943**

The Company has policies that limit the amount of credit exposure to any financial institution.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history, i.e. the Company's policy ensures that sales to customers are settled through advance payments, in cash or by major credit cards (individual customers, i.e. natural persons).

The Management Board monitors the collectability of receivables through weekly reports on individual balances of receivables. Trade receivables are impaired when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of all trade and other receivables has been impaired to their recoverable amount.

The Company's trade and other receivables are mainly secured by collaterals. The majority of impaired trade receivables is subject to legal proceedings. Both the outcome of the proceedings related to disputed receivables or the extent to which they will be collected cannot be anticipated with certainty.

Receivables past due but not impaired as at the reporting date have the following maturities:

(in thousands of HRK)	**31 December 2020**	**31 December 2019**
Up to one month	312	210
One to two months	144	355
Two to three months	51	194
Over three months	537	584
	1,044	**1,343**

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet all obligations. The Company aims to maintain flexibility in funding by keeping committed credit lines available. The Management Board monitors available cash resources based on reports on the balance of cash and liabilities on a daily basis.

The table below analyses the Company's financial assets into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

as at 31 December 2020 (in thousands of HRK)	Carrying amount	Contractual cash flows	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-interest bearing assets						
Other receivables	4,914	4,914	4,914	-	-	-
Trade receivables	1,482	1,482	1,482	-	-	-
	6,396	6,396	6,396	-	-	-
Interest bearing assets						
Loans and deposits granted	2,069	2,069	2,069	-	-	-
Cash and cash equivalents	12,062	12,062	12,062	-	-	-
	14,131	14,131	14,131			
	20,527	**20,527**	**20,527**	-	-	-

as at 31 December 2019 (in thousands of HRK)	Carrying amount	Contractual cash flows	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-interest bearing assets						
Other receivables	3,312	3,312	3,312	-	-	-
Trade receivables	6,535	6,535	6,535	-	-	-
	9,847	9,847	9,847	-	-	-
Interest bearing assets						
Cash and cash equivalents	25,943	25,943	25,943	-	-	-
	25,943	25,943	25,943			
	35,790	**35,790**	**35,790**	-	-	-

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

as at 31 December 2020 (in thousands of HRK)	Carrying amount	Contractual cash flows	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-interest bearing liabilities						
Other liabilities	17,135	17,135	17,135	-	-	-
Interest liabilities	682	682	682	-	-	-
Trade payables	16,354	16,354	16,354	-	-	-
	34,171	34,171	34,171	-	-	-
Interest bearing liabilities						
Loan liabilities	272,674	272,674	92,440	75,554	104,679	-
Lease liabilities	4,637	4,637	898	756	2,277	706
	277,311	277,310	93,338	76,310	106,956	706
	311,482	**311,482**	**127,509**	**76,310**	**106,956**	**706**

as at 31 December 2019 (in thousands of HRK)	Carrying amount	Contractual cash flows	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-interest bearing liabilities						
Other liabilities	25,054	25,054	25,054	-	-	-
Interest liabilities	642	642	642	-	-	-
Trade payables	10,346	10,346	10,346	-	-	-
	36,042	36,042	36,042	-	-	-
Interest bearing liabilities						
Loan liabilities	100,602	205,869	53,292	52,690	99,887	-
Lease liabilities	4,176	4,218	625	625	1,876	1,092
	104,778	210,087	53,917	53,315	101,763	1,092
	140,820	**246,129**	**89,959**	**53,315**	**101,763**	**1,092**

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the owner and to maintain an optimal capital structure to reduce the cost of capital. In accordance with the Companies Act, the Company is committed to maintain the level of capital above HRK 200 thousand as required for public limited companies.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

Fair value represents the amount at which an asset could be exchanged, or a liability settled between knowledgeable and willing parties acting in their best interest.

The carrying amounts of current trade and other receivables and trade payables approximate their fair value. The carrying amount of borrowings approximates their fair value due to market interest rates on borrowings.

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under existing circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated useful life and impairment of property, plant and equipment

By using a certain asset, the Company uses the economic benefits contained in this asset, which diminish more intensely with economic and technological ageing. Consequently, in the process of determining the useful life of an asset, in addition to assessing the expected physical utilization, it is necessary to consider the changes in demand on the tourist market, which will cause a faster economic obsolescence as well as a more intense development of new technologies. Current business operations in the hotel industry impose the need for more frequent investments, and this circumstance contributes to the fact that the useful life of an asset is decreasing.

The useful lives of property, plant and equipment will periodically be revised to reflect any changes in circumstances since the previous assessment. An analysis in prior periods performed determined that the existing depreciation rates do not reflect estimated useful life of these assets in the accounting records. Taking into account the current capacity utilization and the assessment of assets used in future periods and based on the experience with similar hotels and market practice, the remaining useful life of building components was changed to weighted average of 12 years.

The Company regularly assess useful lives of properties for new properties and significant reconstructions. Taking into consideration current capacity utilization, estimation of property usage in the upcoming period, and based on experience with similar hotels and market practice, useful life of building components for newly build hotels was estimated at 25 years.

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs..

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES (continued)

(a) Estimated useful life and impairment of property, plant and equipment (continued)

The Company determines the impairment indicators by using the gross operating profit multiplier and segment carrying net book values, which are determined by comparing the property segment carrying values with the gross operating profit. If the determined multiples are not in line with expected amounts or targeted levels, the recoverable amount is determined as the higher amount of fair value less costs of disposal and its value in use. To determine recoverable amount, the Company use both internal and external valuations. Management also considers occupancy rates, revenue per available room, etc. Determination of fair value less the costs of disposal is based on the market approach, which uses prices and other relevant information generated by market transactions involving similar assets.

(b) Land ownership and legal disputes

Problems with respect to land ownership disputes are common for tourism entities in the Republic of Croatia. Their resolution is expected in accordance with and pursuant to the provisions of the Act on Tourist and Other Construction Land Not Evaluated in the Transformation and Privatization Process, which entered into force on 1 August 2010 and which mandated companies to submit the relevant requirements under this Act within six months from the date of its entry into force (up to 1 February 2011). On 28 January 2011, regulations were issued elaborating in more detail the manner of complying with the above Act. On 31 January 2011, the Company submitted the relevant requirements to the relevant authorities in respect of the property on which the above-mentioned law can be applied.

It is not expected that the outcome of mentioned disputes will have a significant effect on the financial statements or the performance of the Company.

(c) Lawsuits

Provisions for lawsuits and proceedings are stated based on the Management Board's assessment of potential losses as well as the probability of resolving these disputes in a period shorter than / longer than one year, after consulting a lawyer. Based on existing knowledge, it is reasonably possible that the outcome of litigation will differ from the estimated potential losses.

(d) Deferred tax assets

Deferred tax assets include the amount of HRK 13,400 thousand which is stated on the basis of transferred tax losses and other temporary tax differences. For amounts stated on the basis of transferred tax losses, the Company has a period of 5 years to use these incentives, while the realization of deferred tax assets arising from other temporary tax differences is not limited in time and therefore uncertainty about the use of this part is very small. The company recorded losses in 2020 as a result of the difficulties caused by the COVID-19 pandemic.

In assessing the recoverability of disclosed deferred tax assets, the Company has considered the following factors for their recognition:

- The COVID-19 pandemic is considered a non-recurrent event that should not cause long-term disruption once the pandemic has passed
- Uncertainty about the implementation of current business plan
- Potential losses in the initial period until the travel restrictions are lifted
- Potential impact of long-term recovery, ie a longer period to return to previous results.

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES (continued)

(d) Deferred tax assets (continued)

Under these assumptions, the Company concludes that the deferred tax assets will be recoverable using estimated future taxable income based on the approved business plans and budget for the Company. Taking into account the historical financial results of the Company, it is expected that the Company will partially use the transferred tax losses in the next few years, ie before their expiration.

(e) Going concern

The financial statements have been prepared on the going concern basis.

The COVID-19 pandemic has disrupted economic and tourist flows, wherefore extraordinary measures around the world have been taken to mitigate the spread of the virus, primarily by imposing restrictions on movement, including restrictions on gatherings, partial restrictions on hospitality facilities and shops, as well as restrictions on border crossings and road border controls. Extraordinary measures are negatively affecting a number of economic sectors, especially tourism and hospitality by reducing the demand for international and domestic travel, confirming that the COVID-19 pandemic represents an uncertain operational and financial disruption to the global economy and tourism flows. Since the beginning of COVID-19, the company has followed the development of the situation with exceptional attention and focused all its resources on taking preventive measures to protect the health of guests and employees, activating comprehensive crisis management procedures and maintaining business continuity while preserving jobs. Following the aforementioned disturbances in the Republic of Croatia and our important emitting markets, the Company has prudently taken comprehensive austerity measures aimed primarily at reducing costs, preserving liquidity and solvency while ensuring uninterrupted business continuity. The comprehensive package of measures and activities is explained in more detail in the section of the Management Report, Chapter III / Business Management in the COVID-19 pandemic..

By adjusting the business to the future development of the situation and planning additional measures of operational efficiency, the Management Board believes that it will succeed in preserving the liquidity and solvency of the Company in the coming period. Namely, the Management Board considered liquidity projections for the short and medium term under the conservative assumption of recovery to the level from 2019 to 2023. Based on these analyzes, the Management Board believes that the preparation of the financial statements under the going concern assumption is still appropriate.

NOTE 5 – SEGMENT INFORMATION

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Company's Management, the chief operating decision-maker, which is responsible for allocating resources to the reportable segments and assessing its performance.

The Company records its operating revenue and costs by the type of services rendered in two basic segments: hotels & apartments and other business segments. Other business segments include campsite services, tourist agency services, rental services, central kitchen services and other similar services as well as central sector services.

The segment information for the year ended 31 December 2020 is as follows:

(in thousands of HRK)	**Hotels and apartments**	**Other business segments**	**Total**
Total sales	65,872	7,335	73,207
Inter-segment revenue	(59)	-	(59)
Revenue from external customers	65,813	7,335	73,148
GOP	(41,210)	397	(40,813)
Capital expenditure	40,359	15,620	55,979
Depreciation and amortization	107,657	2,094	109,751
Income tax	(10,749)	-	(10,749)
Total assets	**834,939**	**63,483**	**898,422**
Total liabilities	**308,490**	**2,310**	**310,800**

The segment information for the year ended 31 December 2019 is as follows:

(in thousands of HRK)	**Hotels and apartments**	**Other business segments**	**Total**
Total sales	300,115	12,521	312,636
Inter-segment revenue	(217)	-	(217)
Revenue from external customers	299,898	12,521	312,419
GOP	127,170	6,653	133,823
Capital expenditure	205,746	217	205,963
Depreciation and amortization	101,407	1,943	103,350
Income tax	2,539	-	2,539
Total assets	**931,772**	**53,853**	**985,625**
Total liabilities	**238,846**	**2,310**	**241,156**

NOTE 5 – SEGMENT INFORMATION (continued)

Segment assets and liabilities are reconciled to the Company's assets and liabilities as follows:

	2020		2019	
(in thousands of HRK)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Segment assets/liabilities	898,422	310,800	985,625	241,156
Unallocated:	33,178	12,477	29,800	4,560
- investments	7,716	-	500	-
- cash and cash equivalents	12,062	-	25,943	-
- income tax receivable	-	-	705	-
- deferred tax assets	13,400	-	2,652	-
- provisions	-	12,477	-	4,560
Total	**931,600**	**323,277**	**1,015,425**	**245,716**

NOTE 6.1 – REVENUE

Revenue streams

The Company generates revenue primarily from the accommodation services, food and beverages sales and provision of ancillary hotel services to its customers. The Company's sales revenues can be classified according to the customers' origin:

(in thousands of HRK)	**2020**	**2019**
Domestic sales	26,954	68,781
Foreign sales	46,194	243,638
	73,148	**312,419**

Foreign sales	**2020**	**%**	**2019**	**%**
Germany	12,038	26.1	51,164	21.0
Austria	6,587	14.2	58,473	24.0
Italy	1,908	4.1	14,618	6.0
Slovenia	5,857	12.7	17,055	7.0
United Kingdom	379	0.8	9,746	4.0
France	374	0.8	2,436	1.0
Russia	305	0.7	4,873	2.0
Other EU members*	12,500	27.1	53,600	22.0
Other*	6,255	13.5	31,673	13.0
	46,194	**100**	**243,638**	**100**

* None of the customers' share in sales exceeds 10%.

NOTE 6.1 – REVENUE (continued)

The Company's sales revenues are classified according to the sales channel and type of service:

(in thousands of HRK)	**2020**	**2019**
Revenue from hotel services		
Individual guests	44,625	136,716
Groups	5,064	59,283
Allotment	7,063	50,718
MICE	1,248	13,596
	58,000	**260,313**
Revenue from other services		
Food and beverages - other than hotel guests	8,321	32,616
Revenue from services rendered to hotel guests	2,752	8,745
Other revenue	4,075	10,745
	15,148	**52,106**
Total sales revenue	**73,148**	**312,419**

NOTE 6.2 – OTHER INCOME

(in thousands of HRK)	**2020**	**2019**
Write-off of liabilities	1,012	1,042
Income from litigation	-	2,256
Recharged costs to lessees and others	404	1,092
Collection of receivables previously written-off	710	776
Income from reversal of provision	2,021	650
Rental income	5,885	6,699
Income from aids and supports	26,943	-
Other income	337	837
	37,319	**13,413**

NOTE 7 – COST OF MATERIALS AND SERVICES

(in thousands of HRK)	2020	2019
Food, beverages and other supplies	9,911	35,717
Energy and water used	7,524	16,306
	17,435	**52,023**
Tourist agency services	4,867	14,870
Maintenance	5,639	3,352
Advertising and promotion	926	2,587
Laundry services	2,477	6,395
Utilities	1,958	6,591
Rent	1,606	2,160
Entertainment of guests	304	1,740
Other expenses	17,577	4,457
	35,354	**42,152**
	52,789	**94,175**

NOTE 8 – STAFF COSTS

(in thousands of HRK)	2020	2019
Gross salaries and wages	45,852	67,088
Contributions on salaries	7,105	10,217
Other staff costs /i/	5,169	9,023
	58,126	**86,328**
Number of employees at year end	465	606

/i/ Other staff costs comprise termination benefits, compensations for transportation costs, remunerations for temporary services, jubilee awards, etc.

NOTE 9 – OTHER OPERATING EXPENSES

(in thousands of HRK)	**2020**	**2019**
Professional services	5,144	3,646
Utility and similar fees	6,619	7,912
Write-off of property, plant and equipment and intangible assets	22,228	3,245
Insurance	1,972	1,102
Provisions for legal disputes (note 20)	8,167	658
Bank charges and membership fee	367	1,152
Travel and entertainment	1,640	847
Other expenses	7,479	6,896
	53,616	**25,458**

Write-off of property, plant and equipment in 2020 relates mainly to the replacement of the equipment due to the new investments.

NOTE 10 – OTHER GAINS – NET

(in thousands of HRK)	**2020**	**2019**
Net gains on sale of property, plant and equipment	185	136
	185	**136**

NOTE 11 – NET FINANCE COSTS

(in thousands of HRK)	**2020**	**2019**
Finance income		
Interest income from financial assets at amortized cost	2	407
Net foreign exchange gains	260	602
	262	**1,009**
Finance costs		
Interest expense	(2,993)	(2,725)
Net foreign exchange losses	(1,624)	(587)
Other finance costs	(3,462)	-
	(8,079)	**(3,312)**
Net finance costs	**(7,817)**	**(2,303)**

NOTE 12 – INCOME TAX

(in thousands of HRK)	**2020**	**2019**
Current tax expense		
Current year	-	-
Deferred tax (income)/expenses		
Origination and reversal of temporary differences	(10,749)	2,539
Recognition of tax losses	-	-
Recognition of previously unrecognized temporary differences	-	-
	(10,749)	2,539
Tax (income)/expense	**(10,749)**	**2,539**

(in thousands of HRK)	**2020**	**2019**
Profit/(loss) before tax	(172,135)	13,255
Tax rate of 18%	(30,984)	2,386
The effect of non-deductible expenses	20,235	153
Tax (income)/expense	(10,749)	2,539
Effective tax rate	-	19.2%

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 18%. The reconciliation of the tax expense of the Company per the statement of comprehensive income and taxation at the statutory rate is detailed in the table above.

In accordance with local regulations, the Tax Administration may at any time inspect the Company's books and records within three years following the year in which the tax liability is reported and may impose additional tax assessments and penalties. The Company's Management Board is not aware of any circumstances, which may give rise to a potential material liability in this respect.

NOTE 12 – INCOME TAX (continued)

Deferred tax assets and liabilities

As of 31 December 2020, deferred tax assets amount to HRK 13,400 thousand *(2019: HRK 2,652 thousand).*

	Assets at 31 December		Liabilities at 31 December		Net at 31 December	
(in thousands of HRK)	**2020**	2019	**2020**	2019	**2020**	2019
Provisions for other liabilities and expenses	417	98	-	-	417	98
Property, plant and equipment	5,324	2,246	-	-	5,324	2,246
Tax losses recognized	7,659	308	-	-	7,659	308
	13,400	2,652	-	-	**13,400**	2,652

The movement in deferred tax assets and liabilities during the year relates to the temporary differences as follows:

(in thousands of HRK)	**31 December 2019**	Recognized in profit or loss	**31 December 2020**
Provisions for other liabilities and expenses	98	319	417
Property, plant and equipment	2,246	3,078	5,324
Tax losses recognized	308	7,351	7,659
	2,652	**10,748**	**13,400**

NOTE 13 – EARNINGS/(LOSS) PER SHARE (basic and diluted)

Basic earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

(in thousands of HRK)	**2020**	**2019**
Profit/(loss) for the year (in thousands of HRK)	(161,386)	10,716
Weighted average number of shares (basic and diluted)	302.641	302.641
Earnings/(loss) per share (basic and diluted) (in HRK)	(533,26)	35,41

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share are equal to basic earnings per share, since the Company did not have any convertible instruments nor share options outstanding.

NOTE 14.1 – PROPERTY, PLANT AND EQUIPMENT

(in thousands of HRK)	Land	Buildings	Equipment	Assets under construction	Artwork	Total
As at 1 January 2019						
Cost	100,878	1,576,043	304,298	22,309	3,505	2,007,033
Accumulated depreciation	-	(963,427)	(176,720)	-	-	(1,140,147)
Net carrying amount	**100,878**	**612,616**	**127,578**	**22,309**	**3,505**	**866,886**
Year ended 31 December 2019						
Opening net carrying amount	100,878	612,616	127,578	22,309	3,505	866,886
Additions	-	1,666	17,883	186,416	-	205,968
Disposals and write-offs	-	(1,532)	(1,702)	-	-	(3,234)
Depreciation	-	(72,978)	(29,347)	-	-	(102,325)
Transfer	-	116,278	56,776	(173,054)	-	-
Closing net carrying amount	**100,878**	**656,050**	**171,188**	**35,671**	**3,505**	**967,295**
As at 31 December 2019						
Cost	100,878	1,692,455	377,255	35,671	3,505	2,209,767
Accumulated depreciation	-	(1,036,405)	(206,067)	-	-	(1,242,472)
Net carrying amount	**100,878**	**656,050**	**171,188**	**35,671**	**3,505**	**967,295**
As at 1 January 2020						
Cost	100,878	1,692,458	377,255	35,671	3,505	2,209,767
Accumulated depreciation	-	(1,036,405)	(206,067)	-	-	(1,242,472)
Net carrying amount	**100,878**	**656,053**	**171,188**	**35,671**	**3,505**	**967,295**
Year ended 31 December 2020						
Opening net carrying amount	100,878	656,053	171,188	35,671	3,505	967,295
Additions	12,282	666	16,499	13,115	-	42,562
Disposals and write-offs	-	(17,383)	(4,704)	(9,369)	-	(31,456)
Depreciation	-	(73,069)	(34,364)		-	(107,433)
Transfer	-	12,523	10,060	(22,583)	-	-
Closing net carrying amount	**113,160**	**578,790**	**158,679**	**16,834**	**3,505**	**870,968**
As at 31 December 2020						
Cost	113,160	1,688,264	399,110	16,834	3,505	2,220,873
Accumulated depreciation	-	(1,109,474)	(240,431)	-	-	(1,349,905)
Net carrying amount	**113,160**	**578,790**	**158,679**	**16,834**	**3,505**	**870,968**

NOTE 14.1 – PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2020, land and buildings in the amount of HRK 221,379 thousand have been pledged as collateral for the repayment of borrowings (note 19).

The land surface included in the Company's records as at 31 December 2020 comprised 199.211 m^2 (2019: 190.145 m^2) and together with the respective buildings has a net carrying value of HRK 691,591 thousand (2019: HRK 756,928 thousand).

Of the total land surface, a surface of 9.825 m^2 (2019.: 17.215 m^2) with a value of HRK 1,890 thousand (2019: HRK 5,840 thousand) is not legally owned by the Company (according to land registry data, see note 24), while 182.386 m^2 (2019: 172.930 m^2) is legally owned by the Company and with the buildings has a carrying value of HRK 689,372 thousand (2019: HRK 750,354 thousand).

Assets under construction relate to ongoing constructions works on the hotel Kvarner, to the reconstruction of the hotel Place and to the reconstruction of the beach of the hotel Ambasador.

The carrying value of property, plant and equipment of the Company leased out is as follows:

(in thousands of HRK)	**2020**	**2019**
Cost	9,202	17,018
Accumulated depreciation as at 1 January	(5,070)	(9,751)
Net carrying amount	**4,132**	**7,267**

The operating lease relates to the lease of hospitality facilities and stores. During 2020, the Company realized rental income in the amount of HRK 5.885 thousand *(2019: HRK 6.699 thousand)*.
The aggregate lease payments receivable from operating leases is as follows:

	2020	**2019**
Up to 1 year	5,083	5,815
Between 2 and 5 years	449	1,815
	5,532	**7,630**

Lease agreements have been concluded for a period from 1 to 3 years (mainly 3 years) and are renewable at the end of the lease period at market prices, ie after tendering the most favorable bidders are chosen.

The Company identified impairment indicators relating to certain underperforming tourism properties. As a result, as at 31 December 2020 the Company tested the above tourism properties for impairment and determined the assets recoverable amount based on an estimate of their fair value less costs to sell. The test did not indicate any impairment loss of those properties as at 31 December 2020.

NOTE 14.2 – INTANGIBLE ASSETS

(in thousands of HRK)	Concessions, patents, licenses, software and rights	Other intangible assets	Assets in preparation	Total
As at 1 January 2019				
Cost	5,306	6,022	70	11,398
Accumulated amortization	(5,136)	(5,840)	-	(10,976)
Net carrying amount	170	182	70	422
Year ended 31 December 2019				
Opening net carrying amount	170	182	70	422
Additions	227	165	-	392
Disposals and write-offs	-	9	-	9
Amortization	(81)	(143)	-	(224)
Transfer	-	-	(70)	(70)
Closing net carrying amount	316	213	-	529
As at 31 December 2019				
Cost	5,533	6,187	-	11,720
Accumulated amortization	(5,217)	(5,974)	-	(11,191)
Net carrying amount	**316**	**213**	-	**529**
As at 1 January 2020				
Cost	5,533	6,187		11,720
Accumulated amortization	(5,217)	(5,974)		(11,191)
Net carrying amount	**316**	**213**		**529**
Year ended 31 December 2020				
Opening net carrying amount	316	213	-	529
Additions	12,890	190	152	13,232
Disposals and write-offs	(1,427)	(190)	-	(1,536)
Amortization	-	152	(152)	-
Closing net carrying amount	**11,779**	**446**		**12,225**
As at 31 December 2020				
Cost	18,423	6,529	-	24,952
Accumulated amortization	(6,644)	(6,083)	-	(12,727)
Net carrying amount	**11,779**	**446**	-	**12,225**

NOTE 14.3 – RIGHT OF USE OF ASSETS

Below is an overview of lease-related information where the Company is a lessee.

The statement of financial position shows the amounts for leases as follows:

(in thousands of HRK)	Concessions	Vehicles	Total
Year ended 31 December 2020			
Opening net carrying amount	3,804	502	4,306
Additions	-	-	-
Depreciation	(485)	(298)	(783)
Closing net carrying amount	**3,319**	**204**	**3,523**

The statement of comprehensive income presents the amounts for leases as follows:

(in thousands of HRK)	2020
Depreciation of assets with right of use	
Concessions	485
Vehicles	296
	783
Interest expense (included in financial expenses)	**58**

NOTE 15 – INVESTMENTS

(in thousands of HRK)	31 December 2020	31 December 2019
Investments in IKA 21 d.o.o.	7,216	-
Investments in Remisens	500	500
	7,716	**500**

The Company owns 100% of total shares in IKA 21 d.o.o.
The Company owns 33% of total shares in Remisens d.o.o. (2019: 33%).

NOTE 16 – TRADE AND OTHER RECEIVABLES

(in thousands of HRK)	**31 December 2020**	**31 December 2019**
Domestic receivables	2,262	2,677
Foreign receivables	2,786	3,526
Uninvoiced receivables /i/	211	3,911
Provision for impairment of trade receivables	(3,777)	(3,579)
Trade receivables - net	**1,482**	**6,535**
State and other receivable	4,914	3,312
	6,396	**9,847**

/i/ Uninvoiced receivables relate to receivables from guests staying at the hotel as at 31 December 2020.

Movements in the impairment of trade and other receivables are as follows:

(in thousands of HRK)	**31 December 2020**	**31 December 2019**
At 1 January	3,579	3,446
Increase	314	1,099
Collection	(116)	(776)
Write-off	-	(190)
At 31 December	**3,777**	**3,579**

NOTE 17 – CASH AND CASH EQUIVALENTS

(in thousands of HRK)	**31 December 2020**	**31 December 2019**
Deposits up to 90 days	30	21,841
Foreign currency accounts	308	2,131
Cash on hand	75	709
Giro accounts	11,649	1,262
	12,062	**25,943**

During the term of the deposit, the Company may call the funds with a prior notification of three days.

NOTE 18 – CAPITAL AND RESERVES

Share capital

As at 31 December 2020, the Company's share capital amounted to HRK 696.074 thousand (2019: HRK 696.074 thousand) and comprises 302.641 ordinary shares with a nominal value of HRK 2.300 per share (2019: HRK 2,300 per share). Ordinary shares have equal voting rights and rights to receive dividend. The Company's share capital has been fully paid in cash.

The ownership structure as at 31 December 2020 was as follows:

	Number of shares	HRK	%
Gitone Adriatic d.o.o.	215.568	495,806,400	71,23
Nova Liburnija d.o.o., Opatija	75.661	174,020,300	25,00
CERP	5.308	12,208,400	1,75
Small shareholders	6.104	14,039,200	2,02
Total	**302.641**	**696,074,300**	**100,00**

Legal reserves

Under Croatian regulations, the legal reserve must be built up to a minimum of 5% of the profit for the year until total reserves together with the capital reserves reach 5% of the Company's share capital. Legal reserves are not distributable. Legal reserves include HRK 43,278 thousand from reduction of share capital in 2014.

Capital reserves

Capital reserves were created from reduction of share capital in 2014.

NOTE 19 – BORROWINGS

(in thousands of HRK)	31 December 2020	31 December 2019
Bank borrowings	272,674	201,580
Less: non-current portion	(180,234)	(149,813)
Current portion	**92,440**	**51,767**

Bank borrowings are secured by a mortgage over land and a building (note 14). Of the total amount of current borrowings, HRK 682 thousand relates to interest payable (*2019: HRK 642 thousand*). Bank loan contract contains a loan covenant.

NOTE 19 – BORROWINGS (continued)

Maturities of long-term borrowings are as follow:

(in thousands of HRK)	31 December 2020	31 December 2019
Bank borrowings		
Between 1 and 5 years	180,234	149,813
	180,234	**149,813**

(in thousands of HRK)	2020	2019
Bank borrowings		
At 1 January	**201,580**	**131,121**
Borrowings received	72,235	110,000
Repayments of borrowings	(2,602)	(40,024)
Net foreign exchange gains	1,461	483
At 31 December	**272,674**	**201,580**

NOTE 20 – PROVISIONS FOR OTHER LIABILITIES AND EXPENSES

(in thousands of HRK)	Termination benefits and jubilee awards	Legal disputes /i/	Total
As at 1 January 2020	**577**	**3,983**	**4,560**
Increase	1,772	8,166	9,938
Paid during the year	-	-	-
Released during the year	-	(2,021)	(2,021)
As at 31 December 2020	**2,349**	**10,128**	**12,477**
Current portion	-	-	-
Non-current portion	**2,349**	**10,128**	**12,477**

/i/ The Company recorded provisions for legal disputes for the potential payment of the fee to the former property owners.

NOTE 21 – LEASE LIABILITIES

The maturity of operate leases is as follows:

(in thousands of HRK)	2020	2019
Lease liabilities		
At 1 January	**4,176**	**4,703**
Receipts	1,518	-
Repayment	(1,057)	(527)
At 31 December	**4,637**	**4,176**
Lease liabilities		
Current portion	896	619
Non-current portion	3,741	3,557
	4,637	**4,176**

NOTE 22 – TRADE AND OTHER PAYABLES

(in thousands of HRK)	31 December 2020	31 December 2019
Domestic trade payables	14,683	9,534
Foreign trade payables	1,671	812
Total trade payables	16,354	10,346
Due to employees	4,495	7,725
Taxes and contributions payable	555	2,411
Advances payable	4,647	7,891
Other liabilities	7,438	7,027
	33,489	**35,400**

NOTE 23 – CASH GENERATED FROM OPERATIONS

Reconciliation of profit and cash generated from operations:

(in thousands of HRK)	2020	2019
Profit/(loss) for the year	(161,386)	10,716
Adjustments for:	-	-
Depreciation and amortization	109,751	103,350
Write-off of property, plant and equipment	24,310	3,234
Net gains on sale of property, plant and equipment	(185)	(136)
Provision for impairment of trade receivables - net (note 16)	1,398	1,685
Net finance costs	7,817	2,303
Increase in provisions-net	7,917	(7,541)
Income tax	(10,748)	2,539
Changes in working capital:		
- trade and other receivables	2,053	(4,811)
- inventories	407	(548)
- trade and other payables	(6,267	1,550
Cash generated from operations	**(24,933)**	**112,341**

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

(in thousands of HRK kuna)	31 December 2020	31 December 2019
Gains on sale of property, plant and equipment (note 10)	185	136
Proceeds from sale of property, plant and equipment	**185**	**136**

NOTE 24 – CONTINGENCIES AND COMMITMENTS

Legal disputes

The Company is involved in a number of legal disputes arising from the ordinary course of business. In the financial statements for the year ended 31 December 2020 provisions for legal disputes have been made for which the Company anticipates outflow of economic benefits in the amount of HRK 10,128 thousand *(2019: HRK 3,983* thousand*)*, as set out in note 20.

Land ownership

Pursuant to the Agreement on the resolution of legal ownership rights and the transfer of 25% + 1 shares concluded on 14 June 2007 with the Croatian Privatization Fund, Zagreb (CPF) and the City of Opatija (which concluded the Agreement in its own name and for the account of the Municipalities of Lovran, M. Draga and Matulji), the Company acquired the ownership right over the properties entered into the Company's share capital based on the Decision of CPF dated 5 July 1995, the Conclusion of CPF dated 30 April 1998, the Conclusion of CPF dated 10 June 1998 and the Conclusion of CPF dated 27 February 1998. In line with the stated Agreement, legal documentation has been issued for most of the properties subject to the Agreement, except for the cases where the land plot division process is still ongoing, since they have been entered into the Company's share capital as part of the cadastral plot, and not as the entire cadastral plot. It is not expected that the outcome of mentioned disputes will have a significant effect on the financial statements or the performance of the Company.

Capital and loan commitments

As at 31 December 2020, capital commitments with respect to investments in tourist facilities amount to HRK 15,111 thousand *(2019: HRK 6,485 thousand).*

NOTE 25 – RELATED PARTY TRANSACTIONS

Parties are considered to be related if one of the parties has the power to exercise control over the other party or under common control or if it has significant influence over the other party in making financial or operational decisions. As of 31 December 2020, the Company has one majority shareholder Gitone Adriatic d.o.o. with 71.23% shares and shareholder Nova Liburnija d.o.o with 25% shares (note 18).

Related party transactions at the year-end are as follows:

(in thousands of HRK)	**2020**	**2019**
Sales of services:		
Related companies	25	97
City of Opatija	2	10
Municipality of Lovran	-	29
Municipality of Mošćenička Draga	-	4
	27	**140**
Other income - income from recharging - related companies		
Cost of materials and services:		
City of Opatija	6	19
Other operating expenses:		
Municipality of Opatija	3,433	4,042
Municipality of Lovran	931	1,340
Municipality of Mošćenička Draga	494	598
Bogdanović&Dolički	-	101
Associates	70	254
Other related companies	4,764	1,048
	9,692	**7,383**
Trade and other payables:		
Related companies	32	668
Associates	22	77
Bogdanović&Dolički	-	-
City of Opatija	797	225
Municipality of Lovran	126	-
Municipality of Mošćenička Draga	117	-
	1,094	**970**
Trade and other payables:		
Receivables for loans given IKA 21 d.o.o.	2,069	-
Municipality of Lovran	-	1
Other related companies	19	12
	2,088	**13**

NOTE 25 – RELATED PARTY TRANSACTIONS (continued)

The Management Board comprises two members as at 31 December 2020 *(31 December 2019: two members).*

(in thousands of HRK)	**2020**	**2019**
Management board compensation		
Net salaries	1,614	1,172
Pension contributions	216	268
Health insurance contribution	401	326
Other costs	733	454
	2,964	**2,220**

(in thousands of HRK)	**2020**	**2019**
Supervisory board compensation	486	488

NOTE 26 – EVENTS AFTER THE REPORTING DATE

As at 31 December 2020 the Management Board consisted of two members, the president of the Management Board Mr. Agron Beriša resigned during the first quarter of 2021.

As at 5 March 2021 the Supervisory Board nominated Mr. Vladimir Bošnjak as president of the Management Board.

ISSUER'S GENERAL DATA

Reporting period:	**1/1/2020**	to	**12/31/2020**
Year:	**2020**		

Annual financial statements

egistration 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**
treet and house number:	**MARŠALA TITA 198**		
E-mail address:	liburnia@liburnia.hr		
Web address:	www.liburnia.hr		
Number of employees (end of the reporting	**445**		
Consolidated report:	**KN**	(KN-not consolidated/KD-consolidated)	
Audited:	**RD**	(RN-not audited/RD-audited)	

Names of subsidiaries (according to IFRS)	Registered office:	MB:

Bookkeeping firm:		(Yes/No)	(name of the bookkeeping firm)
Contact person:	**Šifter Mlinar Melita** (only name and surname of the contact person)		
Telephone:	**+ 385 (0)51 710-391**		
E-mail address:	melita.siftermlinar@liburnia.hr		
Audit firm:	Grant Thornton revizija d.o.o. Zagreb (name of the audit firm)		
Certified auditor:	Dalibor Briški (name and surname)		

BALANCE SHEET

balance as at 31.12.2020.

in HRK

Submitter: LIBURNIA RIVIERA HOTELI d.d. OPATIJA

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	975,281,021	907,833,655
I INTANGIBLE ASSETS (ADP 004 to 009)	003	4,834,018	15,748,150
1 Research and development	004	315,913	445,970
2 Concessions, patents, licences, trademarks, software and other rights	005	212,409	11,778,261
3 Goodwill	006		
4 Advance payments for purchase of intangible assets	007		
5 Intangible assets in preparation	008		
6 Other intangible assets	009	4,305,696	3,523,919
II TANGIBLE ASSETS (ADP 011 to 019)	010	967,294,853	870,968,717
1 Land	011	100,877,840	113,159,833
2 Buildings	012	656,051,391	578,790,808
3 Plant and equipment	013	15,794,364	25,600,306
4 Tools, working inventory and transportation assets	014	155,392,147	133,078,457
5 Biological assets	015		
6 Advance payments for purchase of tangible assets	016	9,950,488	2,515,293
7 Tangible assets in preparation	017	25,719,231	14,318,728
8 Other tangible assets	018	3,509,392	3,505,292
9 Investment property	019		
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	500,000	7,716,435
1 Investments in holdings (shares) of undertakings within the group	021	500,000	7,716,435
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 interest	024		
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	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	2,652,150	13,400,353
C) CURRENT ASSETS (ADP 038+046+053+063)	037	39,232,703	23,265,016
I INVENTORIES (ADP 039 to 045)	038	3,649,391	3,239,639
1 Raw materials	039	2,503,481	1,789,582
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	309,569	151,454
5 Advance payments for inventories	043	836,341	1,298,603
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	9,622,882	7,947,388
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interest	048		2,068,695
3 Customer receivables	049	6,536,914	1,482,169
4 Receivables from employees and members of the undertaking	050	265,881	32,877
5 Receivables from government and other institutions	051	2,820,087	4,363,647
6 Other receivables	052		

III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	**053**	16,320	16,320
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 interest	**057**		
5 Investment in other securities of companies linked by virtue of participating interest	**058**		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	**059**		
7 Investments in securities	**060**	16,320	16,320
8 Loans, deposits, etc. given	**061**		
9 Other financial assets	**062**		
IV CASH AT BANK AND IN HAND	**063**	25,944,110	12,061,669
D) PREPAID EXPENSES AND ACCRUED INCOME	**064**	911,841	501,318
E) TOTAL ASSETS (ADP 001+002+037+064)	**065**	1,015,425,565	931,599,989
OFF-BALANCE SHEET ITEMS	**066**	4,452,613	

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	**067**	769,709,526	608,323,687
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	46,530,168
1 Legal reserves	**071**	45,018,765	45,018,765
2 Reserves for treasury shares	**072**		
3 Treasury shares and holdings (deductible item)	**073**		
4 Statutory reserves	**074**		
5 Other reserves	**075**	1,511,403	1,511,403
IV REVALUATION RESERVES	**076**		
V FAIR VALUE RESERVES (ADP 078 to 080)	**077**	0	0
1 Fair value of financial assets available for sale	**078**		
2 Cash flow hedge - effective portion	**079**		
3 Hedge of a net investment in a foreign operation - effective portion	**080**		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	**081**	16,389,203	27,105,058
1 Retained profit	**082**	16,389,203	27,105,058
2 Loss brought forward	**083**		
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	**084**	10,715,855	-161,385,839
1 Profit for the business year	**085**	10,715,855	
2 Loss for the business year	**086**		161,385,839
VIII MINORITY (NON-CONTROLLING) INTEREST	**087**		
B) PROVISIONS (ADP 089 to 094)	**088**	4,559,686	12,476,993
1 Provisions for pensions, termination benefits and similar obligations	**089**	542,855	2,315,167
2 Provisions for tax liabilities	**090**		
3 Provisions for ongoing legal cases	**091**	4,016,831	10,161,826
4 Provisions for renewal of natural resources	**092**		
5 Provisions for warranty obligations	**093**		
6 Other provisions	**094**		
C) LONG-TERM LIABILITIES (ADP 096 to 106)	**095**	153,369,603	183,974,058
1 Liabilities towards undertakings within the group	**096**		
2 Liabilities for loans, deposits, etc. to companies within the group	**097**		
3 Liabilities towards companies linked by virtue of participating interest	**098**		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	**099**		
5 Liabilities for loans, deposits etc.	**100**		
6 Liabilities towards banks and other financial institutions	**101**	149,812,621	180,232,700
7 Liabilities for advance payments	**102**		
8 Liabilities towards suppliers	**103**		
9 Liabilities for securities	**104**		
10 Other long-term liabilities	**105**	3,556,982	3,741,358
11 Deferred tax liability	**106**		
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	**107**	84,526,130	124,838,089
1 Liabilities towards undertakings within the group	**108**		
2 Liabilities for loans, deposits, etc. to companies within the group	**109**		
3 Liabilities towards companies linked by virtue of participating interest	**110**		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	**111**		
5 Liabilities for loans, deposits etc.	**112**		
6 Liabilities towards banks and other financial institutions	**113**	51,767,086	92,440,295
7 Liabilities for advance payments	**114**	9,452,750	4,646,613
8 Liabilities towards suppliers	**115**	10,306,705	16,353,124
9 Liabilities for securities	**116**		
10 Liabilities towards employees	**117**	7,724,287	4,496,563
11 Taxes, contributions and similar liabilities	**118**	1,515,723	556,564
12 Liabilities arising from the share in the result	**119**		
13 Liabilities arising from fixed assets held for sale	**120**		
14 Other short-term liabilities	**121**	3,759,579	6,344,930
E) ACCRUALS AND DEFERRED INCOME	**122**	3,260,620	1,987,162
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	**123**	1,015,425,565	931,599,989
G) OFF-BALANCE SHEET ITEMS	**124**	4,452,613	

STATEMENT OF PROFIT OR LOSS

for the period 01.01.2020. to 31.12.2020.

in HRK

Submitter: LIBURNIA RIVIERA HOTELI d.d. OPATIJA			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (ADP 126 to 130)	125	325,967,694	110,651,804
1 Income from sales with undertakings within the group	126		
2 Income from sales (outside group)	127	312,418,041	73,148,256
3 Income from the use of own products, goods and services	128		
4 Other operating income with undertakings within the group	129		
5 Other operating income (outside the group)	130	13,549,653	37,503,548
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	310,409,186	274,970,725
1 Changes in inventories of work in progress and finished goods	132		
2 Material costs (ADP 134 to 136)	133	94,175,901	52,790,301
a) Costs of raw material	134	51,817,476	17,422,809
b) Costs of goods sold	135	208,194	12,979
c) Other external costs	136	42,150,231	35,354,513
3 Staff costs (ADP 138 to 140)	137	86,328,595	58,126,188
a) Net salaries and wages	138	56,650,234	38,565,544
b) Tax and contributions from salaries expenses	139	19,460,284	12,455,373
c) Contributions on salaries	140	10,218,077	7,105,271
4 Depreciation	141	103,350,474	109,751,506
5 Other expenses	142		
6 Value adjustments (ADP 144+145)	143	4,343,795	22,916,579
a) fixed assets other than financial assets	144	3,244,572	22,228,346
b) current assets other than financial assets	145	1,099,223	688,233
7 Provisions (ADP 147 to 152)	146	658,605	8,166,238
a) Provisions for pensions, termination benefits and similar obligations	147		
b) Provisions for tax liabilities	148		
c) Provisions for ongoing legal cases	149	658,605	8,166,238
d) Provisions for renewal of natural resources	150		
e) Provisions for warranty obligations	151		
f) Other provisions	152		
8 Other operating expenses	153	21,551,816	23,219,913
III FINANCIAL INCOME (ADP 155 to 164)	154	1,009,832	262,574
1 Income from investments in holdings (shares) of undertakings within the group	155		
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	156		
3 Income from other long-term financial investment and loans granted to undertakings within the group	157		
4 Other interest income from operations with undertakings within the group	158		
5 Exchange rate differences and other financial income from operations with undertakings within the group	159		
6 Income from other long-term financial investments and loans	160		
7 Other interest income	161	406,989	2,289
8 Exchange rate differences and other financial income	162	602,843	260,285
9 Unrealised gains (income) from financial assets	163		
10 Other financial income	164		
IV FINANCIAL EXPENDITURE (ADP 166 to 172)	165	3,313,439	8,078,650
1 Interest expenses and similar expenses with undertakings within the group	166		
2 Exchange rate differences and other expenses from operations with undertakings within the group	167		
3 Interest expenses and similar expenses	168	2,725,505	2,992,758
4 Exchange rate differences and other expenses	169	587,934	1,624,263
5 Unrealised losses (expenses) from financial assets	170		
6 Value adjustments of financial assets (net)	171		
7 Other financial expenses	172		3,461,629
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	173		
VI SHARE IN PROFIT FROM JOINT VENTURES	174		
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175		
VIII SHARE IN LOSS OF JOINT VENTURES	176		
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	326,977,526	110,914,378
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	313,722,625	283,049,375
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	13,254,901	-172,134,997
1 Pre-tax profit (ADP 177-178)	180	13,254,901	0
2 Pre-tax loss (ADP 178-177)	181	0	-172,134,997
XII INCOME TAX	182	2,539,046	-10,749,158
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	10,715,855	-161,385,839
1 Profit for the period (ADP 179-182)	184	10,715,855	0
2 Loss for the period (ADP 182-179)	185	0	-161,385,839

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	**186**	0	0
1 Pre-tax profit from discontinued operations	**187**		
2 Pre-tax loss on discontinued operations	**188**		
XV INCOME TAX OF DISCONTINUED OPERATIONS	**189**		
1 Discontinued operations profit for the period (ADP 186-189)	**190**		
2 Discontinued operations loss for the period (ADP 189-186)	**191**		
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	**192**		
1 Pre-tax profit (ADP 192)	**193**		
2 Pre-tax loss (ADP 192)	**194**		
XVII INCOME TAX (ADP 182+189)	**195**		
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	**196**		
1 Profit for the period (ADP 192-195)	**197**		
2 Loss for the period (ADP 195-192)	**198**		
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	**199**	0	0
1 Attributable to owners of the parent	**200**		
2 Attributable to minority (non-controlling) interest	**201**		
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	**202**	10,715,855	-161,385,839
II OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAX (ADP 204 to 211)	**203**	0	0
1 Exchange rate differences from translation of foreign operations	**204**		
2 Changes in revaluation reserves of fixed tangible and intangible assets	**205**		
3 Profit or loss arising from re-evaluation of financial assets available for sale	**206**		
4 Profit or loss arising from effective cash flow hedging	**207**		
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	**208**		
6 Share in other comprehensive income/loss of companies linked by virtue of participating interest	**209**		
7 Actuarial gains/losses on defined remuneration plans	**210**		
8 Other changes in equity unrelated to owners	**211**		
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**212**		
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	**213**	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	**214**	10,715,855	-161,385,839
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	**215**	0	0
1 Attributable to owners of the parent	**216**		
2 Attributable to minority (non-controlling) interest	**217**		

STATEMENT OF CASH FLOWS - indirect method

for the period 01.01.2020. to 31.12.2020.

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	13,254,901	-172,134,997
2 Adjustments (ADP 003 to 010):	002	102,635,193	151,006,551
a) Depreciation	003	103,350,474	109,751,506
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	3,234,572	24,309,989
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	-135,518	-184,631
d) Interest and dividend income	006		
e) Interest expenses	007	279,784	
f) Provisions	008	-7,541,244	7,917,307
g) Exchange rate differences (unrealised)	009		
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	3,447,125	9,212,380
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	115,890,094	-21,128,446
3 Changes in the working capital (ADP 013 to 016)	012	-3,549,052	-3,806,452
a) Increase or decrease in short-term liabilities	013	1,807,387	-6,267,518
b) Increase or decrease in short-term receivables	014	-4,808,050	2,053,314
c) Increase or decrease in inventories	015	-548,389	407,752
d) Other increase or decrease in the working capital	016		
II Cash from operations (ADP 011+012)	017	112,341,042	-24,934,898
4 Interest paid	018	-2,528,209	-3,461,629
5 Income tax paid	019	1,560,610	704,481
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	111,373,443	-27,692,046
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	135,518	184,631
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	406,989	2,025
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposits	025	37,500,000	
6 Other cash receipts from investment activities	026		
III Total cash receipts from investment activities (ADP 021 to 026)	027	38,042,507	186,656
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-206,294,133	-48,646,824
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		-9,285,130
IV Total cash payments from investment activities (ADP 028 to 032)	033	-206,294,133	-57,931,954
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-168,251,626	-57,745,298
Cash flow from financing activities			
1 Cash receipts from the increase of 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	110,000,000	72,235,000
4 Other cash receipts from financing activities	038		1,518,278
V Total cash receipts from financing activities (ADP 035 to 038)	039	110,000,000	73,753,278
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-40,266,622	-1,057,117
2 Dividends paid	041		
3 Cash payments for finance lease	042		-1,141,258
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		
5 Other cash payments from financing activities	044		
VI Total cash payments from financing activities (ADP 040 to 044)	045	-40,266,622	-2,198,375
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	69,733,378	71,554,903
1 Unrealised exchange rate differences in cash and cash equivalents	047		
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	048	12,855,195	-13,882,441
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	13,088,915	25,944,110
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD(ADP 048+049)	050	25,944,110	12,061,669

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2020 to 31.12.2020

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 available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)
Previous period																	
1 Balance on the first day of the previous business year	**01**	696.074.300		45.018.765				1.510.883					29.327.912	-12.938.709	758.993.151		758.993.151
2 Changes in accounting policies	**02**														0		0
3 Correction of errors	**03**														0		0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	**04**	696.074.300	0	45.018.765	0	0	0	1.510.883	0	0	0	0	29.327.912	-12.938.709	758.993.151	0	758.993.151
5 Profit/loss of the period	**05**	0	0	0	0	0	0	0	0	0	0	0	0	10.715.855	10.715.855		10.715.855
6 Exchange rate differences from translation of foreign operations	**06**	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
8 Profit or loss arising from re-evaluation of financial assets available for sale	**08**	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
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
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	**11**	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
13 Other changes in equity unrelated to owners	**13**							520					-12.938.709	12.938.709	520		520
14 Tax on transactions recognised directly in equity	**14**	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 Increase of initial (subscribed) capital by reinvesting profit	**16**														0		0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	**17**														0		0
18 Redemption of treasury shares/holdings	**18**														0		0
19 Payment of share in profit/dividend	**19**														0		0
20 Other distribution to owners	**20**														0		0
21 Transfer to reserves by annual schedule	**21**														0		0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	**22**														0		0
23 Balance on the last day of the previous business year reporting period (ADP 04 to 22)	**23**	696.074.300	0	45.018.765	0	0	0	1.511.403	0	0	0	0	16.389.203	10.715.855	769.709.526	0	769.709.526
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	**24**	0	0	0	0	0	0	520	0	0	0	0	-12.938.709	12.938.709	520	0	520
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	**25**	0	0	0	0	0	0	520	0	0	0	0	-12.938.709	23.654.564	10.716.375	0	10.716.375
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	**26**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current period																	
1 Balance on the first day of the current business year	**27**	696.074.300	0	45.018.765	0	0	0	1.511.403	0	0	0	0	16.389.203	10.715.855	769.709.526		769.709.526
2 Changes in accounting policies	**28**														0		0
3 Correction of errors	**29**														0		0
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	**30**	696.074.300	0	45.018.765	0	0	0	1.511.403	0	0	0	0	16.389.203	10.715.855	769.709.526	0	769.709.526
5 Profit/loss of the period	**31**	0	0	0	0	0	0	0	0	0	0	0	0	-161.385.839	-161.385.839		-161.385.839
6 Exchange rate differences from translation of foreign operations	**32**	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	**33**	0	0	0	0	0	0	0		0	0	0			0		0
8 Profit or loss arising from re-evaluation of financial assets available for sale	**34**	0	0	0	0	0	0	0	0		0	0			0		0
9 Gains or losses on efficient cash flow hedging	**35**	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	**36**	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	**37**	0	0	0	0	0	0								0		0
12 Actuarial gains/losses on defined remuneration plans	**38**	0	0	0	0	0	0								0		0
13 Other changes in equity unrelated to owners	**39**												10.715.855	-10.715.855	0		0
14 Tax on transactions recognised directly in equity	**40**	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)	**41**														0		0
16 Increase of initial (subscribed) capital by reinvesting profit	**42**														0		0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	**43**														0		0
18 Redemption of treasury shares/holdings	**44**														0		0
19 Payment of share in profit/dividend	**45**														0		0
20 Other distribution to owners	**46**														0		0
21 Transfer to reserves by annual schedule	**47**														0		0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	**48**														0		0
23 Balance on the last day of the current business year reporting period (ADP 30 to 48)	**49**	696.074.300	0	45.018.765	0	0	0	1.511.403	0	0	0	0	27.105.058	-161.385.839	608.323.687	0	608.323.687
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	**50**	0	0	0	0	0	0	0	0	0	0	0	10.715.855	-10.715.855	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)	**51**	0	0	0	0	0	0	0	0	0	0	0	10.715.855	-172.101.694	-161.385.839	0	-161.385.839
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	**52**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - GFI

Name of issuer: Liburnia Riviera Hoteli d.d.

Personal identification number (OIB): 15573308024

Reporting period: _01.01.2020. - 31.12.2020.

Notes are incorporated in annual financial report and independent auditor's report as of 31 December 2020 published on 30th April 2021