



Valamar Collection Rab Resort 4\*/5\*, Rab, visualization

## BUSINESS RESULTS 1/1/2024 - 30/6/2024



## ABOUT VALAMAR

Valamar is Croatia's leading tourism company operating in prime destinations – Istria, the islands of Krk, Rab and Hvar, Makarska, Dubrovnik, and Obertauern in Austria.

Valamar's 36 hotels and resorts and 15 camping resorts with a capacity of about 21 thousand accommodation units, can accommodate around 58 thousand guests daily and provide perfect holidays and authentic experiences for each guest. The company believes in a growth-driving strategy focused on investments in high added-value products, talents, innovative services and destination development. With investments around EUR 915 million in the last 20 years, Valamar is one of the top Croatian and regional investors in tourism.

Valamar is Croatia's top employer in tourism, focused on creating a stimulating corporate culture where guests, employees and investors come first. Valamar leads the innovative management of leisure tourism and creates new value for guests, employees, shareholders and local communities in its destinations.

Valamar Group consists of following companies: Valamar Riviera d.d. (Parent company), Imperial Riviera d.d. (a subsidiary in 46.27% ownership) and Bugenvilia d.o.o. (100% owned subsidiary). Valamar holds minority ownership positions in following companies: Helios Faros 20% and Valamar A GmbH 24.54%.

Tourism portfolio of Valamar Group



## KEY MESSAGES

Valamar Group's operating revenues for the first six months of 2024 reached EUR 122.3 million, 16.1% higher than last year, in line with planned performance. Valamar's business growth is again fuelled by considerable investments in upgrading and repositioning the portfolio over the last ten years. The best performance was recorded in premium hotels and campsites. Service quality in these properties has been enhanced to an exceptional level as evidenced by record high guest satisfaction, especially in service quality by Valamar employees. All Valamar destinations achieved very good results. This is particularly true for Dubrovnik, for which 2024 will be a year of growing demand and full recovery of business volume to pre-pandemic levels.

Based on a significant increase in revenues in the first half of the year as well as good booking status for the main season, Valamar is on track to achieve planned results for 2024. Valamar continued to invest heavily in employee payroll and compensation, increasing labor costs by almost 20% in the first six months of 2024. Resulting operating profit and margin came in slightly lower than in 2023, as expected given increased investments in employees and earlier property openings, which incurred a range of costs (such as employee costs and staffing agency fees, food and beverages, consumables, energy, maintenance, cleaning, etc.).

All preparations for high season were successfully completed and the planned number of workers has been recruited and employed. Accommodation is provided for all employees coming to work in destinations. New employees are well-prepared during orientation for a quality start in their positions. The total number of employees in in Valamar on 31 July 2024 was around 8,200, including all Group companies and properties under management.

Investments in the Group's hotels, resorts and campsites for the 2023/24 season amounting to EUR 83 million have been successfully completed according to plan in the first half of the year. Valamar Riviera d.d. invested EUR 8.9 million in repositioning Allegro and Miramar hotels in Rabac to a new Sunny brand resort called Allegro Sunny Hotel & Residence 3\*. Another significant investment of EUR 5.7 million created a refurbished Koralj Sunny Hotel 3\* on the island of Krk, further expanding the Sunny brand and providing an attractive value proposition for family holidaymakers.

OPERATING  
REVENUES HIGHER  
16% COMPARED TO  
FIRST HALF OF 2023

CONTINUATION  
OF SIGNIFICANT  
INVESTMENTS IN  
EMPLOYEE PAYROLL,  
TRAINING AND  
BENEFITS.

The most significant investment of Imperial Riviera d.d. concerns the first phase of reconstruction of the existing Suha Punta resort (Valamar Collection Rab Resort 4\*/5\*) in the destination of Rab. This is a multi-phase project whose goal is to firmly position this destination among the best destinations for family holidays in the Adriatic. The repositioning former Rivijera resort 2\* into Makarska Sunny Resort 3\* in the destination of Makarska has also been finalized further strengthening the Sunny brand in Dalmatia.

Valamar Riviera's future significant investments are focused on construction of the Pical 5\* premium resort in Poreč, the largest single investment in Croatian tourism, in which Valamar plans to invest a total of EUR 139 million within a two-year period. Hotel Pical 5\* will be open year-round, with plenty of diverse amenities for various types of holidays, increasing the quality of tourism in Poreč, Istria and Croatia. Works began on 18 March 2024 and are currently intensively underway. The planned deadline for the completion of all works is December 2025.

This year Valamar, as the most desirable employer in the Croatian tourism industry, also continued with significant investments in employee payroll, training and benefits. Valamar has increased the base salary for more than 5,000 employees. Salaries in the high season from June to August for professional positions, i.e. chefs, waiters and receptionists at Valamar hotels, campsites and resorts, range from EUR 1,400 to 2,000 net, while salaries for housekeepers, assistant chefs, assistant waiters, kitchen workers, servers and many others range from EUR 1,000 to 1,300 net. Valamar also continues with its numerous reward programmes that are designed to reward excellence, commitment and outstanding performance.

In 2024, Valamar continues to invest heavily in strategic projects and initiatives in sustainability within the ESG framework. At Padova Premium Camping Resort 4\* on the island of Rab, 33 new energy-efficient camping homes and chalets were completed developing a more sustainable approach to constructing mobile homes in camping resorts.

Valamar and WWF Adria, the regional branch of the World Wide Fund for Nature, presented the achievements of their joint initiative for preserving the Adriatic Sea and promoting sustainable fishing, which began in 2023. This cooperation between Valamar and WWF Adria is the first of its kind in the tourism sector in Croatia. In line with WWF Adria's recommendations, Valamar has completely excluded endangered species such as sharks, rays and swordfish from its offer and has partnered with Croatian fishermen who have committed to sustainable fishing practices.

The Green Building Council Croatia, the national partner of the DGNB System for Croatia, which is the leading international green building certification system, awarded Valamar Amicor Green Resort on the island of Hvar with the gold pre-certificate for sustainable building of its detached villas. This makes Valamar the first tourist company, and Valamar Amicor Green Resort the first such resort in this part of Europe on their way to achieving the gold certificate for sustainability. In June, the Green Building Council awarded Valamar its annual Green Building Award for Valamar's contribution to the sustainability of the built environment.

CONTINUED STRONG INVESTMENTS IN STRATEGIC PROJECTS AND SUSTAINABILITY INITIATIVES



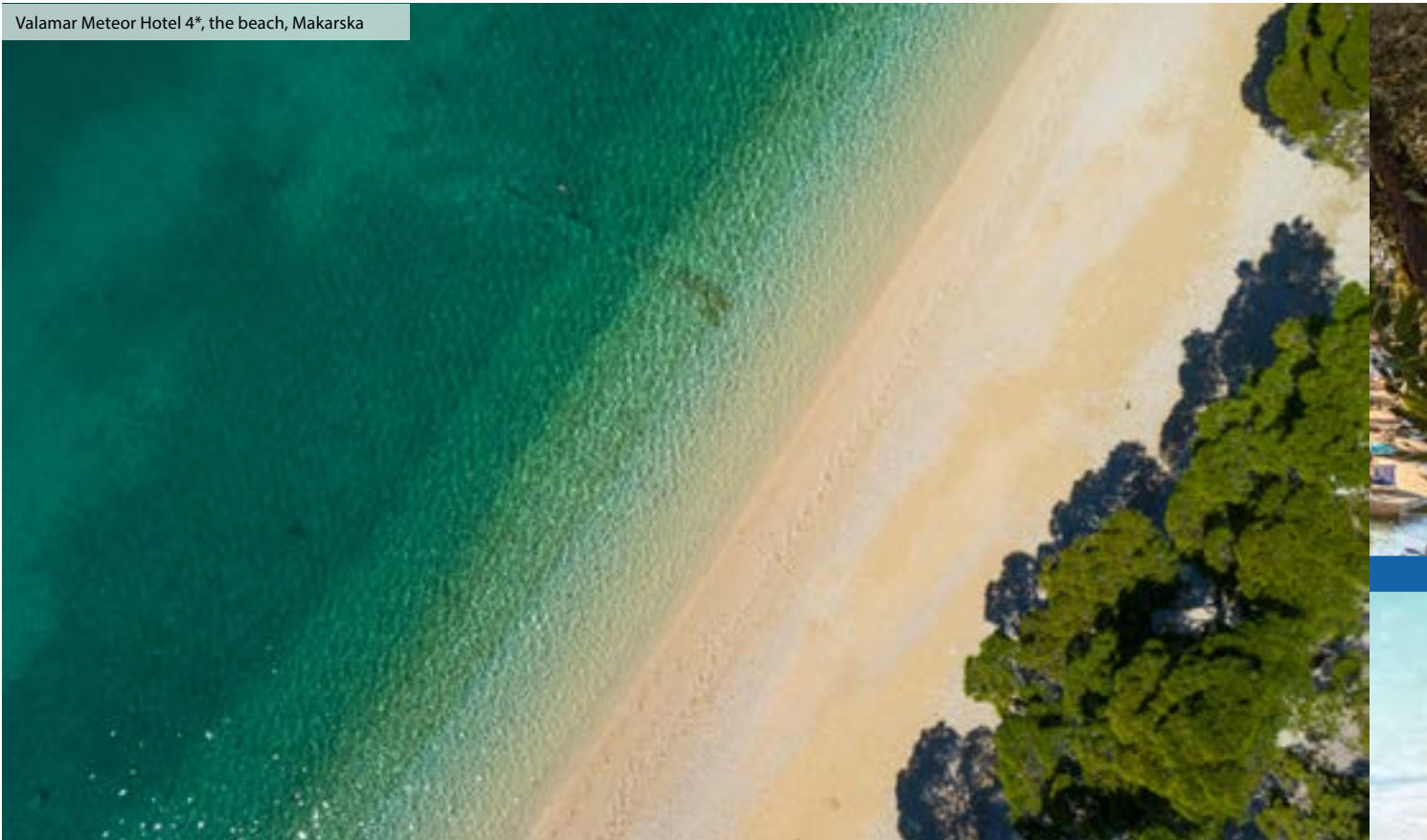
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Ježevac Premium Camping Resort 4\*, Krk Island



Valamar Meteor Hotel 4\*, the beach, Makarska



# Results of the Group


## QUARTERLY FINANCIAL STATEMENTS

The Management Board hereby presents the unaudited quarterly financial statements for the second quarter and the first halfyear of 2024.

The Group's profit and loss account for the period considered consolidates the data from the following companies: Valamar Riviera d.d. (Parent Company), Imperial Riviera d.d. (a subsidiary 46.27% owned by Valamar Riviera d.d. with its subsidiary Praona d.o.o., Makarska), Magične stijene d.o.o.\* (100% owned until 3 August 2023) and Bugenvilia d.o.o. (100% owned).

The investments in the company Helios Faros d.d. (20% owned) and Valamar A GmbH (24,54% owned) are reported according to the equity method since Valamar Riviera d.d. does not exercise control but a significant influence over them.

\* The company was deleted from the court register on 3 August 2023 based on the procedure for termination of the company by abbreviated procedure without liquidation.

 The Management Board presents the quarterly financial statements for the second quarter and the first halfyear of 2024



KEY FINANCIAL INDICATORS<sup>1</sup>

(IN EUR)	1 - 6/2023	1 - 6/2024	2024/2023
Total revenues	106.558.750	125.101.269	17,4%
Operating income	105.293.981	122.293.713	16,1%
Sales revenues	104.175.208	119.586.538	14,8%
Board revenues (accommodation and board revenues) <sup>2</sup>	83.960.344	95.650.738	13,9%
Operating costs <sup>3</sup>	102.580.331	122.413.580	19,3%
EBITDA <sup>4</sup>	1.917.610	-2.534.696	-232,2%
Extraordinary operations result and one-off items <sup>5</sup>	-460.627	-499.113	8,4%
Adjusted EBITDA <sup>6</sup>	2.378.237	-2.035.583	-185,6%
EBIT	-30.232.763	-37.099.813	22,7%
Adjusted EBIT <sup>6</sup>	-29.772.136	-36.600.700	22,9%
EBT	-34.265.456	-44.018.194	28,5%
EBITDA margin	1,8%	-2,1%	-3,9pp
Adjusted EBITDA margin	2,3%	-1,7%	-3,9pp
	31/12/2023	30/6/2024	2024/2023
Net debt <sup>7</sup>	217.762.850	328.674.444	50,9%
Net debt (liabilities for tourist land under IFRS 16 excluded)	217.762.850	265.089.585	21,7%
Cash and cash equivalents	55.185.359	10.349.527	-81,2%
Market capitalization <sup>8</sup>	594.849.998	642.740.464	8,1%
EV <sup>9</sup>	951.166.260	1.100.772.516	15,7%
Share price	4,72	5,10	8,1%
EPS <sup>9</sup> (for the first half)	-0,19	-0,26	36,8%

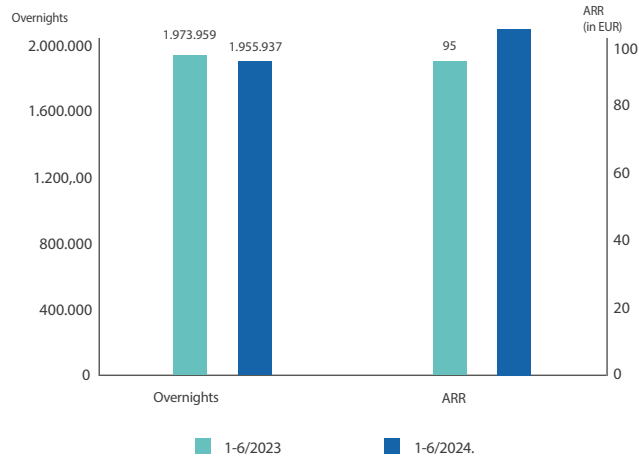
- Classified according to the Annual Financial Statement (GFI POD-RDG). EBIT, EBITDA and their adjusted values and respective margins are recorded on the basis of operating income.
- In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry). Non-commercial properties/data excluded.
- Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.
- EBITDA (eng. earnings before interest, taxes, depreciation and amortization) is calculated as: operating income - total operating costs + depreciation and amortisation + value adjustments.
- Adjustments were made for (i) extraordinary income (in the amount of EUR 1.8mn in H1 2024, and EUR 0.3mn in H1 2023), (ii) extraordinary expenses (in the amount of EUR 2.1mn in H1 2024, and EUR 0.5mn in H1 2023), and (iii) termination benefit costs (in the amount of EUR 0.21mn in H1 2024, and EUR 0.2mn in H1 2023).
- Adjusted by the result of extraordinary operations and one-off items.
- Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other + other liabilities according to IFRS 16 (leases) - cash and cash equivalents - long-term and short-term investments in securities - current loans given, deposits, etc.
- Market capitalization is calculated as the total number of shares multiplied by the last share price on last day of the period
- EV refers to enterprise value; calculated as market capitalization + net debt + minority interest. EPS - earnings per share.
- Data for Helios Faros and Valamar A GmbH are not included. Non-commercial properties/data excluded.
- Average rate is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

KEY BUSINESS INDICATORS<sup>10</sup>

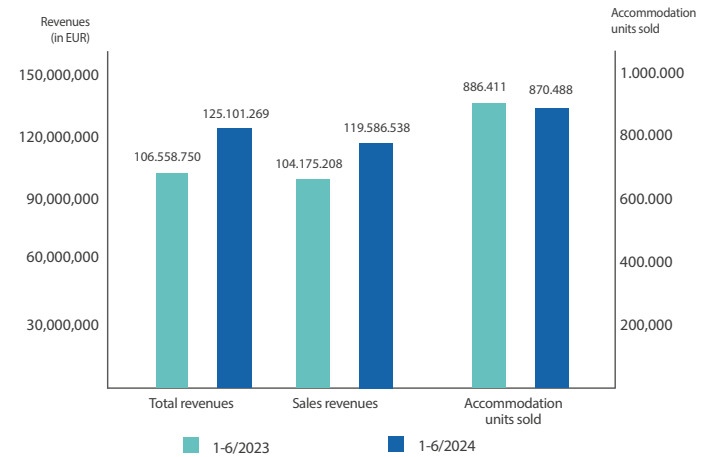
	1 - 6/2023	1 - 6/2024	2024/2023
Number of accommodation units (capacity)	20.087	19.956	-0,7%
Number of beds	56.354	56.477	0,2%
Accommodation units sold	886.411	870.488	-1,8%
Overnights	1.973.959	1.955.937	-0,9%
ARR <sup>11</sup> (in EUR)	95	109	15,1%
RevPAR (in EUR)	4.195	4.757	13,4%
EBITDA PAR (in EUR)	159	-53	-133,5%



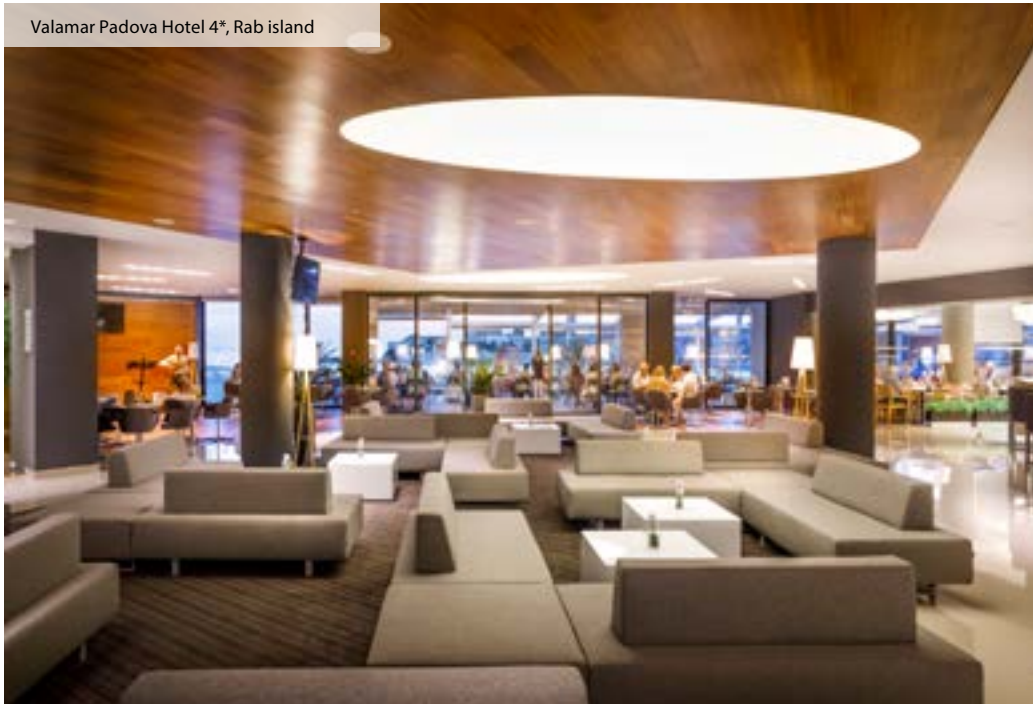
## Noćenja i ARR



## Revenues and accommodation units sold



Valamar Padova Hotel 4\*, Rab island



Valamar Group operating revenue for the first six months of 2024 increased by 16.1%. Business growth is again fuelled by Valamar's significant investments in upgrading and repositioning the portfolio over the last ten years. The best performance was recorded in premium hotels and campsites. All Valamar destinations achieved very good results. This is particularly true for Dubrovnik, for which 2024 will be a year of growing demand and full recovery of business volume to pre-pandemic levels.

## REVENUES

In the first half of 2024, total revenues amounted to EUR 125.1 million, which represents an increase of 17.4% (EUR 18.5 million). Total generated revenues have been influenced by:

a) growth in sales revenue by 14.8% (EUR 15.4 million) to the amount of EUR 119.6 million, which primarily consists of board revenue (EUR 95.7 million). There was a slight change in the revenue structure: domestic sales amounted to EUR 18.9 million with a share of 15.8% in sales revenue (14.2% in the first half of 2023), and compared to 2023, they are higher for EUR 4.2 million. With a share of 84.2% in sales revenues (85.8% in the first half of 2023), sales on foreign markets amount to EUR 100.7 million and are higher by EUR 11.2 million.

b) increase in other business revenue by EUR 1.6 million to EUR 2.7 million, mainly due to recognized revenue related to court disputes and revenue from previous periods

c) financial revenue amounts to EUR 2.8 million and is 122.0% higher than realized in the first half of 2023, mostly as a result of unrealized revenue from financial assets (based on the growth in the fair value of interest rate swaps) and higher other interest revenue.



Kesselspitze Valamar Collection Hotel, 5\* Obertauern

TOTAL OPERATING EXPENSES OF VALAMAR GROUP<sup>12</sup>

(in EUR)	1-6/2023	1-6/2024	24/23
Operating costs <sup>13</sup>	102.580.331	122.413.580	19,3%
Total operating expenses	135.526.744	159.393.526	17,6%
Material costs	43.880.870	50.005.827	14,0%
Staff cost	44.888.994	51.736.496	15,3%
Depreciation and amortisation	32.150.373	34.565.117	7,5%
Other costs	13.953.859	20.710.973	48,4%
Provisions and value adjustments	0	1.286	-
Other operating expenses	652.648	2.373.827	263,7%

## TOTAL OPERATING EXPENSES

In the first half of 2024, after two regulations defining the prices and the legal framework relating to tourist land were adopted in February 2024, Valamar Group did the following:

- assessed the value of the right-of-use assets and liabilities according to IFRS 16 as of 1 January 2024 in the amount of EUR 62 million for the Group (EUR 57 million for the Company) and booked the expenses on that basis as follows:

- depreciation amounting to EUR 672 thousand for the Group (EUR 621 thousand for the Company)

- interest rate amounting to EUR 1,735 thousand for the Group (EUR 1,544 thousand for the Company)

- concerning the variable part of the lease, the Group booked the lease costs of EUR 388 thousand for the Group (EUR 388 thousand for the Company) under item Other External Costs within Material Costs.

In the first half of 2023, the Company did not book any costs relating to tourist land.

Total operating expenses amount to EUR 159.4 million and are 17.6% higher than last year. The development of operating expenses is as follows:

a) material costs amount to EUR 50.0 million and are higher by 14.0% mainly as a result of increased costs of raw materials, costs of goods sold, maintenance, cleaning, consumables, costs of promotional activities and marketing and costs of lease of tourist land (as explained earlier)

A new electricity supply contract for the period from 1 June 2024 to 31 December 2024 has been signed with a lower price compared to the comparable period last year.

b) personnel costs increased by 15.3% and amount to EUR 51.7 million, after a higher average number of employees and additional investments in increasing employee salaries

c) depreciation amounts to EUR 34.6 million, which represents an increase of 7.5%, mostly due to increased capital investments in 2023 and depreciation related to tourist land

d) other expenses increased by 48.4% to EUR 20.7 million. The increase is mainly due to increased costs for food, accommodation and education of employees, staffing agency fees, travel expenses, preparation of new projects and utility fees

e) other operating expenses amount to EUR 2.4 million, which is an increase of EUR 1.7 million, mostly due to the recognition of costs from previous periods and cost of EUR 1.6 million for the principal amount related to legal dispute (described in more detail in the chapter Business risks on page 32).

<sup>12</sup> Classified according to Annual Financial Statements standard (GFI POD-RDG).

<sup>13</sup> Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

## EBITDA AND PROFIT FOR THE PERIOD

As expected, revenue growth in the first half of 2024 failed to compensate for the cost increase, and the realized operating profit (adjusted EBITDA) was lower than in the first six months of 2023. It is the result of increased investment in employees and earlier property opening, which incurred a range of costs (such as employee costs and staffing agency fees, food and beverages, consumables, energy, maintenance, cleaning, etc.). Operating profit (adjusted EBITDA) amounts to EUR -2.0 million, which is EUR 4.4 million lower than realized in the first half of 2023.

Following 7.5% higher depreciation costs, slightly weaker net financial result (explained in more detail in the next paragraph) and one-off costs related to court proceedings, the loss before taxes (EBT) amounts to EUR 44.0 million, which is EUR 9.8 million lower than last year.

The Group estimated the increase in deferred tax assets on the realized loss in the period and new investment incentives based on Investment Promotion Act Law (the latter refers in its entirety to Imperial Riviera d.d.) and accordingly recognised tax income of EUR 8.1 million. The net loss for the period amounts to EUR 35.9 million. Due to the highly pronounced business seasonality, the income tax estimate for the semi-annual reports is not an indicator of the final income tax as of 31 December 2024.

Valamar Carolina Hotel & Villas 4\*, Krk Island



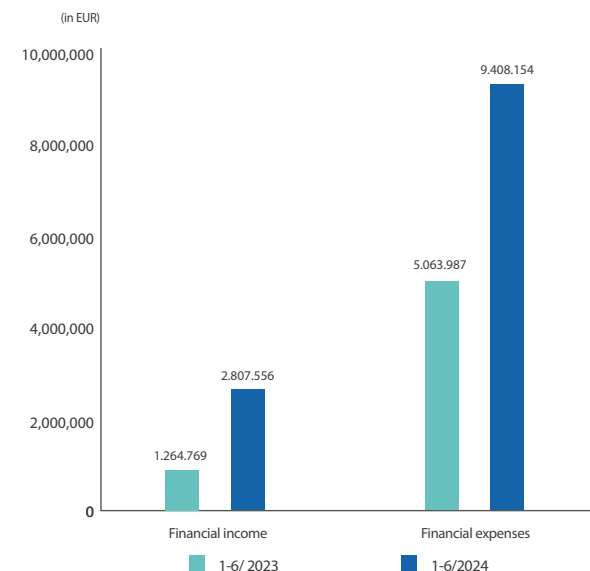
## RESULT FROM FINANCIAL ACTIVITIES

The net financial result for the first six months of 2024 amounts to EUR -6.6 million, which is EUR 2.8 million lower compared to the same period in 2023, when it amounted to EUR -3.8 million.

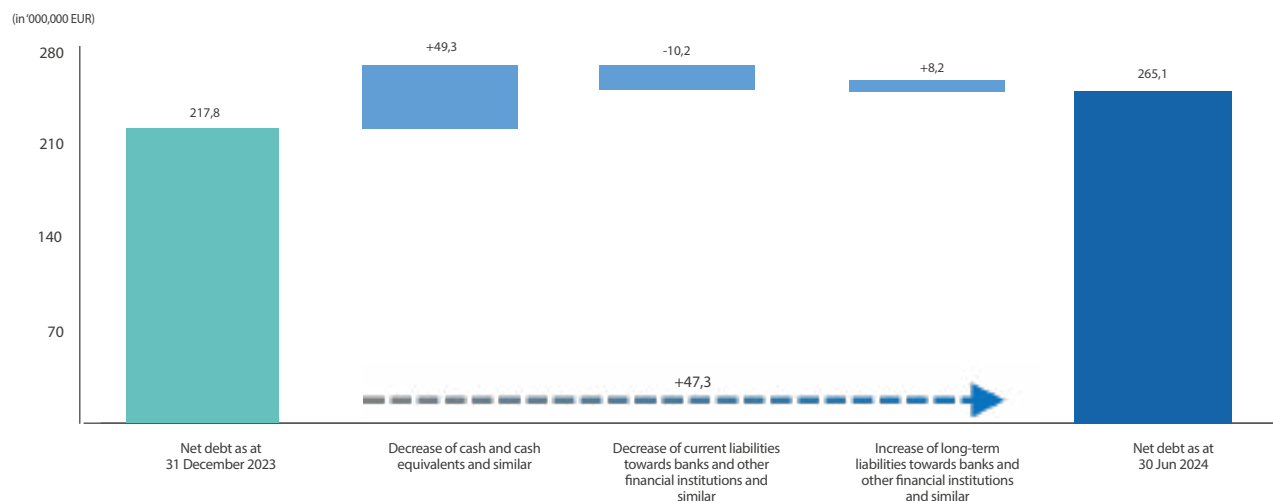
The deterioration of the net financial result was mostly influenced by the growth in interest expenses of EUR 3.9 million compared to the same period in 2023, as a result of statutory default interest for court cases in the amount of EUR 2.4 million and the interest expense under the liability item for IFRS 16 Rent of tourist land of EUR 1.7 million, which is included in the balance sheet of the Company and the Group as of 1 January 2024 (explained in chapter Total operating expenses).

A positive contribution came from unrealized revenue from financial assets (based on the increase in the fair value of interest rate swaps) of EUR 1.0 million compared to the same period last year. The growth of interest rates on deposits resulted in EUR 0.4 million higher other revenue from interest.

## Financial income and expenses



## Net debt <sup>14</sup>



<sup>14</sup> Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other + other liabilities according to IFRS 16 (leases) – cash and cash equivalents – long-term and short-term investments in securities – current loans given, deposits, etc. Liabilities for tourist land under IFRS 16 excluded.

## ASSETS AND LIABILITIES

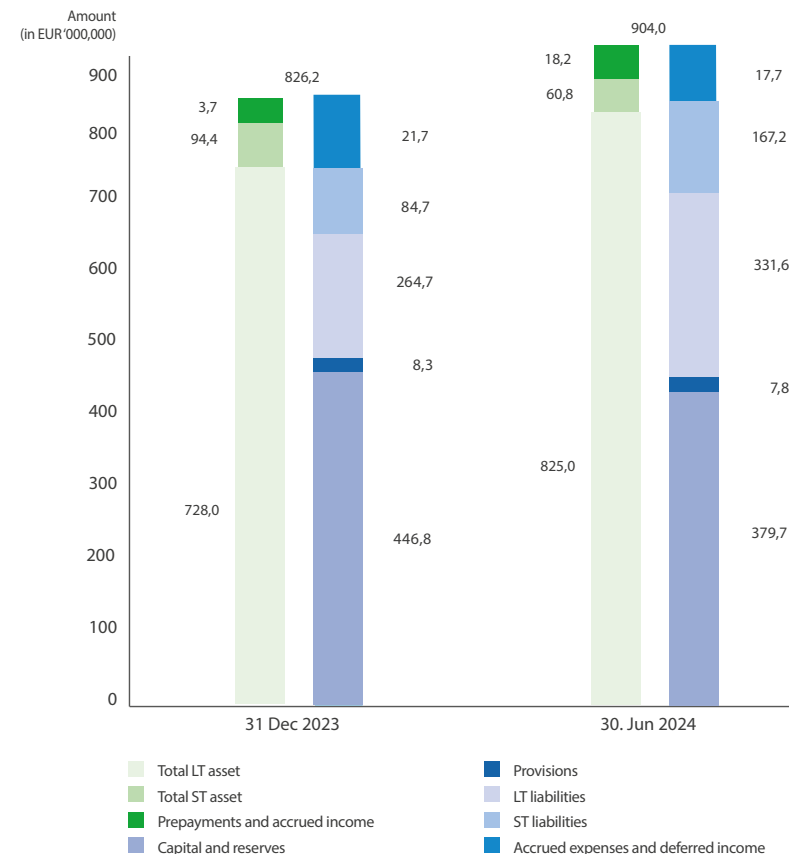
As at 30 June 2024, the total value of the Group's assets amounted to EUR 904.0 million, which is 9.4% higher than on 31 December 2023. Total share capital and reserves amount to EUR 379.7 million and are lower by 15.0% as a result of the realized loss and the paid dividend of EUR 27.1 million in the first half of 2024.

As explained earlier in the chapter Total operating expenses, in the first half of 2024 Valamar Group carried out an assessment of the value of assets and liabilities with the right of use in accordance with IFRS 16 on 1 January 2024 in the amount of EUR 62 million. By this, the balance sheet of the Group increased by the stated amount: assets in the position Land (within Tangible assets) and liabilities in the position Other long-term liabilities (within Long-term liabilities) and Other short-term liabilities (within Short-term liabilities).

Total long-term and short-term liabilities to banks and other financial institutions on 30 June 2024 amounted to EUR 291.8 million and are 0.8% lower than on 31 December 2023 as a result of loan repayment.

Almost entire loan portfolio consists of long-term loans with an agreed fixed interest rate or loans protected by derivative instruments (IRS) for the purpose of protection against interest rate risk. This largely eliminated the interest rate risk. Additionally, most of the Group's cash receipts are in EUR, as is the entire credit portfolio, which largely eliminates currency risk.

## Assets and liabilities



On 30 June 2024, the Group's cash balance amounted to EUR 10.3 million, which represents a drop of 81.2% compared to 31 December 2023. The main reasons for the reduction of cash in the first half of 2024, in which high seasonal inflows are usually absent, are loan repayments, investments in long-term assets, expenses for the preparation of the season and paid dividends. Cash balance of the Group together with i) contracted credit lines, ii) valuable tourist assets and iii) a strong operational business model makes the Group's balance sheet stable.



## HOTEL AND CAMPING RESORTS OVERVIEW

### HOTELS AND RESORTS OVERVIEW

#### Hotels and Resorts

#### VALAMAR COLLECTION

		LOCATION	KEYS
Marea Valamar Collection Suites	5*	Poreč	108
Dubrovnik President Valamar Collection Hotel	5*	Dubrovnik	292
Isabella Valamar Collection Island Resort	4* / 5*	Poreč	334
Girandella Valamar Collection Resort	4* / 5*	Rabac	391
Imperial Valamar Collection Hotel	4*	Island Rab	116
Kesselspitze Valamar Collection Hotel	4*	Austria	67

#### VALAMAR HOTELS & RESORTS

		LOCATION	KEYS
Valamar Amicor Green Resort	4*	Island Hvar	131
Valamar Parentino Hotel	4*	Poreč	329
Valamar Diamant Hotel & Residence	3*/4*	Poreč	372
Valamar Riviera Hotel & Residence	4*	Poreč	130
Valamar Tamaris Resort	4*	Poreč	506
Valamar Bellevue Resort	4*	Rabac	372
Valamar Sanfior Hotel & Casa	4*	Rabac	242
Valamar Atrium Baška Residence & Villa Adria	4* / 5*	Island Krk	92
Valamar Padova Hotel	4*	Island Rab	175
Valamar Carolina Hotel & Villas	4*	Island Rab	176
Valamar Meteor Hotel	4*	Makarska	268
Valamar Argosy Hotel	4*	Dubrovnik	308
Valamar Lacroma Dubrovnik Hotel	4*	Dubrovnik	401
Valamar Tirena Hotel	4*	Dubrovnik	208
Valamar Obertauern Hotel	4*	Austria	82

#### [PLACES] by Valamar

		LOCATION	KEYS
Hvar [PLACESHOTEL] by Valamar	3*	Island Hvar	194
Dalmacija [PLACESHOTEL] by Valamar	3*	Makarska	190
Obertauern [PLACESHOTEL] by Valamar	4*	Austria	120

#### SUNNY BY VALAMAR

		LOCATION	KEYS
Crystal Sunny Hotel	4*	Poreč	223
Zvonimir Sunny Hotel	4*	Island Krk	85
Corinthia Baška Sunny Hotel	3*	Island Krk	341
Rabac Sunny Hotel & Residence	3*	Rabac	300
Rubin Sunny Hotel	3*	Poreč	253
Krk Sunny Hotel	3*	Island Krk	194
Club Dubrovnik Sunny Hotel	3*	Dubrovnik	338
Makarska Sunny Resort	3*	Makarska	250
Lanterna Resort	2*	Poreč	578
San Marino Sunny Resort by Valamar	3*	Island Rab	457
Arkada Hotel	2*	Island Hvar	146
Eva Sunny Hotel & Residence	2* / 3*	Island Rab	284

### CAMPING RESORTS OVERVIEW

#### Camping Resorts

#### CAMPING ADRIATIC BY VALAMAR - PREMIUM RESORTS

		LOCATION	KEYS
Istra Premium Camping Resort	5*	Poreč	963
Krk Premium Camping Resort	5*	Island Krk	500
Lanterna Premium Camping Resort	4*	Poreč	2.959
Ježevac Premium Camping Resort	4*	Island Krk	632
Padova Premium Camping Resort	4*	Island Rab	419

#### CAMPING ADRIATIC BY VALAMAR - RESORTS

		LOCATION	KEYS
Baška Beach Camping Resort	4*	Island Krk	601
Marina Camping Resort	4*	Rabac	329
Bunculuka Camping Resort	4*	Island Krk	414
San Marino Camping Resort	4*	Island Rab	810
Orsera Camping Resort	3*	Poreč	595
Solaris Camping Resort	3*	Poreč	1.851

#### CAMPING ADRIATIC BY VALAMAR - SUNNY

		LOCATION	KEYS
Solitude Sunny Camping	3*	Dubrovnik	341
Škrila Sunny Camping	3*	Island Krk	342
Brioni Sunny Camping	2*	Pula	725
Tunarica Sunny Camping	2*	Rabac	162

Dubrovnik President Valamar Collection Hotel 5\*, Dubrovnik



# Results of the Company



In the first half of 2024, total revenues amounted to EUR 102.9 million, which is an increase of 14.4% or EUR 12.9 million, compared to the same period in 2023, when they amounted to EUR 90.0 million. Sales revenues amounted to EUR 94.2 million and were higher by 10.0% compared to the same period last year.

The business results were significantly affected by increased costs related to additional investments in employees and the earlier property openings.

Material costs amount to EUR 40.6 million, with a growth of 14.1% due to increased costs of raw materials, costs of goods sold, maintenance, cleaning, consumables, costs of promotional activities and marketing, and costs of lease of tourist land (explained in the chapter Group's operating expenses).

Personnel costs amount to EUR 41.3 million and are 13.2% higher compared to last year, after a higher average number of employees and additional investments in increasing salaries and rewards for employees. Depreciation amounts to EUR 24.5 million and is 4.6% higher than last year, mostly due to increased capital investments in 2023 and depreciation related to tourist land (explained in the chapter on Group operating expenses). In the first half of 2024, the net financial result is EUR -0.5 million (EUR 0.1 million in the same period in 2023). The reduced net financial result was mostly influenced by the increase in interest expenses of EUR 3.7 million, mostly as a result of the interest expense on the liability item for IFRS 16 Rental of tourist land of EUR 1.5 million and statutory default interest for court disputes in the amount of EUR 2.4 million. On the other hand, the biggest positive effect comes from the dividend received from Imperial Riviera d.d. (EUR 2.7 million), net unrealized revenue from financial assets (based on the increase in the fair value of interest rate swaps of EUR 0.2 million) and other interest revenue (EUR 0.2 million).

In the first half of 2024 EBITDA of EUR -4.4 million was realized, which represents a decrease of EUR 6.6 million compared to EBITDA realized in the first half of 2023 in the amount of EUR 2.2 million. This is primarily the result of the previously mentioned increased investment in employees and the earlier property openings, which incurred a range of costs (such as employee costs and staffing agency fees, food and beverages, consumables, energy, maintenance, cleaning, etc.). Following

SALES REVENUE  
INCREASED BY 10%  
TO EUR 94 MILLION

4.6% higher depreciation costs, a slightly worse net financial result and one-off costs related to court proceedings, the loss before taxation (EBT) amounts to EUR 29.3 million, which is EUR 8.3 million lower than last year. The Company estimated the increase in deferred tax assets on the realized loss and accordingly recognized tax revenue in the amount of EUR 5.2 million. The net loss for the period amounts to EUR 24.1 million. Due to the highly pronounced business seasonality, the income tax estimate for the semi-annual reports is not an indicator of the final income tax as of 31 December 2024.

On 30 June 2024 the total value of the Company's assets amounts to EUR 727.9 million, which is 10.2% higher than on 31 December 2023. Total share capital and reserves amount to EUR 358.0 million, which is 12.2% lower as a result of realized loss and paid dividends in the observed period. On 30 June 2024, the Company's cash balance is EUR 7.1 million, which represents a decrease of 84.7% compared to 31 December 2023.

Tirena Sunny Hotel by Valamar 3\*, Dubrovnik



Investment cycle 2023/24

Valamar Riviera's continued success and growth is a result of investing in products, employees and tourist destinations, always ensuring sustainable and socially responsible development through Valamar's commitment to reducing its carbon footprint and constant investment in renewable energy sources. Along with enhancing our tourist offering, we have also been developing Valamar's service concepts to meet the current market demands and guest expectations. The planned portfolio repositioning and development toward high added-value offerings and services, with emphasis on the premium resorts and campsites segment, while preparing for the new future growth and development projects. Following the harmonisation of our planned portfolio and development with the tourist flows and a proactive approach to cash flow management and financing, we have focused the implementation of our investments in the 2023/2024 cycle mostly on realising new investments aimed at boosting our quality level and guest satisfaction.

The total of the approved investments for the 2023/2024 investment cycle at the Valamar Group level amounts to EUR 83 million. Investments are mainly directed towards renovating accommodation units in hotels and campsites. Apart from that, Valamar is also actively investing in environmental protection and energy efficiency, safety and digitalisation, and innovation for a new period of growth.

## VALAMAR RIVIERA

Valamar Riviera d.d. is ending its 2023/2024 investment cycle worth EUR 44.8 million. The realised investments aim to improve business processes, enhance operations, raise the quality of facilities and services, and increase energy efficiency and digitalisation.

The largest single capital investment in 2023/2024 amounts to EUR 8.9 million was made in the renovation of 180 accommodation units at Allegro Sunny Hotel 3\* in Rabac and 90 of the total 120 accommodation units at Miramar Sunny Hotel 3\* in Rabac, while the remaining 30 accommodation units were renovated in 2021.



Rabac Sunny Hotel & Residence 3\*, Rabac (Vizulizacijatra)

The merger of these two hotels created a new Sunny brand product called Rabac Sunny Hotel & Residence 3\*. In addition to room renovations, investments in children's facilities in both hotels were made, Allegro playroom was added, and, at Miramar hotel, a part of the Lounge Zone was repurposed into the Play Zone. An outdoor trampoline park was added and the capacity of the restaurant for hotel guests was increased by adding an outdoor terrace and expanding the indoor restaurant area with an additional 80 seats. The F&B concept offers Sunny Breakfast & Brunch and Sunny Dinner services. This unique Sunny brand product provides accommodation in a fantastic location and is focused primarily on families.

Another significant investment of EUR 5.8 million pertains to reconstructing accommodation units at Koralj Sunny Hotel 3\* on the island of Krk and installing children's facilities. The investment included a complete renovation and redesign of 194 accommodation units and an increase in the hotel's bed capacity by 120, whereby the hotel's capacity increased from 429 to 549 beds. New children's facilities on the ground floor were implemented, including a new children's playroom, a Multimedia Game Lounge, a Family Lounge, Maro Smart Play Rooms and an upgrade of the Chill and Play Zone.

With respect to Isabella Valamar Collection Island Resort 4\*/5\* Hotel in Poreč, the level of its Oliva Grill restaurant was upgraded, including an expansion of the outdoor terrace and kitchen, and a children's playground was added. Valamar Argosy Hotel 4\* in Dubrovnik saw the covering of its Mezzino Pool Bar with a roof.

In addition to investing in hotels, Valamar actively invests in its campsites. Given the growing demand for camping tourism, more than EUR 2.6 million were invested in this investment cycle precisely in expanding and enhancing the standard of our campsites and their facilities. At our Lanterna Premium Camping Resort 4\* in Poreč, two supermarkets were reconstructed, along with two sanitary blocks. Quality improvement of the 24 existing Standard pitches in Zones A and C into new 25 Comfort pitches was made as well as quality improvement of 2 pitches in Zone K from Comfort Mare to Premium Mare. 12 new Premium mobile homes with terraces were set up at Marina Camping Resort 4\* in Rabac, 7 new mobile homes were set up in Zone B at Baška Beach Camping Resort 4\* on the island of Krk, and 20 pitches for mobile homes and 5 Mega Comfort pitches were built at Solaris Camping Resort 3\* in Poreč. Apart from that, quality enhancement of 15 existing pitches in Zone A to Mega Comfort pitches was made at Orsera Camping Resort 3\* in Poreč, as well as of 10 pitches in Zones A and B at Istra

IN 2023/24  
CYCLE. VALAMAR  
RIVIERA'S  
INVESTMENTS  
WERE PLANNED  
IN THE AMOUNT  
OF 44.1 MILLION,  
AND IMPERIAL  
RIVIERA'S 38.4  
MILLION

Premium Camping Resort 5\* in Poreč and of 7 Comfort pitches to Premium Mare pitches in Zone F at Škrila Sunny Camping 3\* on the island of Krk.

Valamar Riviera is committed to sustainable and socially responsible business practices. Therefore, we invested more than EUR 1.2 million in various energy efficiency projects and EUR 3.6 million in sustainability projects by purchasing electric vehicles, planting trees, preventing the emergence of bio-waste and other initiatives. Notable investments include the continuation of the 'Eco Corners' project at Lanterna campsite and the bio-waste projects at Lanterna apartments and President Hotel in Dubrovnik, and a finalisation of the project at Diamant Hotel is also planned. Also, new heat pumps were installed at hotels Sanfior and Girandella.

In addition to environmental protection and energy efficiency, we pay particular attention to the investment maintenance of all our destinations by investing in the regular maintenance of properties and facilities for the safety of our guests. In the 2023/2024 investment cycle, we invested about EUR 11.5 million. Notable investments included the reconstruction of two sanitary blocks at Lanterna campsite and the construction of the Maro playground. At Tamaris hotel, the reconstruction of bathrooms in Villas is ongoing, expected to be finalised in autumn. The refurbishment of the terrace and halls was done at Casa Agava. Hotel accommodation units were refurbished, and a part of the sundeck and the pool area were revamped. The total value of works at Tamaris Hotel and Villas amounts to more than one billion euros. The terraces of the Spinnaker restaurant in Poreč and Miramare restaurant on Isabella Island were reconstructed, and Piazza at Baška Beach campsite was arranged as well. We also place great importance on investing in accommodation for our seasonal workers. In the destination of Dubrovnik, the third phase of accommodation refurbishment was completed, which included interior decoration and furnishing of an additional 36 rooms (72 beds) valued at EUR 930 thousand. The interior decoration and furnishing of the Lanterna and Diamant apartments was finalised, with an investment of EUR 390 thousand. We are investing about 600 thousand euros in the purchase of furniture and equipment, with an additional 640 thousand euros in an upgrade of beaches and over 760 thousand in safety improvements.

With the development of digitalisation, we have been making continuous efforts to enhance our service quality. For this reason, in this investment cycle, we are investing over EUR 5.9 million in digitalisation and innovation projects, with the largest allocation being earmarked for the development of the Valamar.com website. In addition to investments in digitalisation, an additional EUR 1.8

million are being invested in IT maintenance projects, and more than 200 thousand euros in branding and signage.

On top of above investments, an investment in the Pical project with a total investment value of EUR 139 million is planned this and next year. The Pical project is the largest single investment in Croatian tourism, which will offer top-quality tourism services all year round. A contract between the investor Valamar Riviera d.d. and the contractor Kamgrad d.o.o. to continue the construction of the Pical resort was officially signed in Poreč, on 14 March 2024. The value of the contract is EUR 81.7 million, with the total investment valued at EUR 139 million. Planned completion date for all is December 2025. In addition to the reconstruction of this hotel, a plan of investing in beaches in the upcoming period 2024 – 2026 is also being prepared.

Hotel Pical 5\* will feature 513 accommodation units, 10 themed restaurants and bars, a wellness centre, landscaped beaches and beach clubs, outdoor and indoor pools and facilities for various types of vacation. For families, Pical will offer the educational Maro World playroom spanning more than 1,200 m<sup>2</sup>, Maro clubs, children's playgrounds and an entertainment programme tailored for families. There will also be a range of facilities for an active vacation, such as the new Bike Centre Parenzana, outdoor running trails, water sports and an indoor 25m swimming pool. Pical Beach, all sports and entertainment facilities, indoor pool, promenades and other recreational facilities will be open to the public and available for the use of our guests and visitors as well as the local community. The Pical Zone will become the most attractive tourist zone in Croatia and will showcase one of the best congress centres with a multifunctional hall capable of accommodating up to 1,200 participants.

## IMPERIAL RIVIERA

Imperial Riviera d.d. continues its 2023/2024 investment cycle worth EUR 38.4 million with the key objective being a further improvement of the company's offerings in all of its destinations.

The most significant investments are focused on repositioning and improving service quality, digitalisation, green building, sustainable energy sources and tourism infrastructure in all destinations. They primarily relate to the first phase of the reconstruction of the existing tourist resort Suha Punta (Punta Arba Resort 4\*/5\* Valamar Collection in the destination of Rab). This project is foreseen to be carried out in several phases and is aimed at firmly positioning this destination among the top family vacation destinations on the

Adriatic. In early March, a contract was signed with the main contractor, the construction company Radnik d.d., for building the tourist resort Valamar Collection Rab Resort 4\*/5\* in Suha Punta on Rab. Excavation works for pools will soon finish, and concrete, insulation and installation works are ongoing.

Renovations of the existing complex of Rivijera Sunny Resort by Valamar 2\* (Makarska Sunny Resort 3\*) in the destination of Makarska were completed, where this complex was repositioned under the Sunny brand, which has been already recognised by the market as a brand offering economical and simple vacation with excellent service quality and the best value for money. Additionally, the Bike Centre Poreč within Valamar Parentino Hotel 4\* was finalised, and autumn 2024 will see the continuation of works on the installation of solar power plants on the roof of the Bike Centre and the hotel. Investments in the destination of Rab aimed at enhancing the offering of Imperial Valamar Collection Hotel 4\*, along with the renovation of the new Brdo Zone at Padova Premium Camping Resort 4\* were finished. The additional refurbishment of Valamar Padova 4\* Hotel was completed. In the destination of Dubrovnik, investments to enhance the offering of Valamar Lacroma 4\* Hotel were finished along with the works carried out in a part of Solitudo Sunny Camping 3\*.

The company continues to intensively work on the preparation of project and zoning documentation for investments in the destination of Rab concerning the beaches of Punta Arba Resort 4\*/5\* Valamar Collection, San Marino Sunny Resort by Valamar 3\* and San Marino Premium Camping Resort by Valamar 4\*.



Valamar Collection Rab Resort 4\*/5\*, Rab, visualization



ESG & Human resources

## SUSTAINABILITY

Throughout 2024, Valamar continued to invest in strategic ESG projects and initiatives. Investments were directed towards reducing the company's carbon footprint through decarbonization efforts, investments in renewable energy sources—particularly solar energy—deployment of electric vehicles, and biocomposting initiatives. Valamar actively promoted biodiversity through afforestation projects, caring for over 80,000 trees, with plans to plant an additional 883 trees on its properties and engage guests in planting 10,000 trees across Croatia. The company continued to foster partnerships with local food producers, enhancing collaboration with suppliers to promote sustainable business practices, and implementing responsible policies to expand its network of sustainable suppliers. In 2024, Valamar allocated around EUR 20 million towards employee development and reward programs, encompassing various educational, developmental, and housing incentive initiatives at its destinations. Investments were also channeled into enhancing tourism infrastructure such as promenades, bike paths, playgrounds, and beaches, alongside support for destination events, community outreach, and local CSR organizations. Noteworthy projects such as Valfresco school in Labin and the Valamar Kindergarten in Poreč continued to thrive. Valamar continues its active participation as a member to global initiatives for sustainable development, i.e. Science Based Targets initiative and the UN Global Compact. By partnering with the UN Global Compact (the world's largest sustainable development and corporate sustainability initiative encompassing over 15,000 members in 162 countries and 69 local networks worldwide), Valamar commits to conducting business in accordance with its Ten Principles, which emphasize human rights, labor standards, environmental protection, and anti-corruption measures. By its membership in the Science Based Targets initiative, Valamar, as do other world climate leaders, continues to undertake concrete steps which are evident in the reduced emissions towards achieving decarbonization from scope 1 and 2. In the period between 2015 and 2023, Valamar achieved the reduction of greenhouse gas emissions by 72% per occupied accommodation unit, waste reduction per overnight and waste separation of as much as 53%, and implemented photovoltaic power plants in hotels and campsites to cover 6% of its electricity needs.

Valamar was awarded a Certificate of Appreciation by the Istra County for its exceptional contribution to the tourism industry during Valamar's 70 years of operation.

## ESG STRATEGY

At the beginning of 2024, Valamar adopted a new strategy for sustainable business development until 2026, which was presented as part of the integrated report for

CONTINUED  
STRONG  
INVESTMENTS  
IN STRATEGIC  
PROJECTS AND  
SUSTAINABILITY  
INITIATIVES

SINGLE-USE  
PLASTIC IN  
HOTELS AND  
CAMPSITES  
ALMOST  
COMPLETELY  
REMOVED

2023. The sustainability strategy covers 12 key objectives in the field of environment (E), society (S) and governance (G). Valamar is the first tourism company in Croatia to integrate sustainable development into business and development management and to announce sustainability goals according to the ESG framework.

## ESG PROJECTS AND ACHIEVEMENTS

### Environment

Reducing greenhouse gas emissions stands as one of the 12 Environmental, Social, and Governance (ESG) targets outlined in the ESG strategy. Valamar reduces its carbon footprint by transitioning from fossil fuels to electricity sourced from renewable channels, by deploying heat pumps and other energy efficiency measures. In collaboration with E.ON, Valamar has successfully installed photovoltaic power plants at its tourist facilities, covering 6% of our total electricity demand. In 2024, our focus persists on upgrading to LED lighting, integrating electric vehicles, furthering decarbonization efforts, and ensuring that 100% of our electricity derives from renewable sources. Measurement of scope 3 emissions continue, with defined actions set to achieve scope 1 and 2 decarbonization targets by 2026. Valamar remains dedicated to Valfresco Direkt platform – Valamar's online platform for showcasing products from local family farms, wineries, olive orchards, and other domestic producers. This initiative not only safeguards local biodiversity but also fosters socio-economic sustainability by promoting regional production and consumption.

Efforts to minimize waste generation and promote responsible disposal practices remain a priority. With additional investments in our own biocomposting facilities, we've scaled up biocompost production to 347 tons in 2023, maintaining this momentum. Notably, Valamar has made significant strides in eliminating single-use plastics across its hotels and campsites. Cosmetic amenities are provided in eco-conscious packaging, made from natural or biodegradable materials such as wood, bamboo, and cotton. Digital menus have replaced paper counterparts, while environmentally friendly alternatives have supplanted plastic straws since 2018. Ongoing communication with guests, employees, and suppliers underscores our commitment to effective waste management.

Valamar oversees the care of over 80,000 trees and remains dedicated to conservation efforts through initiatives like the "Easy as One, Two, Tree" donation campaign, which aims to plant over 10,000 trees in Croatia in 2024—1,000 more than the previous year. Collaborating with BioM, we've installed 250 bird nesting houses, alongside 70 insect hotels, 90 bat houses, and 30 hedgehog dwellings across our properties, totaling more than 400 habitats.

## MONITORING 12 ESG GOALS

GOAL	KPI	STRATEGIC INITIATIVE	unit	2022	2023	2024	GOAL 2026	2026 TRACK	PROGRESS
<b>ENVIRONMENT</b>									
1	DECARBONIZATION SCOPE 1 AND 2	REDUCTION OF EMISSION IN SCOPE 1 AND 2 BY 75%	PROTECT THE CLIMATE	KG CO <sub>2</sub> E/OCC. ROOM	3.1	2.8	2.5	2.1	<ul style="list-style-type: none"> <li>Full use of renewable electricity. In 2024, the plans to reduce CO<sub>2</sub> emissions were aligned with the SBTi initiative.</li> </ul>
2	15% OF SOLAR ELECTRICITY	PRODUCED OWN ELECTRIC ENERGY FROM RENEWABLE SOURCES		% OF TOTAL	6%	6%	6%	15%	<ul style="list-style-type: none"> <li>New solar panels planned for 2025/2026 will enable achieving 10% of total energy.</li> </ul>
3	HIGHEST SEA QUALITY	ADRIATIC SEA QUALITY IN OUR DESTINATIONS (EEA)	TAKE CARE OF THE ADRIATIC, BIODIVERSITY AND FOOD	%	100%	95%	> 95%	> 95%	<ul style="list-style-type: none"> <li>Measures to protect the Adriatic and its biodiversity, continuation of cleaning measures.</li> </ul>
4	REFORESTATION AND 80,000 TREES PROGRAM	MANAGED TREES	PROTECT THE CLIMATE	#	79,229	80,261	81,144	> 80,000	<ul style="list-style-type: none"> <li>883 will be planted within the Valamar 80,000 trees program.</li> </ul>
5	WASTE RECYCLING RATE HIGHER THAN EU AVERAGE	REDIRECTED WASTE RATE		[%]	46.30%	53.10%	> EU avg	> EU avg	<ul style="list-style-type: none"> <li>Additional biocomposters were installed at new properties, total of 347 t of biowaste was produced. Various activities to increase waste separation are planned.</li> </ul>
6	LOW WATER WITHDRAWAL INTENSITY (0.55 M <sup>3</sup> /OCC. ROOM)	WATER WITHDRAWAL INTENSITY	ENSURE RESPONSIBLE WATER AND WASTE MANAGEMENT	[M <sup>3</sup> /OCC. ROOM]	0.55	0.55	0.55	0.55	<ul style="list-style-type: none"> <li>Continued optimization of water consumption - additional education for employees and more control over loss in the water supply system.</li> </ul>
7	REMOVING SINGLE-USE PLASTIC	SINGLE-USE PLASTIC USAGE		[KG / OCC. ROOM]	0.07	0.06	0.05	0	<ul style="list-style-type: none"> <li>Continuation of single use plastic items replacement in operations.</li> </ul>
<b>SOCIETY</b>									
8	SHARE OF DOMESTIC EMPLOYEES 70%	DOMESTIC EMPLOYEES	EMPOWER EMPLOYEES	[%]	87%	83%	77%	70%	<ul style="list-style-type: none"> <li>Ongoing program to attract and retain domestic employees</li> </ul>
9	SHARE OF LOCAL FOOD 80%	SHARE OF LOCAL FOOD AND BEVERAGES	DEVELOP DESTINATIONS	[%]	78%	78%	79%	80%	<ul style="list-style-type: none"> <li>Local family farms and active cooperation in the field of ESC with suppliers.</li> </ul>
10	ESG INVESTMENTS WORTH EUR 50 MILLION	TOTAL ESG INVESTMENTS	DEVELOP DESTINATIONS	[€M]	13.1	13.4	14	15	<ul style="list-style-type: none"> <li>We continue to invest in tourism infrastructure, employee education and local communities</li> </ul>
<b>GOVERNANCE</b>									
11	SHARE OF RESPONSIBLE SUPPLIERS 80%	VALUE SHARE OF RESPONSIBLE SUPPLIERS	IMPLEMENT RESPONSIBLE GOVERNANCE	% OF SUPPLY VALUE	-	20%	40%	80%	<ul style="list-style-type: none"> <li>Engagements with suppliers; sustainability clause and the Supplier Code of Conduct was introduced in contracts; the project of sustainable sea products with WWF continues.</li> </ul>
12	100% OF PROPERTIES WITH SUSTAINABILITY CERTIFICATES	SUSTAINABILITY CERTIFICATES		% OF ASSETS	100%	100%	100%	100%	<ul style="list-style-type: none"> <li>Continue sustainability certifications.</li> </ul>

At Padova Premium Camping Resort 4\* on the island of Rab, 33 new energy-efficient mobile homes –camping homes and chalets Hilltop Green – have been set up. These modular properties have been designed and constructed following the highest green building standards with the use of wood as the most sustainable building material. All lighting, household appliances and electronic devices are of a high energy efficiency standard, and the outlet openings for water have been equipped with systems to reduce water consumption.

Valamar and WWF Adria, the regional branch of the World Wide Fund for Nature, presented the achievements of their joint initiative for preserving the Adriatic Sea and promoting sustainable fishing, which began in 2023. This cooperation between Valamar and WWF Adria is the first of its kind in the tourism sector in Croatia. In line with WWF Adria's recommendations, Valamar has completely excluded endangered species such as sharks,

rays and swordfish from its offer. Also, significant cooperation has been achieved with the local fishing cooperative from Komiza, which has thus attracted young new fishermen and ensured the long-term sustainability of its business. This example of good practice initiated by Valamar with WWF Adria represents an excellent direction towards preserving the health of ecosystems and reducing environmental impact as a prerequisite for long-term sustainability.

### Society

As the leading investor in Croatian tourism, Valamar has invested around EUR 915 million into the sector over the past two decades, repositioning the portfolio towards high-quality with added value. Over the last seven years, Valamar has remained the best employer in Croatian tourism. In the current year alone, an additional EUR 25



million has been allocated towards enhancing employee wages and benefits. Socially responsible investments, comprising 3-5% of annual revenue, are prioritized for employee advancement, student scholarships, and the development of tourism infrastructure such as promenades, bike paths, playgrounds, and beaches. Additionally, support for cultural and sporting events in destination, alongside numerous community initiatives, underscore Valamar's commitment to enhancing local quality of life. The company's dedication to environmental protection and energy transition has earned it accolades at the European level, positioning it as a prominent leader in sustainable tourism practices.

In 2024, Valamar continues its substantial investment in its workforce, exemplified by an agreement with social partners to increase basic salaries for over 5,000 employees. Professional positions can expect remunerations ranging between 1,400 and 2,000 euros net during peak season. Furthermore, Valamar plans to create an additional 400 permanent job opportunities this year. Through the "Live the Destination" initiative, employees residing in destination areas or opting for permanent relocation stand to benefit from an extra EUR 400 net, incentivizing year-round employment and local engagement.

Valamar has again been named the most desirable employer in tourism and is still the only tourism company on the list of the 20 best Croatian employers - according to the latest research conducted by Alma Career Croatia, which manages the MojPosao portal. This nineteenth research in a row covered more than 25,000 respondents and was carried out in 2023. For the seventh consecutive year, Valamar has been the only tourist company on the TOP Croatian employers list.

In March 2024, Valamar again hosted the esteemed Istarska Rivijera, Croatia's oldest international tennis tournament, reaffirming its dedication to fostering sports development and promotion within the communities it operates in. The company remains committed to ongoing investments in infrastructure and sports facilities, ensuring that its destinations remain highly desirable for sports and leisure enthusiasts alike.

In June 2024, Valamar hosted the WTA Makarska Open hosted by Valamar tennis tournament for the third time. This tournament took place at Valamar's tennis center in the very heart of Makarska. This year's tournament was the 18th tournament in a row and it was held in Makarska for the third time. The tournament is very important for its organizers and the local community alike. Namely, seven top Croatian female tennis players as well as numerous female tennis players from the top 100 participated in this year's event, which greatly contributes to the promotion of Makarska as a tourist sporting destination. Valamar takes special care about continuing to promote tourist infrastructure accessible to all as well as to improving the quality of life in the communities in which it operates.

VALAMAR WAS AWARDED NUMEROUS RECOGNITIONS FOR ENVIRONMENTAL PROTECTION AND ENERGY TRANSITION

IN COOPERATION WITH UNICEF, A SERIES OF ONLINE TRAININGS ABOUT POSITIVE PARENTING FOR PARENTS OF CHILDREN AGED 0 TO 8 ORGANIZED

At the natural scenic viewpoint within Bike Park Rabac, Valamar set up a resting area for cyclists and nature lovers. By refurbishing this resting point for cyclists and nature lovers who engage in outdoor activities, Valamar has additionally enhanced the offer of Bike Park Rabac enabling visitors to have a break and take a photo of the beautiful landscape. By building the bile center Rabac, Valamar has enabled its guests and the local community to make use of a unique center offering services and facilities to all types of cyclists.

Valamar's socially responsible project "Valamar Takes Care about Delicious Lunches" was organized in order to meet the challenges faced by schools and school children parents in trying to organize healthy meals for students. The project was also supported by the Istra County's Teaching Institute of Public Health. Out of 20 schools from Istria, Rijeka and its surroundings and the island of Krk that submitted applications for this call, the two first-ranked schools from Labin, i.e. Matija Vlačić Elementary School and Liče Faraguna Center, were rewarded with healthy Valfresco meals made from local produce for the entire school year 2023/2024. Four more elementary schools also received awards. Valamar awarded children from the second-ranked Poreč Elementary School with a "Healthy Food Day", within which more than 600 students and teachers got a healthy Valfresco snack, which was served to students after a joint walk organized at the beginning of the day within the "Walking Keeps you Healthy" program. The third-ranked students from Nikola Tesla Elementary School from Rijeka visited Valamar Girandola Resort, while students from Ivo Lola Ribar Elementary School from Labin, whose creative video about healthy food was ranked fourth, visited Zvijezdana Križmanić Family Farm, one of more than a hundred family farms that cooperate with Valfresco Direkt. The fifth-ranked school, Jože Šuran Elementary School from Višnjan, was awarded with the landscaping of an aromatic garden with indigenous plants, which was planted at the branch school in Vižinada.

Valamar joined forces with UNICEF, the global organization for the promotion and protection of children's rights worldwide, to empower its employees and help them cope with the challenges of parenting. In cooperation with UNICEF, the company organized a series of online trainings about positive parenting for parents of children aged 0 to 8 and workshops for parents of teenagers.

In Poreč and Rabac, Valamar organized workshops on how to approach guests with disabilities. Workshops were organized by the Center for Value Development association, and the goal is to educate tourism employees about the needs of guests with various physical impairments.

The Ana Rukavina Foundation and Valamar organized a campaign for the registration of donors in the Croatian Registry of Voluntary Donors of Hematopoietic Stem Cells, in which 402 citizens of Poreč volunteered, among whom a large number of Valamar employees. The goal of the campaign was to help a two-year old boy who lives near Poreč as well as a number of sick persons who search for a matching donor.

## Governance

Valamar's commitment to sustainability is underscored by the array of certifications and accolades bestowed upon Valamar Group and properties by certification bodies and organizations.

Sustainability certificates are an independent confirmation of Valamar's adherence to rigorous standards of environmental protection and social responsibility. They affirm our dedication to incorporating ecological considerations, health and safety protocols, labor and human rights principles, and community welfare into our business decisions. In 2024, Valamar also continues with the certification of its properties. This quarter we have made all necessary preparations so that our properties can continue to uphold ISO 9001 quality certifications, ISO 14001 environmental certifications and ISO 50001 energy management standard as well as to uphold the Travelife sustainability certifications for 28 hotels, the EU Ecolabel recognition for 6 campsites, and a notable tally of 16 Blue Flag certifications for our beaches.

In 2024, Valamar continues cooperating with its partners according to sustainability criteria as well as raising supplier awareness by collecting data and changing product packaging materials. Valamar continues fostering cooperation with sustainable suppliers by ongoing efforts to eliminate disposable plastic from our properties, and by the administration of ESG surveys. Based on the data collected, Valamar develops criteria, policies and cooperations whereby it aims to ensure that 80% of our procurement value is sourced from responsible and sustainable suppliers by 2025. To this end, we've introduced a Supplier Code of Conduct, outlining fundamental principles for ethical conduct among Valamar's partners to foster responsible operations and contribute to sustainable business practices.

The Croatian Green Building Council, the national partner of the DGNB System for Croatia, which is the leading international certification system for green building, has awarded Valamar Amicor Green Resort on the island of Hvar a gold precertificate for the sustainable construction of standalone villas. This makes Valamar the first tourism company on the path to a gold sustainability certificate, and Valamar Amicor Green Resort the first such resort in this part of Europe.

THE GOAL BY  
2025 IS TO  
ACHIEVE THAT  
80% OF THE  
PROCUREMENT  
VALUE  
COMES FROM  
RESPONSIBLE  
AND  
SUSTAINABLE  
SUPPLIERS

VALAMAR GROUP  
EMPLOYED  
ALMOST 7,200  
EMPLOYEES ON 30  
JUNE 2024

The leading European camping organization ACSI has awarded Krk Premium Camping Resort by Valamar the Award for Best Campsite in Croatia in the Best Campsite 2024 category, based on votes from European campsite guests.

Valamar's reservation center was named the best in Croatia in 2023. At the Annual CX.hr Portal Awards held in June 2024, Valamar's reservation center won first place in the category "Contact Center with 31 or More Workstations," confirming the exceptional effort, dedication, and excellence demonstrated daily in working with guests.

Valamar places great importance on cultivating trust among the public, employees, investors, institutions, and partners through open communication and corporate social responsibility. The support of key stakeholders is of utmost importance to Valamar, which was especially evident during the recent challenging period when Valamar was able to safeguard all jobs and ensure the long-term sustainability of its business. Valamar published its integrated report for 2023 within the statutory timeframe in the first half of 2024, accessible through the following link: <https://valamar-riviera.com/en/media/integrated-annual-reports/>.

Valamar has adopted its sustainable business development strategy until 2026, with a EUR 450 million investment plan aimed at building premium resorts of Pical and Rab, further enhancement of the quality level of its hotels and campsites, internationalization and investing in socially responsible and sustainable tourism projects. The new strategy is geared towards leisure tourism that is beneficial for its destinations, employees, guests and local communities, while generating new value for investors.

## HUMAN RESOURCES

This year too, Valamar has hired the necessary workers for the season, and accommodation has been provided for all employees who come to work in our destinations. One of Valamar's goals is to effectively onboard new employees. ValamarGO! Program has been held in all destinations to prepare the new employees for a successful start. Employees in the kitchen, restaurant, and reception had the opportunity to learn from the best mentors at Valamar and undergo an intensive training over 5 days.

Valamar is one of the largest employers in Croatia. As of 30 June 2024, the Valamar Group employed a total of 7,184 employees, of which 2,706 permanent employees and an additional 2,166 employees with a fixed-term contract receiving year-round income through the Permanent Seasonal Employee measure. On that same day, the

Company had 5,448 employees, of which 2,115 permanent employees and an additional 1,690 employees with year-round income.

Significant investments in Valamar's employees have continued. In agreement with its social partners, Valamar is increasing the basic salary for more than 5,000 employees. The salaries for professional positions – chefs, waiters, receptionists and several other positions in hotels, campsites and resorts – are also increasing and will amount from EUR 1,400 to 2,000 net in the high season. Housekeepers, assistant chefs, assistant waiters, kitchen staff, servers and other positions will receive between EUR 1,000 and 1,300 in the high season.

This year, Valamar has once again been recognized as the most desirable employer in the tourism and hospitality sector and is the only tourism company on the list of top 20 Croatian employers.

As was the case in the previous years, Valamar is continuing with a series of reward programs designed to reward excellence, dedication and outstanding results. Apart from salary increases, several initiatives have been launched to improve the working conditions in tourism and to adapt the jobs in Valamar to the new trends and employee needs. As of this year, employees who live in our destinations and employees who permanently move to our destinations will receive an additional EUR 400 net within the "Live the Destination" measure, whereby Valamar incentivizes year-round local work and local employment and offers a range of benefits to its employees. This includes, e.g., the "Roof Over Your Head" program, which offers to permanent employees and permanent seasonal employees in the V+3 program the possibility to be eligible for an add-on of up to EUR 500 per month for rent as well as discounts on more than three hundred points of sale.

In the last 5 years, EUR 18.5 million has been invested in building high-quality accommodation for seasonal workers called Valamar House. Five such employee hotels are available to seasonal employees at two locations in Poreč, and in Krk, Rabac and Dubrovnik. Throughout the years we have been investing in this project, improving our concept of providing modern high-quality accommodation and meals for seasonal employees during their stay in the destination where they work.

To increase the number of employees who have a year-round income, Valamar offers its seasonal employees the opportunity to participate in the Permanent Seasonal Employee measure, which has been implemented in cooperation with the Croatian Employment Service. This measure makes employees eligible for monetary compensation during winter months when they do not work, and to receive prolonged pension insurance

VALAMAR  
CONTINUES  
WITH A SERIES  
OF REWARD  
PROGRAMS  
THAT  
SPECIFICALLY  
REWARD  
EXCELLENCE

payments. In addition, Valamar employees can work during winter in Valamar hotels on ski resorts in Austria, and ensure a year-round income this way.

From the very beginning, Valamar has been involved in the Program of Boosting the Education of Hospitality and Tourism Workforce, implemented by the Ministry of Tourism and Sports, which is used to co-finance the scholarships for students of vocational tourism and hospitality schools. Valamar is the largest provider of scholarships in Croatia. In the school year 2023/2024, Valamar has given scholarship to 156 high school students and 37 college students.

Valamar, as an employer, is involved in a wide range of activities aimed at motivating the current and future elementary and high school students and college students to pursue education for jobs in tourism. This includes presentations to students, showcasing career opportunities in tourism. Seven such meetings with elementary and high schools and nine with colleges have been held this year. In these types of presentation of Valamar, all students have the chance to hear from Valamar employees directly what it is like to work in the biggest Croatian tourism company and learn everything about the benefits and career development at Valamar. Besides organizing such presentations, the Company actively participates in improving education quality by having Valamar's specialists and mentors give lectures in schools. Students can also visit Valamar's hotels and campsites to gain firsthand knowledge about the actual needs and working requirements. Valamar continues its business training program in tourism and hospitality, the V-Executive, in collaboration with five Croatian higher education institutions: the Faculty of Economics and Business of the University of Zagreb, the Faculty of Economics and Tourism in Pula, the Faculty of Tourism and Hospitality Management in Opatija, the Faculty of Economics in Split and the University of Dubrovnik. The two-year business training program V-Executive offers Valamar employees a comprehensive knowledge and skillset necessary for a successful career in the tourism and hospitality industry. The program V-Executive started at the beginning of this year; 6 modules have been completed so far. The program is designed with a total of 20 modules divided into 7 thematic units, and its goal is to familiarize the attendees with new trends, enable new knowledge transfer about the industry and teach attendees how to apply innovations, all in line with an organizational culture focused on knowledge and progress.

The Company and the Group have systematically and continuously invested in developing human resources. This includes a comprehensive strategic approach to HR management, a transparent recruitment process, clear goals, measuring employee performance, investing in employee development and career advancement and encouraging two-way communication.

Bunculuka Camping Resort 4\*, Krk island



# The Risks of the Company and the Group

Tourism is a global industry, closely connected with the real and financial economy, geopolitical position and environmental sustainability. The integrity of this industry will determine its future growth. Given the importance of tourism and its overall impact on society, the Company and the Group monitor and assess risks at micro and macro levels. Moreover, when defining the strategy, particular attention is given to the short and medium-term risk impact in order to maintain business sustainability over time.

When monitoring and assessing risks the Company and Group use a proactive approach thus assessing the potential impact of each individual risk. The Company and Group consider risk management to be a key factor of differentiation among competitors. Risk management aims at creating sustainable value, thus offering reliability and security to numerous stakeholders.



## 5

### KEY STEPS IN RISK MANAGEMENT PROCESS

There are five key steps in a risk management process:

- 1) Identifying potential risks;
- 2) Assessing identified risks;
- 3) Determining actions and responsibilities for efficient risk management;
- 4) Monitoring and overseeing preventive actions;
- 5) Exchanging information on risk management results conducted by the Management board.

The different types of risks facing Valamar can be classified into the following groups:

- Financial risks - related to financial variables, can have a negative impact on meeting liabilities for the company and the Group, liquidity, debt management etc.;
- Business risks - related to the way company business is conducted in terms of supply and demand, competition, adapting to market trends, investments, growth etc.;
- Operational risks - can arise from inadequate use of information, errors in business operations, non-compliance with internal procedures, human error, IT system, financial reporting and related risks, etc.;
- Global risks - can arise from natural disasters, pandemics, food shortage, social unrest, wars and other force majeure events beyond Valamar's control;
- Compliance risks - can arise from failure to comply with state laws and local regulations; risks related to changes in tax and other regulations.

## FINANCIAL RISKS

In their day-to-day business activities, the Company and Group face a number of financial threats, especially:

- 1) Foreign exchange risk;
- 2) Interest rate risk;
- 3) Credit risk;
- 4) Price risk;
- 5) Liquidity risk;
- 6) Share-related risks;
- 7) Risk of inflation and increase in prices of purchased goods.

The Company and Group have a proactive approach in mitigating interest rate and foreign exchange risks, by employing available market instruments. Internal risk management goals and policies aim at protecting foreign currency inflows during seasonal activity and partial interest hedging of the principal loan amount.

### 1) Foreign exchange risk

The Company and the Group operate internationally and are exposed to currency risks. Until 1.1.2023, the currency risk was mainly due to the changes in the nominal exchange rate of euro/kuna. Namely, a large part of liabilities was expressed in euros, while most sales revenues were historically realised in euros as well. At the level of the Company and the Group, the business with other currencies accounts for less than 1% of the total turnover. After the introduction of the euro as the national currency, a significant currency risk exposure is no longer expected.

### 2) Interest rate risk

Variable rate loans expose the Company and Group to cash flow interest rate risk. Actively, the Company and Group resort to derivative instruments in order to hedge cash flow and interest rate by applying interest rate swaps. The economic effect of such swaps is the conversion of variable interest rate loans into fixed interest rate loans for a precommitted hedged part of the loan principal. Therefore, a major part of the loan portfolio is comprised of long-term fixed interest loans or, respectively, loans hedged by a derivative instruments (IRS). The Company and Group have interest-bearing assets (cash assets and deposits) so their revenue and cash flow depend on changes in market interest rates. This becomes evident especially during the season when the Company

and Group have significant cash surpluses at their disposal. The Company and the Group expect a limited impact from the increased interest rate volatility consequent to the recent coronavirus pandemic, since almost entire Group's loan portfolio is made up of long-term fixed-rate loans or loans protected by derivative instruments (IRS).

### 3) Credit risk

Credit risk arises from cash assets, time deposits and receivables. According to the Company and Group sales policy, business transactions are conducted only with customers with suitable credit history, i.e. by agreeing advances, bank securities and (for individual customers) payments made through major credit card companies. In order to reduce credit risk, the Company and the Group continuously monitor their exposure to the business parties and their creditworthiness, obtain instruments for securing receivables (bills of exchange, debentures and guarantees), thus reducing the risks of uncollectability of their receivables for the services provided. In view of the negative effects of COVID-19, inflationary development and the growth of interest rates on the customers of the Company and the Group, especially tour operators and travel agencies, the impact of the currently unfavourable circumstances on the related parties is being closely monitored, while actively reviewing the credit ratings and their potential to overcome current challenges.

### 4) Price risk

The Company and Group hold equity securities and are exposed to equity price risk due to security price volatility. Valamar is not an active participant in the market trade in terms of trading in equity and debt securities. However, with investments in buying Imperial Riviera and Helios Faros shares, the company is exposed to the said risk to a certain extent.

### 5) Liquidity risk

The Company and Group have a sound liquidity risk management. Sufficient funds for meeting liabilities are available at any given moment through adequate amounts from contracted credit lines and by ensuring credit line availability in the future. Liquidity risk is managed by generating strong positive net operating cash flows, while capital investments are financed by credit lines. Credit lines for 2020 and 2021 have been contracted with reputable financial institutions, while credit repayments in general are in line with the period of significant cash inflows from operating activities. The repayment of the major credit lines coincides with periods of strong cash inflows from operations. The Company and Group monitor

the level of available funds through daily cash and debt reports. Long-term cash flow forecasts as well as annual (monthly) forecasts are based on the set budget. After meeting the needs of working capital management the surplus is deposited in the treasury. From there the funds are invested in current accounts, time deposits, money market deposit accounts and marketable securities. Only instruments with suitable maturities and sufficient liquidity are selected, according to the forecast needs for liquid funds.

#### 6) Share-related risks

The market value of shares is the riskiest asset class due to its volatility resulting from the volatile nature of the whole capital market, macroeconomic trends on markets where the Company and Group operate and discrepancies between the expectations of financial analysts and the actual results. Furthermore, other contributing factors are also changes in the dividend policy, various activities in the segment of consolidations, mergers, acquisitions and forming of strategic partnership, the instability of the business model of the Company and Group as well as the fluctuations in the financial results for the Company and Group. In case any negative implications happen to be associated with these factors there is a considerable risk of market value drop that will in turn prevent investors from selling their shares at a fair market price.

#### 7) Risk of inflation and increase in prices of purchased goods

COVID-19 pandemic and related movement restrictions as well as supply disruptions, along with strong rising energy prices and the war in Ukraine, have induced global inflation and rising prices at the end of 2021, with a noticeable influence to this day.

The prices of goods and services for personal consumption measured by the consumer price index, according to the first estimate in June 2024 compared to June 2023, are on average 2.4 percent higher (source: Croatian Bureau of Statistics (CBS)).

Given the weakening impact of past shocks and the stronger influence of favourable base effects compared to the beginning of the year, the CNB expects a slowdown in the annual inflation rate of consumer prices in the coming months. This expectation is supported by a significant easing of inflationary pressures stemming from the trends in the earlier stages of the pricing chain. It is still projected that the average annual inflation rate for consumer prices in Croatia could in 2024 slow down to 3.5% (down from 8.4% in 2023), reflecting the expected decrease in inflation across all major components, especially core inflation (both service price inflation and industrial product price inflation) as well as food price inflation.

Inflation and rising prices of purchased goods may have an effect on the purchasing power of foreign and domestic guests, as well as on the level of our selling prices. The Company and the Group have also been exposed to the impact of the changes in the purchase prices for energy products (especially electrical energy) as well as prices for food and beverages and consumables. The Company and the Group have been continually making considerable investments in energy efficiency and renewables in order to mitigate the impact of a possible increase in energy prices as well as to decrease their dependence on suppliers. The Company and the Group have a very high share of direct channels and other online channels in total sales, and sales prices are largely formed dynamically, during the year. Accordingly, the Company and the Group have the flexibility to manage selling price levels.

## BUSINESS RISK

The Company and Group are constantly exposed to risks threatening its competitiveness and future stability. Since the Company and Group own significant number of real estates, this business model requires a large amount of capital in order to maintain high product and service standards. Various large capital investments in the upgrade of products and services can surpass budget expectations, delay the end of construction works, as well as the town-planning regulations and fiscal policy may be changed. These risks can increase costs for the Company and Group, and have a negative impact on the cash flow and revenues. In the previous period, the company and Group's business decisions improved their results in the demanding Mediterranean market. These positive trends are expected to continue in the future through a prudent long-term strategic management.

Around 90% of Valamar's guests come from other countries and they are very careful when choosing their vacation destination in the competitive Mediterranean environment. Stable domicile countries macroeconomic indicators are important decision-making factors especially those relating to exchange rates and the price of goods and services because they directly affect the guests' purchasing power.

However small, the share of domestic guests is also important; it is a segment directly influenced by various other macroeconomic indicators: employment/unemployment rate, GNP rise/ fall, industrial production and others. They all have a direct impact not only on the purchasing power of Croatian residents, but they also determine whether they will choose to spend their vacation in one of our properties.

When considering risks related to the tourism and hospitality industry, in previous years, the Croatian economy has been afflicted by the consequences of a global financial crisis and economic standstill. In this period, the tourism and hospitality industry has been among the rare growing industries in Croatia. Moreover, the marked seasonality of this industry leads to insufficient use of the Company and Group's resources. After joining the European Union, the Croatian market became part of a large European market, while safety risks decreased after joining the NATO. Good management of human resources is vital for the future growth of the Company and Group. Risks related to shortages of specific skills, expertise and jobs are connected with the opening and expansion of the labour market. Valamar Riviera is one of the largest and most desirable employers in tourism. The active approach towards HR management develops key talents and supports investments in training opportunities. We determine the needs for new skills and expertise by following emerging global trends in tourism. In this way, we are able to respond to challenges effectively. Through a continual dialogue with our social partners, we have ensured a high level of workers' rights in terms of competitive salaries, reward systems, career development, employees' wellbeing and cooperation with training institutions from all parts of Croatia.

The Company is the respondent in two court proceedings from which potentially significant financial obligations for the Company may arise.

The first lawsuit from 2010 is related to the payment for the works on hotel Lacroma during its reconstruction and extension. In 2013, the Commercial Court issued a verdict rejecting the plaintiffs' claims in their entirety. In 2020, the High Commercial Court of the Republic of Croatia overturned the first-instance verdict, and the case was returned for retrial. In the repeated proceedings, the Commercial Court, by the verdict from May 2023, largely accepted the claim and the Company is charged with the payment of principal in the amount of EUR 2,264,861.17 and litigation costs in the amount of EUR 702,752.22 as well as the corresponding statutory default interest. In the appeal procedure, the High Commercial Court of the Republic of Croatia on 31 January 2024 adopted a final verdict in favour of the Company whereby it altered the verdict of the Commercial Court of Dubrovnik from May 2023 and rejected all the claims of the plaintiff as unjustified. The claimants submitted a motion for permission to file a second appeal regarding the judgment of the High Commercial Court of the Republic of Croatia dated 31 January 2024, to which the company submitted its response. The company has not yet made provisions in its business ledgers or booked the expenses for this dispute.

The second lawsuit from 2012 also refers to the payment for the works on hotel Lacroma. The first-instance verdict of the Commercial Court from 2015, later confirmed in the second

instance by the High Commercial Court in 2019, rejected the plaintiff's claim. However, on 4 July 2023, the Supreme Court of the Republic of Croatia overturned the verdicts of the Commercial Court and the High Commercial Court and returned the case for retrial. Based on the receivables referred to in the plaintiff's claim, the principal in this case amounts to EUR 1,498,608.42. In February 2024, in repeated proceedings, the Commercial Court in Dubrovnik passed the first-instance verdict in favour of the Company. On 26 March 2024, in the appellate procedure on the claimant's appeal, the High Commercial Court of the Republic of Croatia delivered a final judgment against the company, whereby it varied the judgment of the Commercial Court of Dubrovnik from February 2024 and found in favour of the claimant. On 28 May 2024, the company submitted a motion to appeal the judgment of the High Commercial Court of the Republic of Croatia. On 23 May, based on the final and enforceable judgment of the High Commercial Court of the Republic of Croatia, the transfer of funds from the company's account to the account of the Financial Agency was carried out. On 3 June 2024, the company petitioned the competent court to postpone issuing orders to banks regarding transferring the seized funds. On 4 July, the Municipal Court of Pazin issued an order instructing the Financial Agency to postpone orders to banks regarding the transfer of the seized funds until the Supreme Court of the Republic of Croatia delivers its judgment on the above motion. In the second quarter of 2024, the company booked expenses amounting to EUR 4.1 million for the principal amount and the default interest relating to this dispute.

In 2023, the Company initiated an administrative dispute to annul the Decision of the Ministry of the Sea, Transport and Infrastructure, adopted after inspection supervision of economic use of the maritime domain in the area of the Ježevac camping on the island of Krk. This Decision includes a ban on the provision of accommodation services on several cadastral parcels and a ban on the provision of anchoring services. In 2024, a non-final judgment was delivered against the company, and the company appealed against this judgment to the competent court. In July, the Ministry of the Sea, Transport, and Infrastructure accepted the Company's proposal to reopen the proceedings and lifted the ban on providing accommodation services in Ježevac camping. In the fourth quarter of 2023, the Company made provisions for this case amounting to EUR 130,0000 and it will continue to pursue future legal proceedings in this matter.

## OPERATIONAL RISKS

Operational risks are risks connected with direct or indirect losses that arise from inadequate or wrong internal or external processes within the Company and the Group. They include the creation and analysis of financial reporting data (also known as "financial reporting risk") and also the potential insufficient and inadequate internal and external information sharing. When implementing the system of operational risk management, the Company and Group focused



on its continuity and complexity due to the size of the organization. The benefits of the system include i) defining and identifying the Company and Group risk profile in relation to the operating risk ii) identifying and managing the known risk occurrences in order to decrease the Company and Group costs and iii) data analysis which indicates the business trends for the Company and Group and trends in the domestic economy. The Company and Group are aware of the reliability of IT business solutions and safety in the cyber world. Hence, they continually upgrade, develop and implement new technologies and protective mechanisms in everyday business operations. A special focus is given to providing sufficient resources for the development and implementation of new technologies related to ICT, data protection, and upgrade of the current business systems and implementation of new ones.

## GLOBAL RISKS

Despite improved security and political conditions, which have encouraged to a certain extent investments into tourism and hospitality, there are challenges that the Croatian tourism has to face, such as:

- Periods of global economic and financial crisis which reduce the purchasing power of the travelling-prone population;
- Security and political issues related to global terrorism threats;
- Security and political instability in the immediate environment of the neighbouring countries.
- geopolitical risks connected with the Russian invasion of Ukraine in February 2022.

Environmental risks can also have an adverse effect on the Company and Group's business results, primarily in terms of customer satisfaction with the whole experience while staying at one of Valamar's properties and this can affect the number of arrivals. The possible risks can include: sea pollution (caused by oil or chemical spillage), but also long-term water quality reduction and coast pollution due to inadequate waste disposal and waste water treatment as well as extensive use of agricultural fertilizers. Other environmental conditions typical for climate changes such as long drought periods or long rainy periods can directly influence the guests' length of stay in the hotels and campsites as well as increasing the operating costs. A number of other natural disasters and calamities (earthquakes, fires, floods and rainstorms), air pollution caused by toxic gas emissions from industrial plants and vehicles, as well excessive urbanization and the introduction of plant and animal invasive species should also be taken into consideration. Likewise, disease outbreaks and pandemics can adversely affect Valamar's business results. In order to minimize their impact, Valamar is actively tracking pandemic and health risk levels worldwide,

especially on its source markets, and taking proactive steps in their management. The COVID-19 pandemic is a recent example of the operational and financial disruption to the global economy, especially tourism flows, since almost all global destinations were blocked by travel restrictions. The emergence of exceptional circumstances in the Republic of Croatia and the introduction of extraordinary measures to prohibit gatherings, movements and the operation of restaurants and shops, all with the primary objective of protecting the population from the risk of contagion, resulted in the expected consequential and immediate disruption of the Company's and the Group's operations, cancellation of accommodation and other contracted services by partner agencies and guests.

The risks related to Russia's invasion of Ukraine in February 2022 are still present. The source Russian and Ukrainian markets historically made up a maximum of 2% of Valamar's turnover so their disappearance has been compensated by other source markets.

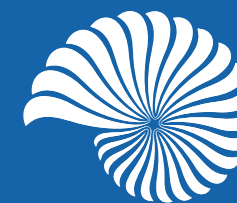
## REGULATORY RISKS

Changes in tax laws and other regulations pose a very serious threat and represent a demanding segment in risk management because in this particular situation the possibilities for the Company and Group are limited.

Frequent changes in laws regulating taxes and parafiscal charges often take place only after the business policy and budget for the next financial year have been approved and commercial terms and conditions with partners agreed. All this jeopardizes the Company and Group financial position and future investment plans as well as credibility towards shareholders. One of the recent examples is the introduction of the Law on Additional Profit Tax from December 2022.

The Company and Group are also threatened by changes in regulations governing concession fees for maritime domain and tourism land use, the latter still presenting unresolved legal issues. Given the nature of the Company and Group's business, the right to use parts of the maritime domain as well as land for tourism purposes is of vital importance for future growth, especially for campsite-related operations.

Valamar Collection Imperial Hotel 4\*, Rab island



# Corporate Governance

The Company and the Group continuously strive to develop and operate according to good corporate governance practices. The business strategy, corporate policy, key corporate by-laws and business practice have set a high standard of corporate governance and are all geared towards creating a transparent and efficient business operation while forging solid bonds with the local community. The Management Board fully complies with the provisions of the adopted corporate governance acts. After the company was listed on the regulated market of the Zagreb Stock Exchange, the Company also complied with the Zagreb Stock Exchange Corporate Governance Code.

The Company complies with and implements the prescribed corporate governance measures, as reported in more detail in the annual questionnaire published on the Zagreb Stock Exchange and Valamar Riviera websites as prescribed (2023 questionnaire available at <https://valamar-riviera.com/media/482338/corporate-governance-code-compliance-questionnaire-2023-pdf.pdf>). The Company adopted its Code of Business Conduct and policies that make an integral part of this Code, whereby it aligned its internal corporate governance rules with the Zagreb Stock Exchange Corporate Governance Code. The Code of Business Conduct is available at the Company's corporate website (<https://valamar-riviera.com/media/479268/code-of-business-conduct-valamar-riviera-dd-october-24-2023.pdf>).

According to the data from the Central Depository and Clearing Company, significant direct holders of the Company's shares and the holders of shares who are also members of the Management Board and members of the Supervisory Board of the Company are the following persons: Supervisory Board Chairman Mr. Franz Lanschützer, who is the holder of 4,448,000 shares; Deputy Chairman of the Supervisory Board Mr. Mladen Markoč, who is the holder of 46,267 shares; member of the Supervisory Board Mr. Gustav Wurmböck, who is the holder of a 100% stake in the company Wurmböck Beteiligungs GmbH, which is the holder of 25,040,000 shares; member of the Supervisory Board Mr. Georg Eltz, who is the holder of a total of 6,630,511 shares, of which he directly holds 20,463 shares, and indirectly, through a stake in the company Satis d.o.o., 6,610,048 shares; member of the Supervisory Board Mr. Boris Galić, who is the holder of 10,000 shares; member of the Supervisory Board Mr. Ivan Ergović, who is the holder of 3,579 shares; member of the Supervisory Board, Ms. Gudrun Kuffner, who is holder of 3,000 shares; President of the Management Board Mr. Željko Kukurin, who is the holder of 209,192 shares; member of the Management Board Mr. Marko Čižmek, who is the holder of 111,035 shares; and member of the Management Board Ms. Ivana Budin Arhanić, who is the holder of 77,991 shares.

THE GROUP HAS  
ESTABLISHED  
HIGH STANDARDS  
OF CORPORATE  
GOVERNANCE  
IN ORDER  
TO OPERATE  
TRANSPARENTLY  
AND EFFICIENTLY

The Company defined the process of preparing and publishing its financial statements in a detailed internal document. Within this document, the financial reporting procedure is set within a system of internal review and risk management. Additionally, in order to monitor and mitigate the financial reporting risk, the Company uses the measures described in the chapter 'The Risks of the Company and the Group'.

The Companies Act and the Company's Articles of Association define the General Assembly's authority and prescribe how it meets and works. The meeting invitation, proposals and the adopted resolutions are made public according to the provisions of the Companies Act, Capital Market Act and the Zagreb Stock Exchange Rules. There is a time limit related to the voting right at the General Assembly: according to the provisions of the Croatian Companies Act, shareholders are required to register their participation within the prescribed time limit in order to attend the General Assembly. Under no circumstances can the financial right arising from securities be separated from holding the securities. There are no securities with special control rights nor are there any limitations to voting rights at the Company (one share, one vote).

The Company's Articles of Association comply with the Croatian Companies Act and the provisions of the Procedure of Appointment, i.e. the Election and Profile of the Management Board and the Supervisory Board and they define the procedure of appointing and recalling members of the Management Board and Supervisory Board. There are no limitations based on gender, age, education, profession or similar. The Companies Act determines any amendments to the Company's Articles of Association, without any additional limitations. The Management Board members' authority fully complies with the provisions referred to in the Companies Act and it is defined in more detail by the provisions of the Articles of Association and the By-Laws on the Work of the Management Board.

The Company acquires treasury shares based on and in accordance with the conditions determined by the General Assembly's decision on the acquisition of treasury shares dated 9 May 2019 which has been in force as of 17 November 2019. The Company does not have a share-buyback programme or an employee share ownership plan. The Company holds and acquires treasury shares as a form of rewarding management and key managers pursuant to the Company by-laws regulating rewarding plans and to make dividend pay-out in rights, i.e. to give the Company's shares to equity holders.

Following the adopted long-term plan for rewarding key management by giving them treasury shares in the period from 2023 to 2026, which is aimed at increasing loyalty, focusing on business targets' achievement and shareholder value increase, key managers were rewarded with treasury shares on 12 March 2024. In order to make the payout of this reward to key managers, a total of 426,160 treasury shares were disposed of. After making this disposal of treasury shares in the first quarter, the Company now holds 2,990,862 treasury shares in total, which makes 2.3732% of the Company's share capital.

### THE COMPANY'S CORPORATE BODIES ARE:

The Management Board: Mr. Željko Kukurin, CEO, and Mr. Marko Čižmek and Ms. Ivana Budin Arhanić, members.

The Company appointed senior executives, who are the Company's key management, in accordance with the provisions of the Capital Markets Acts and the EU Regulation No. 596/2014. The Company's senior executives are the following – 3 Senior Vice Presidents: Alen Benković, Davor Brenko and David Poropat; 2 Vice Presidents: Ines Damjanić and Sebastian Palma; and 26 Sector Directors and Heads: Tomislav Dumančić, Mauro Teković, Bruno Radoš, Sandi Sinožić, Andrea Štifanić, Željko Jurcan, Ivan Karlić, Mario Skopljaković, Dario Kinkela, Mile Pavlica, Tomislav Poljuha, Dragan Vlahović, Flavio Gregorović, Martina Šolić, Vedrana Ambrosi Barbalić, Mirella Premeru, Ivica Vrkić, Giorgio Cadum, Vlastimir Ivančić, Lea Sošić, Roberto Gobo, Ivan Polak, Karmela Višković, Denis Prevolšek, Marko Vusić, Vlatka Kocijan and Antonio Beg.

The Supervisory Board: Mr. Franz Lanschützer, Chairman, Mr. Mladen Markoč, Deputy Chairman, Mr. Daniel Goldscheider, Deputy Chairman, Mr. Gustav Wurmböck member, Ms. Gudrun Kuffner, member, Ms. Petra Stolba, member, Mr. George Eltz, member, Mr. Boris Galić, member and Mr. Ivan Ergović, member (workers' representative).

In order to perform its functions more efficiently, as well as to perform the tasks prescribed by the provisions of the Audit Act and the Corporate Governance Code, the Supervisory Board appointed the following bodies:

The Praesidium comprised of Mr. Franz Lanschützer, Chairman, and Mr. Mladen Markoč and Mr. Daniel Goldscheider, Deputy Chairmen.

The Audit Committee comprised of Ms. Gudrun Kuffner, Chairwoman, and Mr. Georg Eltz, Mr. Gustav Wurmböck, Mr. Mladen Markoč and Mr. Boris Galić, members.

The Investment Committee comprised of Mr. Daniel Goldscheider, Chairman, and Mr. Franz Lanschützer and Ms. Gudrun Kuffner, members.

The Digitalisation and Sustainability Committee, comprised of: Ms. Petra Stolba, Chairwoman, Mr. Franz Lanschützer and Mr. Daniel Goldscheider, members.

Compliant with applicable regulations and Company by-laws, the Management and Supervisory Board primarily act through meetings and by correspondence in their decision-making. The Company has concluded employment contracts with the President and members of the Management Board for the duration of their term of office (from 1 January 2022 to 31 December 2026), and only one member of the Supervisory Board, who is a workers' representative, has an employment contract for an indefinite period.

Maro World, Dubrovnik



# Related-party Transactions & Branch Offices

## RELATED-PARTY TRANSACTIONS

Related party transactions among the Group companies are carried out according to usual commercial terms and conditions and deadlines and under market prices.

In the first half of 2024, EUR 8.3 million of revenue from transactions with related parties was generated (EUR 6.4 million in first half 2023) for the Company and EUR 1.5 million (EUR 989 thousand in first half 2023) for the Group. Expenses amounted to EUR 963 thousand (first half 2023: EUR 704 thousand) for the Company and EUR 165 thousand for the Group (first half 2023: EUR 61 thousand). On May 23, 2024, the Company received a dividend from Imperial Riviera d.d. in the amount of EUR 4.9 million.

As at 31 June 2024, receivables and liabilities towards related parties are as follows: company's receivables amount to EUR 3.6 million (vs. EUR 4.7 million EO 2023), and Group's receivables amount to EUR 1.3 million (vs. EUR 2.3 million EO 2023). Company's liabilities amount to EUR 490 thousand (vs. EUR 90 thousand EO 2023), and Group's liabilities amount to EUR 17 thousand (vs. EUR 48 thousand EO 2023).

TRANSACTIONS  
WITH RELATED  
PARTIES  
UNDER USUAL  
COMMERCIAL  
TERMS AND  
CONDITIONS

## BRANCH OFFICES OF THE COMPANY

The Company has several branch offices, where it performs its business activities outside of its headquarters: Branch Office for Tourism RABAC, with the seat in Rabac, Slobode 80; Branch Office for Tourism ZLATNI OTOK, with the seat in Krk, Vršanska 8; Branch Office for Tourism DUBROVNIK-BABIN KUK, with the seat in Dubrovnik, Vatroslava Lisinskog 15a; Branch Office for Business and Administration Consulting ZAGREB, with the seat in Zagreb, Miramarska cesta 24; Branch Office for Tourism BRIONI, with the seat in Pula, Puntizela 155 and the Austria Branch Office, with headquarters in Austria, Obertauern, Gamsleitenstrasse 6.

The branch offices of Rabac, Zlatni otok, Dubrovnik-Babin Kuk and Brioni are the drivers of economic growth in their local communities. They operate in their destinations and support their development by promoting further investments and the development of tourism while participating in social and business activities. The branch offices in Zagreb and Austria ensure that the business operations of the Company in these destinations are carried out in accordance with respective regulations.

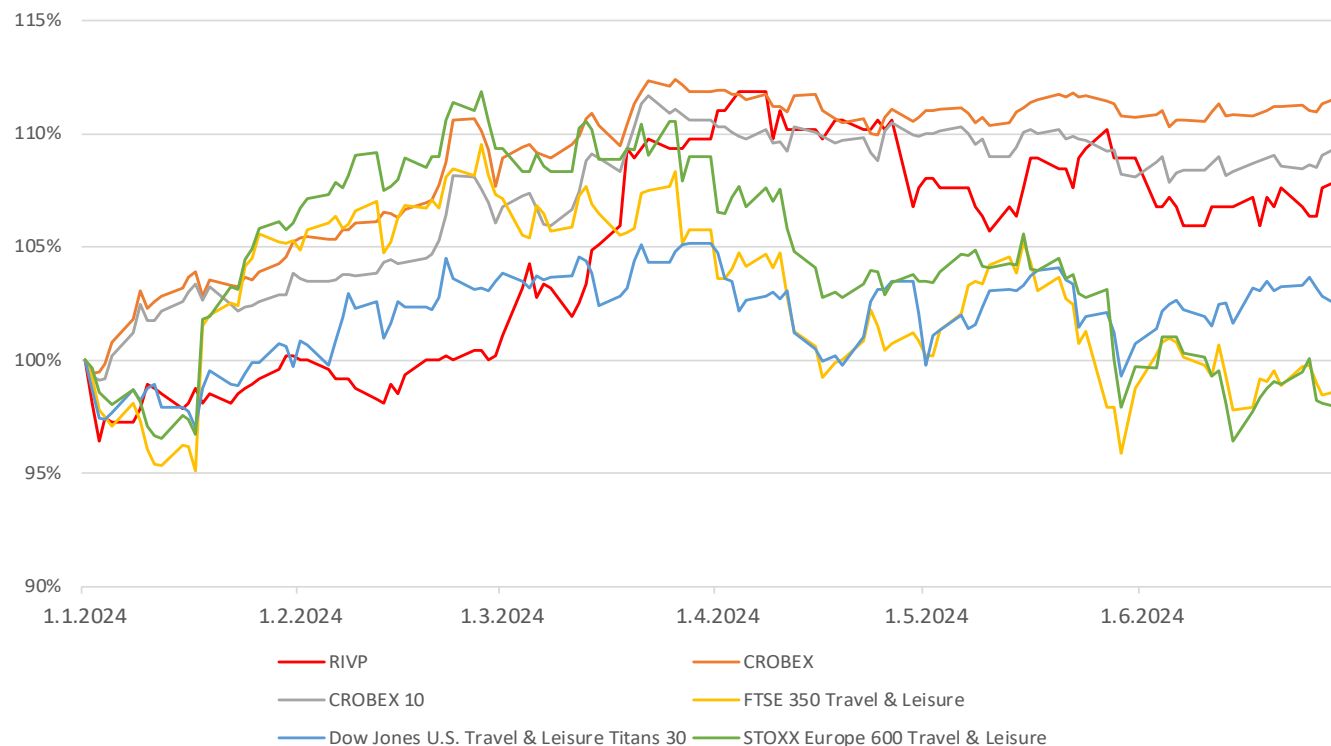
Except for the branch offices with the registered seat in Croatia and Austria, the Company also established offices on the island of Rab, in Makarska, in Stari Grad on the island of Hvar and in Obertauern in Austria to increase the efficiency and streamline the management of operations of the companies Imperial Riviera d.d., Helios Faros d.d., Valamar Obertauern GmbH, Kesselspitze GmbH & Co KG and of the Company Valamar Marietta GmbH, all in line with the provisions of the concluded hotel management contracts.

Hvar [PLACESHOTEL] by Valamar 3\*, Hvar island



# Valamar Share

Performance of Valamar Riviera's share and Zagreb Stock Exchange and travel and leisure indices in the first half of 2024



During the first half of 2024, the highest achieved share price in regular trading on the regulated market was EUR 5.30, and the lowest EUR 4.55. On 30 Jun 2024 the price was EUR 5.10 which represents an increase of 8.1% compared to the last price in 2023. With a total turnover of EUR 10.9 million<sup>15</sup> Valamar Riviera share was the fifth share on the Zagreb Stock Exchange in terms of turnover during the first half of 2024.

In addition to the Zagreb Stock Exchange index, the joint stock index of the Zagreb and Ljubljana stock exchanges ADRIaprime, the stock is also a component of the Vienna Stock Exchange index (CROX<sup>16</sup> and SETX<sup>17</sup>) and the Warsaw Stock Exchange (CEEplus<sup>18</sup>), the SEE Link regional platform index (SEELinX and SEELinX EWI)<sup>19</sup> and the MSCI Frontier Markets Index<sup>20</sup>.

Zagrebačka banka d.d. and Interkapital vrijednosni papiri d.o.o. perform the activities of market makers with ordinary shares of Valamar Riviera listed on the Leading Market of the Zagreb Stock Exchange d.d.

In the first half of 2024, the Company did not acquire its own shares, while in connection with the LTIP (long-term reward plan for key managers in the Company's shares in the period from 2023 to 2026) it disposed of 426,160 of its own shares. On 30 Jun 2024 the Company has a total of 2,990,862 own shares or 2.37% of the Company's capital.

Valamar Riviera actively holds meetings and conference calls with domestic and foreign investors, as well as presentations for investors, providing support for the highest possible level of transparency, creating additional liquidity, increasing share value and involving new investors. By continuing to actively represent Valamar Riviera, we will

<sup>15</sup> Block transactions are excluded from the calculation.

<sup>16</sup> Croatian Traded Index (CROX) is a capitalization-weighted price index and is made up of 12 most liquid and highest capitalized shares of Zagreb Stock Exchange.

<sup>17</sup> South-East Europe Traded Index (SETX) is a capitalization-weighted price index consisting of blue chip stocks traded on stock exchanges in the region of South-eastern Europe (shares listed in Bucharest, Ljubljana, Sofia, Belgrade and Zagreb).

<sup>18</sup> CEEplus is a stock index that comprise the most liquid stocks listed on stock exchanges in the Visegrad Group countries (Poland, Czech Republic, Slovakia, Hungary) and Croatia, Romania and Slovenia.

<sup>19</sup> SEE Link is a regional platform for securities trading. It was founded by Bulgarian, Macedonian, and Zagreb Stock Exchange. SEE LinX and SEE LinX EWI are two "blue chip" regional indices composed of ten most liquid regional companies listed on three Stock Exchanges: five from Croatia, three from Bulgaria, and two from Macedonia.

<sup>20</sup> The MSCI Frontier Markets Index captures large and mid-cap representation across 29 Frontier Markets countries



strive to contribute to further growth in value for all stakeholders with the intention of recognizing the Company's share as one of the leaders on the Croatian capital market and one of the leaders in the CEE region.

Analytical coverage of Valamar Riviera is provided by: 1) ERSTE bank d.d., Zagreb; 2) Interkapital vrijednosni papiri d.o.o., Zagreb; 3) Raiffeisenbank Austria d.d., Zagreb; 4) Zagrebačka banka d.d., Zagreb and 5) Ipopema, Warsaw.

5<sup>th</sup>

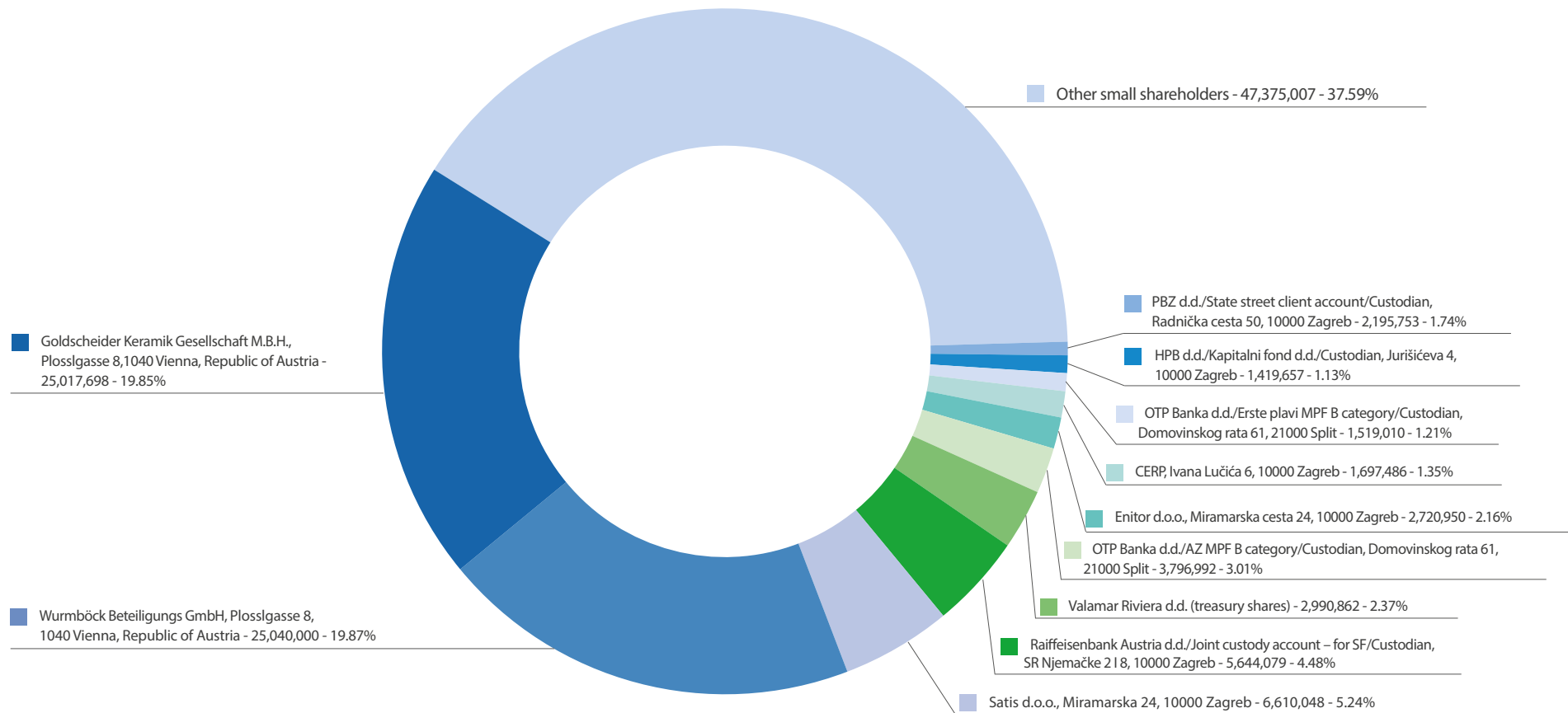
MOST ACTIVELY  
TRADED SHARE BY  
REGULAR TURNOVER  
ON THE ZAGREB  
STOCK EXCHANGE IN  
THE FIRST HALF OF  
2024

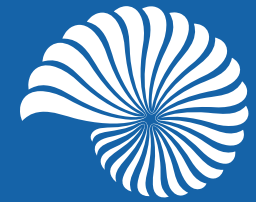
Our commitment to transparency and open communication with stakeholders was awarded the prestigious 'Building Public Trust Award' by PwC Croatia and the Zagreb Stock Exchange in December 2023.

Lanterna Premium Camping Resort 4\*, Poreč



OVERVIEW OF MAJOR SHAREHOLDERS AS AT 30 JUNE 2024:






# Additional Information

Marea Valamar Collection Suites 5\*, Poreč



 The Management Board expresses its gratitude to all shareholders, business partners, and guests for their support and trust, and particularly to all employees for their contribution.

## ADDITIONAL INFORMATION

In the course of the first half of 2024 the Company's Management Board performed the actions provided by law and the Articles of Association and regarding the management and representation of the Company and planned a business policy that was implemented with prudent care. The Company's Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth.

The quarterly separate and consolidated financial statements for the first half of 2024 were adopted by the by the Management Board on 31 July 2024.

The Management Board expresses its gratitude to all shareholders, business partners, and guests for their support and trust, and particularly to all employees for their contribution.

Management Board of the Company

Željko Kukurin  
Management Board  
President

Marko Čížmek  
Management Board  
Member

Ivana Budin Arhanić  
Management Board  
Member

Handwritten signature of Željko Kukurin in blue ink.

Handwritten signature of Marko Čížmek in blue ink.

Handwritten signature of Ivana Budin Arhanić in blue ink.



Disclaimer

This report may contain certain outlook based on currently available facts, findings and circumstances and estimates in this regard. Our outlook is based including, but not limited on a) results achieved in the first half of 2024; b) operating results achieved by 29 Jul 2024; c) current booking status; d) 2024 year end business results forecast; e) the absence of further significant negative effects of the risks to which the Company and the Group are exposed.

Outlook statements are based on currently available information, current assumptions, forward-looking expectations and projections. This outlook is not a guarantee of future results and is subject to future events, risks, and uncertainties, many of which are beyond the control of, or currently unknown to Valamar Riviera, as well as potentially incorrect assumptions that could cause the actual results to materially differ from the said expectations and forecasts. Risks and uncertainties include, but are not limited to those described in the chapter "Risks of the Company and the Group". Materially significant deviations from the outlook may arise from changes in circumstances, assumptions not being realized, as well as other risks, uncertainties, and factors, including, but not limited to:

- Macro-economic trends in the Republic of Croatia and in the source markets, including currency exchange rates fluctuations and prices of goods and services, deflation and inflation, unemployment, trends in the gross domestic product and industrial production, as well as other trends having a direct or indirect impact on the purchasing power of Valamar Riviera's guests;
- Economic conditions, security and political conditions, trends and events in the capital markets of the Republic of Croatia and Valamar Riviera's source markets;
- Spending and disposable income of guests, as well as guests' preferences, trust in and satisfaction with Valamar Riviera's products and services;
- Trends in the number of overnights, bookings, and average daily rates of accommodation at Valamar Riviera's properties;
- Change in market interest rates and the price of equity securities, and other financial risks to which Valamar Riviera is exposed;
- Labor force availability and costs, transport, energy, and utilities costs, selling prices of fuel and other goods and services, as well as supply chain disruptions;
- Changes in accounting policies and findings of financial report audits, as well as findings of tax and other business audits;

- Outcomes and costs of judicial proceedings to which Valamar Riviera is a party;
- Loss of competitive strength and reduced demand for products and services of Croatian tourism and Valamar Riviera under the impact of weather conditions and seasonal movements;
- Reliability of IT business solutions and cyber security of Valamar Riviera's business operations, as well as related costs;
- Changes of tax and other regulations and laws, trade restrictions, and rates of customs duty;
- Adverse climatic events, environmental risks, disease outbreaks and pandemics.
- Regional and global geopolitical uncertainties and wars.

Should materially significant changes to the stated outlook occur, Valamar Riviera shall immediately inform the public thereof, in compliance with Article 459 of the Capital Market Act. The given outlook statements are not an outright recommendation to buy, hold or sell Valamar Riviera's shares.

# RESPONSIBILITY FOR THE QUARTERLY FINANCIAL STATEMENTS

In Poreč, 31 July 2024

In accordance with provisions of Law on Capital Market, Marko Čížmek, Management board member and CFO, and Vedrana Ambrosi Barbalić, director of Department of Finance and Accounting, procurator, together as persons responsible for the preparation of quarterly financial reports of the company VALAMAR RIVIERA d.d. seated in Poreč, Stancija Kaligari 1, OIB 36201212847 (hereinafter: Company), hereby make the following

## STATEMENT

According to our best knowledge:

- Unaudited consolidated and unconsolidated financial statements for the first half of 2024 are prepared in accordance with applicable standards of financial reporting and give true and fair view of the assets and liabilities, profit and loss, financial position and operations of the Company and the companies included in consolidation (Group);
- Report of the Company's Management board for the period from 1 January to 30 June 2024 contains the true presentation of development, results and position of the Company and companies included in the consolidation, with description of significant risks and uncertainties which the Company and companies included in consolidation are exposed. Financial statements for the period from 1 January to 30 June 2024 were not audited.



Marko Čížmek  
Management Board Member



Vedrana Ambrosi Barbalić  
Director of Department of  
Finance and Accounting /  
Procurator







**BALANCE SHEET** (balance as at 30.06.2024)

Submitter: Valamar Riviera d.d.

in EUR

Item 1	ADP code 2	Last day of the preceding business year 3	At the reporting date of the current period 4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	<b>728.032.913</b>	<b>824.975.425</b>
<b>I. INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	<b>7.113.034</b>	<b>7.186.656</b>
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	5.327.241	3.915.919
3 Goodwill	006	871.672	871.672
4 Advance payments for purchase of intangible assets	007		
5 Intangible assets in preparation	008	914.121	2.399.065
6 Other intangible assets	009		
<b>II. TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>662.329.502</b>	<b>749.916.864</b>
1 Land	011	129.883.886	190.947.458
2 Buildings	012	412.109.694	392.581.728
3 Plants and equipment	013	57.687.356	54.733.636
4 Tools, working inventory and transportation assets	014	14.412.117	14.936.124
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	117.031	18.260.656
7 Tangible assets in preparation	017	41.738.408	72.737.171
8 Other tangible assets	018	6.032.708	5.390.227
9 Investments property	019	348.302	329.864
<b>III. FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>18.469.932</b>	<b>19.923.642</b>
1 Investments in holdings (shares) of undertakings within the group	021		
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits etc given to undertakings in a Group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	16.254.440	16.623.777
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	795.420	795.420
7 Investments in securities	027	135.827	224
8 Loans, deposits, etc. given	028	590.532	590.215
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	693.713	1.914.006
<b>IV. RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
<b>V. DEFERRED TAX ASSETS</b>	<b>036</b>	<b>40.120.445</b>	<b>47.948.263</b>
<b>C) CURENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>94.414.531</b>	<b>60.796.571</b>
<b>I. INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>7.386.812</b>	<b>11.481.928</b>
1 Raw materials	039	6.971.251	10.804.411
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	412.423	672.364
5 Advance payments for inventories	043	3.138	5.153
6 Fixed assets held for sale	044		
7 Biological asset	045		
<b>II. RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>6.200.436</b>	<b>18.394.979</b>
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interest	048	1.373.496	307.224
3 Customer receivables	049	2.436.265	10.528.630
4 Receivables from employees and members of the undertaking	050	109.278	2.625.823
5 Receivables from government and other institutions	051	1.942.981	2.981.365
6 Other receivables	052	338.416	1.951.937
<b>III. SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>25.641.924</b>	<b>20.570.137</b>
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating 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		
8 Loans, deposits, etc. given	061	24.035.528	19.739.964
9 Other financial assets	062	1.606.396	830.173
<b>IV. CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>55.185.359</b>	<b>10.349.527</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>3.763.787</b>	<b>18.191.640</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>826.211.231</b>	<b>903.963.636</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>7.179.343</b>	<b>7.178.133</b>

**BALANCE SHEET** (balance as at 30.06.2024) (continued)

Submitter: Valamar Riviera d.d.

in EUR			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+083+086+089)	<b>067</b>	<b>446.821.035</b>	<b>379.714.195</b>
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>221.915.350</b>	<b>221.915.350</b>
<b>II. CAPITAL RESERVES</b>	<b>069</b>	<b>1.218.381</b>	<b>1.550.786</b>
<b>III. RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)	<b>070</b>	<b>15.901.347</b>	<b>17.210.332</b>
1 Legal reserves	071	11.095.768	11.095.768
2 Reserves for treasury share	072	18.158.509	18.158.509
3 Treasury shares and holdings (deductible item)	073	-13.743.570	-12.043.945
4 Statutory reserves	074		
5 Other reserves	075	390.640	
<b>IV. REVALUATION RESERVES</b>	<b>076</b>		
<b>V. FAIR VALUE RESERVES AND OTHER</b> (ADP 078 to 082)	<b>077</b>	<b>39.878</b>	
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	39.878	
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
<b>VI. RETAINED PROFIT OR LOSS BROUGHT FORWARD</b> (ADP 084-085)	<b>083</b>	<b>42.165.052</b>	<b>42.062.342</b>
1 Retained profit	084	42.165.052	42.062.342
2 Loss brought forward	085		
<b>VII. PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 087-088)	<b>086</b>	<b>27.027.615</b>	<b>-32.382.223</b>
1 Profit for the business year	087	27.027.615	
2 Loss for the business year	088		32.382.223
<b>VIII. MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>	<b>138.553.412</b>	<b>129.357.608</b>
<b>B) PROVISIONS</b> (ADP 091 to 096)	<b>090</b>	<b>8.330.408</b>	<b>7.776.443</b>
1 Provisions for pensions, termination benefits and similar obligations	091	4.156.621	4.157.069
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	4.102.327	3.571.734
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	71.460	47.640
<b>C) LONG-TERM LIABILITIES</b> (ADP 098 to 108)	<b>097</b>	<b>264.707.353</b>	<b>331.615.121</b>
1 Liabilities towards undertakings within the group	098		
2 Liabilities for loans, deposits, etc. to companies within the group	099		
3 Liabilities towards companies linked by virtue of participating interest	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities towards banks and other financial institutions	103	244.200.777	251.662.617
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	14.787.692	74.524.001
11 Deferred tax liability	108	5.718.884	5.428.503
<b>D) SHORT-TERM LIABILITIES</b> (ADP 110 to 123)	<b>109</b>	<b>84.649.099</b>	<b>167.201.515</b>
1 Liabilities towards undertakings within the group	110		
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112	31.800	16.774
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities towards banks and other financial institutions	115	49.774.765	40.094.977
7 Liabilities for advance payments	116	6.573.592	61.746.947
8 Liabilities towards suppliers	117	16.924.444	38.908.601
9 Liabilities for securities	118		
10 Liabilities towards employees	119	4.789.942	11.053.360
11 Taxes, contributions and similar liabilities	120	4.624.581	9.490.562
12 Liabilities arising from the share in the result	121	49.388	49.388
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	1.880.587	5.840.906
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>21.703.336</b>	<b>17.656.362</b>
<b>F) TOTAL - LIABILITIES</b> (ADP 067+090+097+109+124)	<b>125</b>	<b>826.211.231</b>	<b>903.963.636</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>7.179.343</b>	<b>7.178.133</b>

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2024 to 30.06.2024)

Submitter: Valamar Riviera d.d.

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME</b> (ADP 002 to 006)	<b>001</b>	<b>105.293.981</b>	<b>98.092.928</b>	<b>122.293.713</b>	<b>111.050.972</b>
1 Income from sales with undertakings within the group	002				
2 Income from sales (outside group)	003	104.175.208	97.406.748	119.586.538	108.916.639
3 Income from the use of own products, goods and services	004	39.745	20.812	45.413	22.071
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	1.079.028	665.368	2.661.762	2.112.262
<b>II. OPERATING EXPENSES</b> (ADP 008+009+013+017+018+019+022+029)	<b>007</b>	<b>135.526.744</b>	<b>93.418.857</b>	<b>159.393.526</b>	<b>110.465.059</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	43.880.870	34.714.434	50.005.827	39.406.986
a) Costs of raw material	010	27.701.077	22.635.361	30.410.851	24.774.902
b) Costs of goods sold	011	950.002	645.811	1.376.779	1.024.481
c) Other external costs	012	15.229.791	11.433.262	18.218.197	13.607.603
3 Staff costs (ADP 014 to 016)	013	44.888.994	31.651.796	51.736.496	35.915.465
a) Net salaries and wages	014	28.251.398	19.844.973	32.255.897	21.986.620
b) Tax and contributions from salaries expenses	015	10.821.677	7.674.601	12.733.143	9.193.480
c) Contributions on salaries	016	5.815.919	4.132.222	6.747.456	4.735.365
4 Depreciation	017	32.150.373	16.237.441	34.565.117	17.317.949
5. Other expenses	018	13.953.859	10.417.000	20.710.973	16.007.114
6. Value adjustments (ADP 020+021)	019				
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021				
7 Provisions (ADP 023 to 028)	022			1.286	773
a) Provisions for pensions, termination benefits and similar obligations	023			1.286	773
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025				
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	652.648	398.186	2.373.827	1.816.772
<b>III. FINANCIAL INCOME</b> (ADP 031 to 040)	<b>030</b>	<b>1.264.769</b>	<b>1.196.147</b>	<b>2.807.556</b>	<b>1.432.433</b>
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	552.953	346.748	1.000.894	557.439
8 Exchange rate differences and other financial income	038				772
9 Unrealised gains (income) from financial assets	039	352.090	607.540	1.326.460	443.368
10 Other financial income	040	359.726	241.859	480.202	430.854
<b>IV. FINANCIAL EXPENDITURE</b> (ADP 042 to 048)	<b>041</b>	<b>5.063.987</b>	<b>2.756.015</b>	<b>9.408.154</b>	<b>6.029.326</b>
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	4.511.807	2.440.614	8.447.713	5.482.459
4 Exchange rate differences and other expenses	045	4.166	362	1.698	
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	548.014	315.039	958.743	546.867
<b>V. SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>049</b>				
<b>VI. SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>				
<b>VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>	<b>233.475</b>	<b>350.948</b>	<b>317.783</b>	<b>848.112</b>
<b>VIII. SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>				
<b>IX. TOTAL INCOME</b> (ADP 001+030+049 +050)	<b>053</b>	<b>106.558.750</b>	<b>99.289.075</b>	<b>125.101.269</b>	<b>112.483.405</b>
<b>X. TOTAL EXPENDITURE</b> (ADP 007+041+051+052)	<b>054</b>	<b>140.824.206</b>	<b>96.525.820</b>	<b>169.119.463</b>	<b>117.342.497</b>
<b>XI. PRE-TAX PROFIT OR LOSS</b> (ADP 053-054)	<b>055</b>	<b>-34.265.456</b>	<b>2.763.255</b>	<b>-44.018.194</b>	<b>-4.859.092</b>
1 Pre-tax profit (ADP 053-054)	056		2.763.255		
2 Pre-tax loss (ADP 054-053)	057	-34.265.456		-44.018.194	-4.859.092
<b>XII. INCOME TAX</b>	<b>058</b>	<b>-9.473.525</b>	<b>-674.395</b>	<b>-8.110.523</b>	<b>-1.011.135</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b> (ADP 055-059)	<b>059</b>	<b>-24.791.931</b>	<b>3.437.650</b>	<b>-35.907.671</b>	<b>-3.847.957</b>
1 Profit for the period (ADP 055-059)	060		3.437.650		
2 Loss for the period (ADP 059-055)	061	-24.791.931		-35.907.671	-3.847.957

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2024 to 30.06.2024) (continued)

Submitter: Valamar Riviera d.d.

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV. PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b> <b>062</b>					
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
<b>XV. INCOME TAX OF DISCONTINUED OPERATIONS</b> <b>065</b>					
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI. PRE-TAX PROFIT OR LOSS (ADP 055+062)</b> <b>068</b>					
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
<b>XVII. INCOME TAX (ADP 058+065)</b> <b>071</b>					
<b>XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b> <b>072</b>					
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b> <b>075</b> <b>-24.791.931</b> <b>3.437.649</b> <b>-35.907.671</b> <b>-3.847.957</b>					
1 Attributable to owners of the parent	076	-23.091.339	1.945.803	-32.382.223	-5.230.750
2 Attributable to minority (non-controlling) interest	077	-1.700.592	1.491.846	-3.525.448	1.382.793
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD</b> <b>078</b> <b>-24.791.931</b> <b>3.437.650</b> <b>-35.907.671</b> <b>-3.847.957</b>					
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)</b> <b>079</b> <b>4.755</b> <b>548</b> <b>-47.554</b> <b>-9.990</b>					
<b>III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)</b> <b>080</b> <b>4.755</b> <b>548</b> <b>-47.554</b> <b>-9.990</b>					
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	4.755	548	-47.554	-9.990
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083				
4 Actuarial gains/losses on the defined benefit obligation	084				
5 Other items that will not be reclassified	085				
6 Income tax relating to items that will not be reclassified	086	855	98	-7.676	-1.798
<b>IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)</b> <b>087</b>					
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				
<b>V. NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)</b> <b>097</b> <b>3.900</b> <b>450</b> <b>-39.878</b> <b>-8.192</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b> <b>098</b> <b>-24.788.031</b> <b>3.438.100</b> <b>-35.947.549</b> <b>-3.856.149</b>					
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VII. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b> <b>099</b> <b>-24.788.031</b> <b>3.438.100</b> <b>-35.947.549</b> <b>-3.856.149</b>					
1 Attributable to owners of the parent	100	-23.087.439	1.946.254	-32.422.101	-5.238.942
2 Attributable to minority (non-controlling) interest	101	-1.700.592	1.491.846	-3.525.448	1.382.793

## STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2024 to 30.06.2024)

### Submitter: Valamar Riviera d.d.

Item	in EUR		
	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1 Pre-tax profit	001	-34.265.456	-44.018.194
2 Adjustments (ADP 003 to 010)	002	36.059.076	41.298.330
a) Depreciation	003	32.150.373	34.565.117
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-51.573	21.149
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-552.035	-1.000.057
e) Interest expenses	007	4.590.011	8.524.067
f) Provisions	008	-208.731	-553.965
g) Exchange rate differences (unrealised)	009		
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	131.031	-257.981
<b>I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)</b>	<b>011</b>	<b>1.793.620</b>	<b>-2.719.864</b>
3 Changes in the working capital (ADP 013 to 016)	012	53.391.590	53.986.756
a) Increase or decrease in short-term liabilities	013	80.012.256	81.069.150
b) Increase or decrease in short-term receivables	014	-23.314.349	-22.987.279
c) Increase or decrease in inventories	015	-3.306.317	-4.095.115
d) Other increase or decrease in the working capital	016		
<b>II. Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>55.185.210</b>	<b>51.266.892</b>
4 Interest paid	018	-4.230.994	-6.357.530
5 Income tax paid	019	-606	-3.356.063
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>50.953.610</b>	<b>41.553.299</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	76.468	87.276
2 Cash receipts from sales of financial instruments	022	220.165	181.281
3 Interest received	023	341.556	1.333.761
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposit	025	996	5.600.000
6 Other cash receipts from investment activities	026		
<b>III. Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>639.185</b>	<b>7.202.318</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-33.580.519	-56.665.372
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030	-5.800.222	
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-1.413.600	-687.120
<b>IV. Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-40.794.341</b>	<b>-57.352.492</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>	<b>034</b>	<b>-40.155.156</b>	<b>-50.150.174</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
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	2.545.338	23.295.173
4 Other cash receipts from financing activities	038	336.793	
<b>V. Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>2.882.131</b>	<b>23.295.173</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-36.578.271	-25.703.248
2 Dividends paid	041	-26.912.708	-32.739.057
3 Cash payments for finance lease	042	-2.690	-2.798
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		-17.800
5 Other cash payments from financing activities	044	-302.762	-1.071.227
<b>VI. Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-63.796.431</b>	<b>-59.534.130</b>
<b>C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)</b>	<b>046</b>	<b>-60.914.300</b>	<b>-36.238.957</b>
1 Unrealised exchange rate differences in cash and cash equivalents	047		
<b>D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>-50.115.846</b>	<b>-44.835.832</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>049</b>	<b>89.299.582</b>	<b>55.185.359</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)</b>	<b>050</b>	<b>39.183.736</b>	<b>10.349.527</b>

**STATEMENT OF CHANGES IN EQUITY** (for the period 01.01.2024 to 30.06.2024)  
**Submitter: Valamar Riviera d.d.**

in EUR

Item	ADP code	Attributable to owners of the parent																	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 do 6 - 7 + 8 do 17)	19	20 (18+19)
<b>Previous period</b>																			
<b>1 Balance on the first day of the previous business year</b>	<b>01</b>	<b>221.915.351</b>	<b>693.268</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>46.604.740</b>	<b>19.601.100</b>	<b>306.677.727</b>	<b>134.448.828</b>	<b>441.126.555</b>
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
<b>4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)</b>	<b>04</b>	<b>221.915.351</b>	<b>693.268</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>46.604.740</b>	<b>19.601.100</b>	<b>306.677.727</b>	<b>134.448.828</b>	<b>441.126.555</b>
5 Profit/loss of the period	05															27.027.615	27.027.615	6.639.711	33.667.326
6 Exchange rate differences from translation of foreign operations	06																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	07																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									39.065							39.065		39.065
9 Profit or loss arising from effective cash flow hedge	09																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11																		
12 Actuarial gains/losses on the defined benefit obligation	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14									-7.032							-7.032		-7.032
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15		-1	1															
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18					1.772.315											-1.772.315		-1.772.315
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20														-24.377.581		-24.377.581	-2.535.127	-26.912.708
21 Other distributions and payments to members/shareholders	21		525.112			-4.541.887		-4.723.648						336.793		680.144			680.144
22 Transfer to reserves according to the annual schedule	22													19.601.100	-19.601.100				
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																		
<b>24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)</b>	<b>24</b>	<b>221.915.350</b>	<b>1.218.381</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>13.743.570</b>		<b>390.640</b>		<b>39.878</b>					<b>42.165.052</b>	<b>27.027.615</b>	<b>308.267.623</b>	<b>138.553.412</b>	<b>446.821.035</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I. OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)</b>	<b>25</b>									<b>32.033</b>							<b>32.033</b>		<b>32.033</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)</b>	<b>26</b>									<b>32.033</b>						<b>27.027.615</b>	<b>27.059.648</b>	<b>6.639.711</b>	<b>33.699.359</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)</b>	<b>27</b>		-1	525.113		-2.769.572		-4.723.648							<b>-4.439.688</b>	<b>-19.601.100</b>	<b>-25.469.752</b>	<b>-2.535.127</b>	<b>-28.004.879</b>
<b>Current period</b>																			
<b>1 Balance on the first day of the previous business year</b>	<b>28</b>	<b>221.915.350</b>	<b>1.218.381</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>13.743.570</b>		<b>390.640</b>		<b>39.878</b>					<b>42.165.052</b>	<b>27.027.615</b>	<b>308.267.623</b>	<b>138.553.412</b>	<b>446.821.035</b>
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
<b>4 Balance on the first day of the current business year (restated) (ADP 28 to 30)</b>	<b>31</b>	<b>221.915.350</b>	<b>1.218.381</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>13.743.570</b>		<b>390.640</b>		<b>39.878</b>					<b>42.165.052</b>	<b>27.027.615</b>	<b>308.267.623</b>	<b>138.553.412</b>	<b>446.821.035</b>
5 Profit/loss of the period	32															-32.382.223	-32.382.223	-3.525.448	-35.907.671
6 Exchange rate differences from translation of foreign operations	33																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	34																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									-47.554						-61.624		-109.178	-109.178
9 Profit or loss arising from effective cash flow hedge	36																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38																		
12 Actuarial gains/losses on the defined benefit obligation	39																		
13 Other changes in equity unrelated to owners	40																		
14 Tax on transactions recognised directly in equity	41									7.676							7.676		7.676
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																		
18 Redemption of treasury shares/holdings	45					17.800												-17.800	-17.800
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47														-27.068.701		-27.068.701	-5.670.356	-32.739.057
21 Other distributions and payments to members/shareholders	48		332.405			-1.717.425		-390.640								1.659.190			1.659.190
22 Carryforward per annual plane	49														27.027.615	-27.027.615			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																		
<b>24 Balance on the last day of the current business year reporting period (ADP 31 to 50)</b>	<b>51</b>	<b>221.915.350</b>	<b>1.550.786</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>12.043.945</b>									<b>42.062.342</b>	<b>-32.382.223</b>	<b>250.356.587</b>	<b>129.357.608</b>	<b>379.714.195</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I. OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)</b>	<b>52</b>									<b>-39.878</b>					<b>-61.624</b>		<b>-101.502</b>		<b>-101.502</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32+52)</b>	<b>53</b>									<b>-39.878</b>					<b>-61.624</b>	<b>-32.382.223</b>	<b>-32.483.725</b>	<b>-3.525.448</b>	<b>-36.009.173</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)</b>	<b>54</b>		<b>332.405</b>			<b>-1.699.625</b>		<b>-390.640</b>							<b>-41.086</b>	<b>-27.027.615</b>	<b>-25.427.311</b>	<b>-5.670.356</b>	<b>-31.097.667</b>

## NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

**Valamar Riviera d.d.**

Personal identification

number OIB: **36201212847**

Reporting period:

**01.01.2024 to 30.06.2024**

Notes to financial statements for quarterly periods include:

- a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (items 15 to 15C IAS 34 - Interim financial reporting)
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (item 16.A (a) IAS 34 - Interim financial reporting)
- d) a description of the financial performance in the case of the issuer whose business is seasonal (items 37 and 38 IAS 34 - Interim financial reporting)
- e) other comments prescribed by IAS 34 - Interim financial reporting
- f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:
  1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration
  2. adopted accounting policies (only an indication of whether there has been a change from the previous period)
  3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately
  4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence
  5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security
  6. average number of employees during the financial year
  7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries
  8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year
  9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on

## NOTES TO FINANCIAL STATEMENTS - TFI (continued)

(drawn up for quarterly reporting periods)

the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital
11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer
12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability
13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member
14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13
15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available
16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking
17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet.

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document "Business results 1/1/2024 - 30/06/2024" which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.





**BALANCE SHEET** (balance as at 30.06.2024)

Submitter: Valamar Riviera d.d.

in EUR

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	<b>597.799.951</b>	<b>680.791.284</b>
<b>I. INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	<b>6.565.018</b>	<b>6.714.255</b>
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	4.779.225	3.443.518
3 Goodwill	006	871.672	871.672
4 Advance payments for purchase of intangible assets	007		
5 Intangible assets in preparation	008	914.121	2.399.065
6 Other intangible assets	009		
<b>II. TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>446.642.084</b>	<b>523.333.900</b>
1 Land	011	70.644.262	126.986.766
2 Buildings	012	287.897.269	273.939.121
3 Plants and equipment	013	38.770.695	36.994.736
4 Tools, working inventory and transportation assets	014	7.487.134	8.104.376
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	69.958	18.072.025
7 Tangible assets in preparation	017	36.238.653	54.300.444
8 Other tangible assets	018	5.185.811	4.606.568
9 Investments property	019	348.302	329.864
<b>III. FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>143.056.928</b>	<b>144.021.597</b>
1 Investments in holdings (shares) of undertakings within the group	021	124.258.659	124.258.659
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits etc given to undertakings in a Group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	16.816.257	17.503.377
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	795.420	795.420
7 Investments in securities	027	135.603	
8 Loans, deposits, etc. given	028	590.532	590.215
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	460.457	873.926
<b>IV. RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
<b>V. DEFERRED TAX ASSETS</b>	<b>036</b>	<b>1.535.921</b>	<b>6.721.532</b>
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>59.905.492</b>	<b>32.024.427</b>
<b>I. INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>5.945.539</b>	<b>9.334.547</b>
1 Raw materials	039	5.587.078	8.759.502
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	358.461	575.045
5 Advance payments for inventories	043		
6 Fixed assets held for sale	044		
7 Biological asset	045		
<b>II. RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>6.851.328</b>	<b>13.965.652</b>
1 Receivables from undertakings within the group	047	2.340.631	2.306.486
2 Receivables from companies linked by virtue of participating interest	048	1.373.496	307.224
3 Customer receivables	049	1.909.335	6.609.998
4 Receivables from employees and members of the undertaking	050	88.956	2.177.701
5 Receivables from government and other institutions	051	893.990	936.342
6 Other receivables	052	244.920	1.627.901
<b>III. SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>821.086</b>	<b>1.642.532</b>
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating 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		
8 Loans, deposits, etc. given	061	35.528	1.339.964
9 Other financial assets	062	785.558	302.568
<b>IV. CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>46.287.539</b>	<b>7.081.696</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>2.611.402</b>	<b>15.080.375</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>660.316.845</b>	<b>727.896.086</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>7.179.343</b>	<b>7.178.133</b>

**BALANCE SHEET** (balance as at 30.06.2024) (continued)

Submitter: Valamar Riviera d.d.

				in EUR		
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period			
1	2	3	4			
<b>LIABILITIES</b>						
<b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+083+086+089)	<b>067</b>	<b>407.623.536</b>	<b>358.029.089</b>			
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>221.915.350</b>	<b>221.915.350</b>			
<b>II. CAPITAL RESERVES</b>	<b>069</b>	<b>1.283.035</b>	<b>1.615.440</b>			
<b>III. RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)	<b>070</b>	<b>15.901.347</b>	<b>17.210.332</b>			
1 Legal reserves	071	11.095.768	11.095.768			
2 Reserves for treasury share	072	18.158.509	18.158.509			
3 Treasury shares and holdings (deductible item)	073	-13.743.570	-12.043.945			
4 Statutory reserves	074					
5 Other reserves	075	390.640				
<b>IV. REVALUATION RESERVES</b>	<b>076</b>					
<b>V. FAIR VALUE RESERVES AND OTHER</b> (ADP 078 to 082)	<b>077</b>	<b>39.878</b>				
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	39.878				
2 Cash flow hedge - effective portion	079					
3 Hedge of a net investment in a foreign operation - effective portion	080					
4 Other fair value reserves	081					
5 Exchange differences arising from the translation of foreign operations (consolidation)	082					
<b>VI. RETAINED PROFIT OR LOSS BROUGHT FORWARD</b> (ADP 084-085)	<b>083</b>	<b>143.538.707</b>	<b>141.353.601</b>			
1 Retained profit	084	143.538.707	141.353.601			
2 Loss brought forward	085					
<b>VII. PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 087-088)	<b>086</b>	<b>24.945.219</b>	<b>-24.065.634</b>			
1 Profit for the business year	087	24.945.219				
2 Loss for the business year	088		24.065.634			
<b>VIII. MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>					
<b>B) PROVISIONS</b> (ADP 091 to 096)	<b>090</b>	<b>6.284.948</b>	<b>5.754.802</b>			
1 Provisions for pensions, termination benefits and similar obligations	091	3.342.017	3.342.464			
2 Provisions for tax liabilities	092					
3 Provisions for ongoing legal cases	093	2.942.931	2.412.338			
4 Provisions for renewal of natural resources	094					
5 Provision for warranty obligations	095					
6 Other provisions	096					
<b>C) LONG-TERM LIABILITIES</b> (ADP 098 to 108)	<b>097</b>	<b>166.870.642</b>	<b>221.537.547</b>			
1 Liabilities towards undertakings within the group	098					
2 Liabilities for loans, deposits, etc. to companies within the group	099					
3 Liabilities towards companies linked by virtue of participating interest	100					
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101					
5 Liabilities for loans, deposits etc.	102					
6 Liabilities towards banks and other financial institutions	103	151.652.565	150.819.231			
7 Liabilities for advance payments	104					
8 Liabilities towards suppliers	105					
9 Liabilities for securities	106					
10 Other long-term liabilities	107	13.789.397	69.355.020			
11 Deferred tax liability	108	1.428.680	1.363.296			
<b>D) SHORT-TERM LIABILITIES</b> (ADP 110 to 123)	<b>109</b>	<b>61.443.224</b>	<b>128.192.571</b>			
1 Liabilities towards undertakings within the group	110	48.042	443.250			
2 Liabilities for loans, deposits, etc. to companies within the group	111					
3 Liabilities towards companies linked by virtue of participating interest	112	31.800	16.774			
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113					
5 Liabilities for loans, deposits etc.	114					
6 Liabilities towards banks and other financial institutions	115	33.001.611	29.910.817			
7 Liabilities for advance payments	116	5.060.911	48.349.113			
8 Liabilities towards suppliers	117	13.335.698	30.243.445			
9 Liabilities for securities	118					
10 Liabilities towards employees	119	3.834.829	8.428.539			
11 Taxes, contributions and similar liabilities	120	4.232.394	5.422.512			
12 Liabilities arising from the share in the result	121					
13 Liabilities arising from fixed assets held for sale	122					
14 Other short-term liabilities	123	1.897.939	5.378.121			
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>18.094.495</b>	<b>14.382.077</b>			
<b>F) TOTAL - LIABILITIES</b> (ADP 067+090+097+109+124)	<b>125</b>	<b>660.316.845</b>	<b>727.896.086</b>			
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>7.179.343</b>	<b>7.178.133</b>			

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2024 to 30.06.2024)

Submitter: Valamar Riviera d.d.

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME</b> (ADP 002 to 006)	<b>001</b>	<b>86.622.923</b>	<b>78.902.729</b>	<b>96.395.468</b>	<b>85.496.122</b>
1 Income from sales with undertakings within the group	002	4.876.994	3.089.626	6.240.686	4.019.117
2 Income from sales (outside group)	003	80.735.434	75.184.904	87.914.945	79.735.998
3 Income from the use of own products, goods and services	004	38.806	20.086	40.552	18.891
4 Other operating income with undertakings within the group	005	104.877	57.632	132.327	58.300
5 Other operating income (outside the group)	006	866.812	550.481	2.066.958	1.663.816
<b>II. OPERATING EXPENSES</b> (ADP 008+009+013+017+018+019+022+029)	<b>007</b>	<b>107.777.878</b>	<b>73.888.159</b>	<b>125.216.871</b>	<b>87.288.587</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	35.585.195	27.779.736	40.594.718	32.087.599
a) Costs of raw materials and consumables	010	21.825.139	17.635.560	23.413.162	19.239.226
b) Costs of goods sold	011	927.828	623.791	1.348.711	997.602
c) Other external costs	012	12.832.228	9.520.385	15.832.845	11.850.771
3 Staff costs (ADP 014 to 016)	013	36.488.393	25.115.982	41.299.024	28.217.707
a) Net salaries and wages	014	22.886.187	15.710.151	25.664.571	17.255.796
b) Tax and contributions from salary costs	015	8.908.462	6.146.703	10.275.348	7.260.208
c) Contributions on salaries	016	4.693.744	3.259.128	5.359.105	3.701.703
4 Depreciation	017	23.397.305	11.777.969	24.468.303	12.293.728
5. Other costs	018	11.740.691	8.839.725	16.608.048	12.892.795
6. Value adjustments (ADP 020+021)	019				
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021				
7 Provisions (ADP 023 to 028)	022			1.286	773
a) Provisions for pensions, termination benefits and similar obligations	023			1.286	773
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025				
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	566.294	374.747	2.245.492	1.795.985
<b>III. FINANCIAL INCOME</b> (ADP 031 to 040)	<b>030</b>	<b>3.366.735</b>	<b>3.043.667</b>	<b>6.514.884</b>	<b>5.799.662</b>
1 Income from investments in holdings (shares) of undertakings within the group	031	<b>2.183.287</b>	<b>2.183.287</b>	4.883.391	4.883.391
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	92.934	45.556	47.137	7.049
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	538.082	336.477	715.278	407.843
8 Exchange rate differences and other financial income	038				
9 Unrealised gains (income) from financial assets	039	207.027	249.342	413.469	91.537
10 Other financial income	040	345.405	229.005	455.609	409.842
<b>IV. FINANCIAL EXPENDITURE</b> (ADP 042 to 048)	<b>041</b>	<b>3.258.004</b>	<b>1.766.524</b>	<b>7.002.435</b>	<b>4.813.413</b>
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	2.738.573	1.472.856	6.464.473	4.551.680
4 Exchange rate differences and other expenses	045	4.734	1.408	611	516
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	514.697	292.260	537.351	261.217
<b>V. SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>049</b>				
<b>VI. SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>				
<b>VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>				
<b>VIII. SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>				
<b>IX. TOTAL INCOME</b> (ADP 001+030+049 +050)	<b>053</b>	<b>89.989.658</b>	<b>81.946.396</b>	<b>102.910.352</b>	<b>91.295.784</b>
<b>X. TOTAL EXPENDITURE</b> (ADP 007+041+051+052)	<b>054</b>	<b>111.035.882</b>	<b>75.654.683</b>	<b>132.219.306</b>	<b>92.102.000</b>
<b>XI. PRE-TAX PROFIT OR LOSS</b> (ADP 053-054)	<b>055</b>	<b>-21.046.224</b>	<b>6.291.713</b>	<b>-29.308.954</b>	<b>-806.216</b>
1 Pre-tax profit (ADP 053-054)	056		6.291.713		
2 Pre-tax loss (ADP 054-053)	057	-21.046.224		-29.308.954	-806.216
<b>XII. INCOME TAX</b>	<b>058</b>	<b>-1.911.566</b>	<b>3.091.870</b>	<b>-5.243.320</b>	<b>-137.726</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b> (ADP 055-059)	<b>059</b>	<b>-19.134.658</b>	<b>3.199.843</b>	<b>-24.065.634</b>	<b>-668.490</b>
1 Profit for the period (ADP 055-059)	060		3.199.843		
2 Loss for the period (ADP 059-055)	061	-19.134.658		-24.065.634	-668.490

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2024 to 30.06.2024) (continued)

Submitter: Valamar Riviera d.d.

in EUR

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV. PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b>	<b>062</b>				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
<b>XV. INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>065</b>				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI. PRE-TAX PROFIT OR LOSS (ADP 055+062)</b>	<b>068</b>				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
<b>XVII. INCOME TAX (ADP 058+065)</b>	<b>071</b>				
<b>XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b>	<b>072</b>				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b>	<b>075</b>				
1 Attributable to owners of the parent	076				
2 Attributable to minority (non-controlling) interest	077				
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD</b>	<b>078</b>	<b>-19.134.658</b>	<b>3.199.843</b>	<b>-24.065.634</b>	<b>-668.490</b>
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)</b>	<b>079</b>	<b>4.755</b>	<b>548</b>	<b>-47.554</b>	<b>-9.990</b>
<b>III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)</b>	<b>080</b>	<b>4.755</b>	<b>548</b>	<b>-47.554</b>	<b>-9.990</b>
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	4.755	548	-47.554	-9.990
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083				
4 Actuarial gains/losses on the defined benefit obligation	084				
5 Other items that will not be reclassified	085				
6 Income tax relating to items that will not be reclassified	086	855	98	-7.676	-1.798
<b>IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)</b>	<b>087</b>				
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				
<b>V. NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)</b>	<b>097</b>	<b>3.900</b>	<b>450</b>	<b>-39.878</b>	<b>-8.192</b>
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b>	<b>098</b>	<b>-19.130.758</b>	<b>3.200.293</b>	<b>-24.105.512</b>	<b>-676.682</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VII. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b>	<b>099</b>				
1 Attributable to owners of the parent	100				
2 Attributable to minority (non-controlling) interest	101				

## STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2024 to 30.06.2024)

### Submitter: Valamar Riviera d.d.

Item	in EUR		
	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1 Pre-tax profit	001	-21.046.224	-29.308.954
2 Adjustments (ADP 003 to 010)	002	23.283.193	24.829.837
a) Depreciation	003	23.397.305	24.468.303
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-43.876	32.848
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-2.720.451	-5.597.832
e) Interest expenses	007	2.783.460	6.518.833
f) Provisions	008	-175.862	-530.145
g) Exchange rate differences (unrealised)	009		
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	42.617	-62.170
<b>I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)</b>	<b>011</b>	<b>2.236.969</b>	<b>-4.479.117</b>
3 Changes in the working capital (ADP 013 to 016)	012	41.165.536	41.090.472
a) Increase or decrease in short-term liabilities	013	61.938.367	60.189.002
b) Increase or decrease in short-term receivables	014	-17.782.485	-15.709.522
c) Increase or decrease in inventories	015	-2.990.346	-3.389.008
d) Other increase or decrease in the working capital	016		
<b>II. Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>43.402.505</b>	<b>36.611.355</b>
4 Interest paid	018	-2.477.706	-4.646.948
5 Income tax paid	019		-3.350.412
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>40.924.799</b>	<b>28.613.995</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	63.352	39.546
2 Cash receipts from sales of financial instruments	022	220.165	181.281
3 Interest received	023	326.685	826.731
4 Dividends received	024	2.183.287	4.883.391
5 Cash receipts from repayment of loans and deposit	025	996	
6 Other cash receipts from investment activities	026		
<b>III. Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>2.794.485</b>	<b>5.930.949</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-15.315.593	-41.016.951
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030	-222	
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-1.413.600	-687.120
<b>IV. Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-16.729.415</b>	<b>-41.704.071</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>	<b>034</b>	<b>-13.934.930</b>	<b>-35.773.122</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
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		15.000.000
4 Other cash receipts from financing activities	038	336.793	
<b>V. Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>336.793</b>	<b>15.000.000</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-28.831.117	-18.874.191
2 Dividends paid	041	-24.377.581	-27.068.701
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		-17.800
5 Other cash payments from financing activities	044	-385.508	-1.086.024
<b>VI. Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-53.594.206</b>	<b>-47.046.716</b>
<b>C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)</b>	<b>046</b>	<b>-53.257.413</b>	<b>-32.046.716</b>
1 Unrealised exchange rate differences in cash and cash equivalents	047		
<b>D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>-26.267.544</b>	<b>-39.205.843</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>049</b>	<b>59.268.472</b>	<b>46.287.539</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)</b>	<b>050</b>	<b>33.000.928</b>	<b>7.081.696</b>

**STATEMENT OF CHANGES IN EQUITY** (for the period 01.01.2024 to 30.06.2024)  
**Submitter: Valamar Riviera d.d.**

in EUR

Item	ADP code	Attributable to owners of the parent																	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 do 6 - 7 + 8 do 17)	19	20 (18+19)
<b>Previous period</b>																			
<b>1 Balance on the first day of the previous business year</b>	<b>01</b>	<b>221.915.351</b>	<b>757.922</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>93.163.896</b>	<b>74.415.600</b>	<b>408.116.037</b>		<b>408.116.037</b>
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
<b>4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)</b>	<b>04</b>	<b>221.915.351</b>	<b>757.922</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>16.513.142</b>		<b>5.114.288</b>		<b>7.845</b>					<b>93.163.896</b>	<b>74.415.600</b>	<b>408.116.037</b>		<b>408.116.037</b>
5 Profit/loss of the period	05															24.945.219	24.945.219		24.945.219
6 Exchange rate differences from translation of foreign operations	06																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	07																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									39.065							39.065		39.065
9 Profit or loss arising from effective cash flow hedge	09																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11																		
12 Actuarial gains/losses on the defined benefit obligation	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14									-7.032							-7.032		-7.032
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15		-1	1															
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18					1.772.315											-1.772.315		-1.772.315
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20														-24.377.582		-24.377.582		-24.377.582
21 Other distributions and payments to members/shareholders	21		525.112			-4.541.887		-4.723.648							336.793		680.144		680.144
22 Transfer to reserves according to the annual schedule	22														74.415.600	-74.415.600			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																		
<b>24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)</b>	<b>24</b>	<b>221.915.350</b>	<b>1.283.035</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>13.743.570</b>		<b>390.640</b>		<b>39.878</b>					<b>143.538.707</b>	<b>24.945.219</b>	<b>407.623.536</b>		<b>407.623.536</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I. OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)</b>	<b>25</b>									<b>32.033</b>							<b>32.033</b>		<b>32.033</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)</b>	<b>26</b>									<b>32.033</b>						<b>24.945.219</b>	<b>24.977.252</b>		<b>24.977.252</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)</b>	<b>27</b>		<b>-1</b>	<b>525.113</b>		<b>-2.769.572</b>		<b>-4.723.648</b>							<b>50.374.811</b>	<b>-74.415.600</b>	<b>-25.469.753</b>		<b>-25.469.753</b>
<b>Current period</b>																			
<b>1 Balance on the first day of the previous business year</b>	<b>28</b>	<b>221.915.350</b>	<b>1.283.035</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>13.743.570</b>		<b>390.640</b>		<b>39.878</b>					<b>143.538.707</b>	<b>24.945.219</b>	<b>407.623.536</b>		<b>407.623.536</b>
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
<b>4 Balance on the first day of the current business year (restated) (ADP 28 to 30)</b>	<b>31</b>	<b>221.915.350</b>	<b>1.283.035</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>13.743.570</b>		<b>390.640</b>		<b>39.878</b>					<b>143.538.707</b>	<b>24.945.219</b>	<b>407.623.536</b>		<b>407.623.536</b>
5 Profit/loss of the period	32															-24.065.634	-24.065.634		-24.065.634
6 Exchange rate differences from translation of foreign operations	33																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	34																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									-47.554						-61.624	-109.178		-109.178
9 Profit or loss arising from effective cash flow hedge	36																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38																		
12 Actuarial gains/losses on the defined benefit obligation	39																		
13 Other changes in equity unrelated to owners	40																		
14 Tax on transactions recognised directly in equity	41									7.676							7.676		7.676
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																		
18 Redemption of treasury shares/holdings	45					17.800											-17.800		-17.800
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47														-27.068.701		-27.068.701		-27.068.701
21 Other distributions and payments to members/shareholders	48		332.405			-1.717.425		-390.640									1.659.190		1.659.190
22 Carryforward per annual plane	49														24.945.219	-24.945.219			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																		
<b>24 Balance on the last day of the current business year reporting period (ADP 31 to 50)</b>	<b>51</b>	<b>221.915.350</b>	<b>1.615.440</b>	<b>11.095.768</b>	<b>18.158.509</b>	<b>12.043.945</b>									<b>141.353.601</b>	<b>-24.065.634</b>	<b>358.029.089</b>		<b>358.029.089</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I. OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)</b>	<b>52</b>									<b>-39.878</b>					<b>-61.624</b>		<b>-101.502</b>		<b>-101.502</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32+52)</b>	<b>53</b>									<b>-39.878</b>					<b>-61.624</b>	<b>-24.065.634</b>	<b>-24.167.136</b>		<b>-24.167.136</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)</b>	<b>54</b>		<b>332.405</b>			<b>-1.699.625</b>		<b>-390.640</b>							<b>-2.123.482</b>	<b>-24.945.219</b>	<b>-25.427.311</b>		<b>-25.427.311</b>

## NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

**Valamar Riviera d.d.**

Personal identification

number OIB: **36201212847**

Reporting period:

**01.01.2024 to 30.06.2024**

Notes to financial statements for quarterly periods include:

- a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (items 15 to 15C IAS 34 - Interim financial reporting)
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (item 16.A (a) IAS 34 - Interim financial reporting)
- d) a description of the financial performance in the case of the issuer whose business is seasonal (items 37 and 38 IAS 34 - Interim financial reporting)
- e) other comments prescribed by IAS 34 - Interim financial reporting
- f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:
  1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration
  2. adopted accounting policies (only an indication of whether there has been a change from the previous period)
  3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately
  4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence
  5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security
  6. average number of employees during the financial year
  7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries
  8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year
  9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on



**NOTES TO FINANCIAL STATEMENTS - TFI (continued)**

(drawn up for quarterly reporting periods)

the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital
11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer
12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability
13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member
14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13
15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available
16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking
17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet.

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document "Business results 1/1/2024 - 30/06/2024" which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR PERIOD ENDED 30 JUNE 2024

### NOTE 1 – GENERAL INFORMATION

Valamar Riviera d.d., Poreč (“the Company”) has been established and registered in accordance with Croatian laws and regulations. The Company is registered with the Commercial Court in Pazin. The principle activity of the Company is the provision of accommodation in hotels, resorts and campsites, food preparation and catering services as well as the preparation and serving of beverages. Company's business is of seasonal character. Company's registration number (MBS) is: 040020883, while the Company's personal identification number (OIB) is: 36201212847. The registered office of Valamar Riviera d.d. is in Poreč, Stancija Kaligari 1.

Company's share capital amounts to EUR 221,915,350 and comprises 126,027,542 ordinary shares with no prescribed nominal value. In accordance with the provisions of the Act on the euro introduction as the official currency in the Republic of Croatia and the Act on Amendments to the Companies Act, and based on the decision of the General Assembly on the adjustment of the share capital from April 24, 2023, the share capital of the Company, applying the fixed conversion rate was converted into euros.

The Company's shares were listed on the Prime market of the Zagreb Stock Exchange d.d., and were traded in 2024 in accordance with the relevant regulations on the organized market.

Valamar Riviera Group consists of Valamar Riviera d.d., joint-stock company for tourism services, Poreč (the Parent Company) and its subsidiaries (the Group) as follows:

- Magične stijene d.o.o., Dubrovnik, 100% ownership, until August 3, 2023, when the company Magične stijene d.o.o. was deleted from the court register;
- Bugenvilia d.o.o., Dubrovnik, 100% ownership;
- Imperial Riviera d.d., Rab, 46.27% ownership with the subsidiary Praona d.o.o., Makarska.

Associates companies are:

- Helios Faros d.d., Stari Grad, 20% ownership;

- Valamar A GmbH, Vienna, Austria, 24.54% ownership with subsidiaries WBVR Beteiligungs GmbH, Vienna, Austria, Valamar Marietta GmbH, Obertauern, Austria, ContiEstates AG, Zug, Switzerland until 28 September 2022 when it was merged with Valamar Marietta GmbH, Obertauern, Austria, Kesselspitze GmbH, Obertauern, Austria and Kesselspitze GmbH & Co KG, Obertauern, Austria;
- Valamar Obertauern GmbH, Obertauern, 10% direct ownership and 22.08% indirect ownership.

At the General Assembly of the Company Helios Faros d.d. held on 12 October 2023 the Decision on increasing the share capital by issuing new shares with stakes in cash with partial exclusion of priority rights for existing shareholders was made by investor PBZ Croatia Osiguranje D.D. in the total amount of EUR 6,435,303 for 4,838,574 shares and Valamar Riviera d.d. in the amount of EUR 1,608,825 for 1,209,643 shares.

In 2024, according to the decision of the shareholders of Valamar A GmbH, the company's capital reserves have increased by a total of EUR 2,800,000, in proportion to the following business shares: Wurmböck Beteiligungs GmbH in the amount of EUR 2,112,880 and Valamar Riviera d.d. in the amount of EUR 687,120.

On 18 June 2024 the Company's Supervisory Board approved the granting of a subordinated loan to Valamar A GmbH in the amount of EUR 1,6 million from the Company Valamar Riviera d.d. Another participant of the Valamar A GmbH Group, Wurmböck Beteiligungs GmbH will participate in the subordinated loan with the amount of EUR 1,6 million.

According to the decision of the General Assembly on 24 April 2024, the company paid a dividend in the amount of EUR 0.22 per share, in the total amount of EUR 27,068.

The consolidated and unconsolidated financial statements for the half year period ended 30 June 2024 were approved by the Management Board on 31 July 2024.

## NOTE 2 – SUMMARY OF MATERIAL INFORMATION ON THE ACCOUNTING POLICIES AND ESTIMATES

### 2.1 Basis of preparation

The Company's and Group's financial statements for the half year period ended 30 June 2024 have been prepared in accordance with International Accounting Standard (IAS) 34 – *Interim Financial Reporting*. The financial statements have been prepared under the historical cost method, except for the financial assets at fair value through profit or loss and financial assets. The consolidated and unconsolidated financial statements for the half year period do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's and Group's annual financial statements as at 31 December 2023 which are available on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Company's web page.

### 2.2 Going concern

Company's and Group's half year period financial statements have been prepared on a going concern basis. Based on current expectations Management believes that the geopolitical situation will not have significant negative impact on the Company's and Group's ability to fulfil its obligations nor prolonged impact on Company's and Group's revenues and overall business which can affect the Company's and Group's ability to continue as a going concern in the foreseeable future.

### 2.3 Significant accounting policies

The accounting policies adopted in the preparation of the financial statements for the half year period ended 30 June 2024 are consistent with those followed in the preparation of the Company's and Group's annual financial statements for the year ended 31 December 2023.

### 2.4 Critical accounting estimates

During the preparation of the financial statements for the first half year period ended 30 June, 2024, there were no changes in the key accounting estimates compared to the

estimates used in the preparation of the annual financial statements for the year ended 31 December 2023.

### The Company and the Group, as the lessees as regards the tourist land

Due to the transition from public to private ownership, e.g. in the transformation and privatisation process and the fact that the properties of the Company and the Group that were used in the transformation process were appraised in the share capital of the Company, and a part was not appraised, there are certain ambiguities and proceedings regarding the ownership of a part of the land within the majority of tourist companies, as well as Company and the Group. According to the Act on Tourist and Other Construction Land not appraised in the transformation and privatisation process ("the ZOTZ"), which entered into force on August 1, 2010, a concession fee for the use of tourist land with an area of 3.29 mn m<sup>2</sup> was calculated for the Company and 3.47 mn m<sup>2</sup> for the Group. With the entry into force of the Act on unappraised land ("the ZNGZ") on May 2, 2020, the ZOTZ ceased to be valid.

The ZNGZ prescribes the obligation to determine and form buildings on appraised parts of campsites, hotels, tourist resorts and other construction land as ownership of the Company and the Group and buildings on unappraised parts of campsites, hotels, tourist resorts and other construction land as ownership of Republic of Croatia or local governments. For parts of a land owned by the Republic of Croatia or local governments, the Company and the Group will enter into lease agreements for a period of 50 years.

From the entry into force of the ZNGZ until the day of signing the lease agreement, the rent will be paid according to the area of the tourist land for which the concession fee has been calculated based on the ZOTZ, in the amount of 50% of the fee until the final resolution of property legal relations. The unit amount of rent and the method and terms of payment is determined by Regulations from Government.

On February 8, 2024, the Government of the Republic of Croatia adopted two Regulations on tourist lands: (1) the Regulation on the method of determining the unit of lease for tourist land on which the hotel has been built and the tourist estate, the method of

## NOTE 2 – SUMMARY OF MATERIAL INFORMATION ON THE ACCOUNTING POLICIES AND ESTIMATES / CONTINUED

calculation for lease and other fees and mandatory content of the lease agreement and (2) the Regulation on determining the initial amount of the unit price of the lease for the tourist land in camp, the method of calculation of lease and other fees and mandatory content of the lease agreement (hereinafter: the Regulations).

After the adopted Regulations, the Company and the Group revised the areas of tourist land and determined that the Company will use 2.6 mn m<sup>2</sup> and the Group will use 2.8 mn m<sup>2</sup>.

The accounting treatment of leases by lessees, including the rent of tourist land according to the provisions of the ZNGZ, should be viewed in the context of provisions of IFRS 16 Leases. However, when analyzing the effects of the Act and Regulations and the actual application of the relevant standard, significant evaluations of the criteria for the application of IFRS 16 are required.

According to the Regulations lease fees are determined as an indexed unit price per square meter up to a maximum of 4% of the tourist facility income of the previous

period. The Company and the Group made detailed analysis of fees for each individual tourist facility.

For tourist facilities for which it is estimated that the variable income limit will be reached in most years, the payments are considered variable and as such are excluded from the lease liability, i.e. the criteria for applying IFRS 16 are not met. Variable lease payments are recognized in the statement of comprehensive income for the period.

For tourist facilities for which the variable income threshold is estimated to be unlikely (very low probability) to ever be exceeded, the payments are basically fixed and the indexed unit price per square meter is included in the calculation of the rental obligation.

According to the prescribed unit rent prices from the Regulations and the determined discount rate of 5.42% to 7.96% for the Group, an assessment of the value of assets and liabilities with the right of use was carried out in accordance with IFRS 16 on January 1, 2024 and amounts to EUR 57 mn for the Company and EUR 62 mn for the Group.

## NOTE 3 – FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

In their day-to-day business activities, the Company and the Group face a number of financial risks, especially market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company and the Group have a proactive approach in mitigating the interest rate risks by using available market instruments. Internal risk management goals and policies aim at protecting partial interest hedging of the principal loan amount.

### 3.2 Capital management

The Company's and Group's objectives when managing capital are to safeguard the Company's and Group's ability to continue as a going concern in order to provide returns for the owner and to maintain an optimum capital structure to reduce the cost of capital.

## NOTE 3 – FINANCIAL RISK MANAGEMENT / CONTINUED

### 3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company and the Group is the current bid price. The fair value of financial instruments that are not traded in the active market is determined by using valuation techniques. The Company and the Group use a variety of methods and make assumptions that are based on market conditions existing at each reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Quoted market prices for similar instruments are used for long-term debt. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company and the Group for similar financial instruments.

#### *Fair value hierarchy*

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

**NOTE 3 - FINANCIAL RISK MANAGEMENT / CONTINUED**

The following table presents assets measured at fair value as at:

<b>GROUP</b>				
(in thousands of EUR)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>As at 31 December 2023</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	158	-	-	158
Derivative financial instruments	-	2,282	-	2,282
<b>Total assets measured at fair value</b>	<b>158</b>	<b>2,282</b>	<b>-</b>	<b>2,440</b>
<b>As at 30 June 2024</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	-	23	-	23
Derivative financial instruments	-	2,726	-	2,726
<b>Total assets measured at fair value</b>	<b>-</b>	<b>2,749</b>	<b>-</b>	<b>2,749</b>
<b>COMPANY</b>				
(in thousands of EUR)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>As at 31 December 2023</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	154	-	-	154
Derivative financial instruments	-	1,227	-	1,227
<b>Total assets measured at fair value</b>	<b>154</b>	<b>1,227</b>	<b>-</b>	<b>1,381</b>
<b>As at 30 June 2024</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	-	19	-	19
Derivative financial instruments	-	1,158	-	1,158
<b>Total assets measured at fair value</b>	<b>-</b>	<b>1,177</b>	<b>-</b>	<b>1,177</b>

## NOTE 4 - SEGMENT INFORMATION

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Group's Management (the chief operating decision-makers) who are responsible for allocating resources to the reportable segments and assessing its performance.

The Group records operating revenues and expenses by types of services rendered in three basic segments: hotels and apartments, camping and other business segments.

Revenue was divided between segments according to the organizational principle, where all of the income generated from camping profit centres was reported in the camping segment, and all of the income generated from hotel and apartment profit centres was reported in that segment. Other business segments include revenue from laundry services, other rentals of properties, revenue generated from the central services and central kitchens, revenue from retail, agency revenue and revenue from the accommodation of employees.

The segment information related to reportable segments for the nine-month period ended 30 June 2023 is as follows:

<b>GROUP</b>				
(in thousands of EUR)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
Revenue from segments	68,251	30,137	17,232	115,620
Inter-segment revenue	(372)	(41)	(11,032)	(11,445)
Sales revenue	<b>67,879</b>	<b>30,096</b>	<b>6,200</b>	<b>104,175</b>
Depreciation and amortisation	19,593	8,747	3,810	32,150
Net finance income/(expense)	(3,197)	(655)	62	(3,800)
Profit/(loss) of segment	18,162	15,071	(26,673)	6,560

All hotels, apartments and camps (operating assets) are located in the Republic of Croatia.

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

The segment information related to reportable segments for the nine-month period ended 30 June 2024 is as follows:

<b>GROUP</b>				
(in thousands of EUR)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
Revenue from segments	81,369	30,087	22,170	133,626
Inter-segment revenue	(485)	(20)	(3,676)	(14,039)
Sales revenue	<b>80,884</b>	<b>30,031</b>	<b>8,671</b>	<b>119,587</b>
Depreciation and amortisation	20,363	9,457	4,744	34,565
Net finance income/(expense)	(3,950)	(1,958)	(693)	(6,601)
Profit/(loss) of segment	22,008	13,437	(31,829)	3,616

All hotels, apartments and camps (operating assets) are located in the Republic of Croatia.

The segment information related to total assets and liabilities by reportable segments are as follows:

<b>GROUP</b>				
(in thousands of EUR)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
<b>As at 31 December 2023</b>				
Total assets	409,330	178,780	92,620	<b>680,730</b>
Total liabilities	227,543	92,153	32,425	<b>352,121</b>
<b>As at 30 June 2024</b>				
Total assets	455,765	227,580	97,806	<b>781,151</b>
Total liabilities	308,910	142,668	28,306	<b>479,884</b>



**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

Reconciliation of the profit per segment with profit before tax is as follows:

**GROUP**

(in thousands of EUR)

	<b>January - June 2023</b>	<b>January - June 2024</b>
<b>Revenue</b>		
Revenue from segments	115,621	133,626
Inter-segment revenue	(11,446)	(14,039)
<b>Sales revenue</b>	<b>104,175</b>	<b>119,587</b>
<b>Profit</b>		
Profit from segments	6,560	3,616
Other unallocated expenses	(36,659)	(40,625)
Profit/(loss) from financial and extraordinary activities	(4,166)	(7,010)
<b>Total profit before tax</b>	<b>(34,265)</b>	<b>(44,018)</b>

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

The reconciliation of segment assets and liabilities with the Group's assets and liabilities is as follows:

<b>GROUP</b> (in thousands of EUR)	<b>As at 31 December 2023</b>		<b>As at 30 June 2024</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>Segment assets/liabilities</b>	<b>680,730</b>	<b>352,121</b>	<b>781,151</b>
Hotels and apartments segment	409,330	227,543	455,765	308,910
Campsites segment	178,780	92,153	227,580	142,668
Other business segment	92,620	32,425	97,806	28,306
<b>Unallocated</b>	<b>145,481</b>	<b>27,269</b>	<b>122,814</b>	<b>44,365</b>
Investments in associate	16,250	-	16,620	-
Other financial assets	158	-	23	-
Loans and deposits	25,422	-	21,126	-
Cash and cash equivalents	55,185	-	10,350	-
Other receivables	6,064	-	24,021	-
Deferred tax assets/liabilities	40,120	5,719	47,948	5,428
Other liabilities	-	17,376	-	35,318
Derivative financial assets/ liabilities	2,282	-	2,726	-
Provisions	-	4,174	-	3,619
<b>Total</b>	<b>826,211</b>	<b>379,390</b>	<b>903,965</b>	<b>524,249</b>

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

The Group's hospitality services are provided in Croatia to domestic and foreign customers. The Group's sales revenues are classified according to the customers' origin.

**GROUP**

(in thousands of EUR)

	<b>January - June 2023</b>	<b>%</b>	<b>January - June 2024</b>	<b>%</b>
Revenue from sales to domestic customers	14,757	14.17	18,932	15.83
Revenue from sales to foreign customers	89,418	85.83	100,654	84.17
	<b>104,175</b>	<b>100.00</b>	<b>119,587</b>	<b>100.00</b>

Foreign sales revenues can be classified according to the number of overnights based on the customers' origin, as follows:

**GROUP**

(in thousands of EUR)

	<b>January - June 2023</b>	<b>%</b>	<b>January - June 2024</b>	<b>%</b>
EU members	74,651	83.49	79,983	79.46
Other	14,767	16.51	20,671	20.54
	<b>89,418</b>	<b>100.00</b>	<b>100,654</b>	<b>100.00</b>

## NOTE 5 - STAFF COSTS

The following table shows the information of the total cost of employees during the period:

(in thousands of EUR)	GROUP		COMPANY	
	January - June 2023	January - June 2024	January - June 2023	January - June 2024
Net salaries	28,251	32,256	22,886	25,665
Tax and contributions from salary costs	10,822	12,733	8,908	10,275
Contributions on salaries	5,816	6,747	4,694	5,359
<b>Total</b>	<b>44,889</b>	<b>51,736</b>	<b>36,488</b>	<b>41,299</b>

For the first half year period ended 30 June 2024 Company's average number of employees is 4,898 (30 June 2023: 4,658), while the Group's average number of employees is 6,384 (30 June 2023: 6,157).

The Company capitalised net salaries cost in the amount of EUR 431 thousand (30 June 2023: EUR 400 thousand), cost of contributions and tax from salaries in the amount of EUR 178 thousand (30 June 2023: EUR 162 thousand) and cost of contributions on salaries in the amount of EUR 93 thousand (30 June 2023: EUR 70 thousand). The Group capitalised net salaries cost in the amount of EUR 529 thousand (30 June 2023: EUR 628 thousand), cost of contributions and tax from salaries in the amount of EUR 207 thousand (30 June 2023: EUR 258 thousand) and cost of contributions on salaries in the amount of EUR 114 thousand (30 June 2023: EUR 122 thousand).

## NOTE 6 - INCOME TAX

During the period in 2024 the Company and the Group estimate the period income tax expense/income according to the IAS 34 provisions, i.e. it is based on the best estimate of the weighted average annual income tax rate expected for the full financial year, adjusted for the expected changes during the period. Due to highly seasonal character of business, the profit tax estimate for quarterly reports is not an indicator of the final profit tax on December, 31 2024. Income tax is calculated using the legal income tax rate of 18% in the Republic of Croatia.

Established branch Valamar Riviera d.d., Zweigniederlassung Austria is an Austrian taxpayer with income tax rate of 25%.

The Company will pay income tax advances during the year 2024, determined on the basis of the final calculation of the income tax liability for 2023.

Income tax comprise:

(in thousands of EUR)	GROUP		COMPANY	
	January - June 2023	January - June 2024	January - June 2023	January - June 2024
Deferred tax	(9,474)	(8,111)	(1,912)	(5,243)
<b>Tax (income)/expense</b>	<b>(9,474)</b>	<b>(8,111)</b>	<b>(1,912)</b>	<b>(5,243)</b>

For the half year period ended 30 June 2024, in accordance with the provisions of IAS 34, the Company and the Group estimated tax income i.e. an increase in deferred tax assets in the name of tax incentives and on the realized loss in the amount of EUR 5.2 million for the Company and EUR 8.1 million for the Group.

Movement overview of deferred tax assets and liabilities in 2024:

### DEFERRED TAX ASSET

(in thousands of EUR)	GROUP	COMPANY
<b>As at 1 January 2024</b>	<b>40,120</b>	<b>1,536</b>
Credited/(debited) to the income	7,828	5,186
<b>As at 30 June 2024</b>	<b>47,948</b>	<b>6,722</b>

### DEFERRED TAX LIABILITIES

(in thousands of EUR)	GROUP	COMPANY
<b>As at 1 January 2024</b>	<b>5,719</b>	<b>1,429</b>
Credited/(debited) to the income	(283)	(58)
Credited/(debited) to the other comprehensive income	(8)	(8)
<b>As at 30 June 2024</b>	<b>5,428</b>	<b>1,363</b>

## NOTE 7 – EARNINGS/(LOSS) PER SHARE

### Basic

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

### Diluted

Diluted earnings/(loss) per share are equal to basic, since the Group did not have any convertible instruments and share options outstanding during both periods.

### GROUP

	January - June 2023	January - June 2024
Profit/(loss) attributable to equity holders (in thousands of EUR)	(23,091)	(32,382)
Weighted average number of shares	121,887,907	122,869,512
<b>Basic/diluted earnings/(loss) per share (in EUR)</b>	<b>(0.19)</b>	<b>(0.26)</b>

## NOTE 8 – CHANGES IN SHAREHOLDER'S EQUITY

Following the adopted long-term plan for rewarding key management by giving them treasury shares in the period from 2023 to 2026, which is aimed at increasing loyalty, focusing on business targets' achievement and shareholder value increase, key managers were rewarded with treasury shares on March, 12 2024. In order to make the payout of this reward to key managers, a total of 426,160 treasury shares were disposed of. After making this disposal of treasury shares at the end of the first half year period, the Company now holds 2,990,862 treasury shares in total, which makes 2.3732% of the Company's share capital.

According to the decision of the General Assembly on 24 April 2024, the company paid a dividend in the amount of EUR 0.22 per share, in the total amount of EUR 27,068 thousand.

## NOTE 9 – NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

During the first half year period ended 30 June 2024, the Group acquired assets in the amount of EUR 59,770 thousand (30 June 2023: EUR 33,581 thousand), while the Company acquired assets in the amount of EUR 43,372 thousand 30 June (2023: EUR 15,316 thousand).

During the first half year period ended 30 June 2024, the Group disposed the assets with a net book value of EUR 69 thousand (30 June 2023: EUR 16 thousand), resulting in a net gain on disposal of EUR 18 thousand (30 June 2023: EUR 61 thousand).

During the first half year period ended 30 June 2024, the Company disposed the assets with a net book value of EUR 43 thousand (30 June 2024: EUR 15 thousand), resulting in a net loss on disposal of EUR 4 thousand (30 June 2023: net gain EUR 48 thousand).

## NOTE 10 – LIABILITIES FOR BORROWINGS AND LEASES UNDER IFRS 16

The following table shows bank borrowings and lease liabilities (IFRS 16) by maturity:

(in thousands of EUR)	GROUP		COMPANY	
	Total liabilities on 30 June 2024	Maturity over 5 years	Total liabilities on 30 June 2024	Maturity over 5 years
Bank borrowings	291,758	79,304	180,730	52,737
Lease liabilities under IFRS 16	67,007	60,355	62,141	56,989
<b>Total</b>	<b>358,765</b>	<b>139,659</b>	<b>242,871</b>	<b>109,726</b>

As at 30 June 2024 non-current and current bank borrowings of the Group amounted EUR 291,758 thousand, of which EUR 276,742 thousand is secured with a pledge over Group's property facilities and movable property, while the rest of the loan in the amount of EUR 15,016 thousand is secured by promissory notes.

As at 30 June 2024 non-current and current bank borrowings of the Company amounted EUR 180,730 thousand, of which EUR 165,714 thousand is secured with a pledge over Company's property facilities and movable property, while the rest of the loan in the amount of 15,016 is secured by promissory notes.

As at 30 June 2024 lease liabilities under IFRS 16 of the Group amounted EUR 67,007 thousand, of which the most significant item is the rental of tourist land in the amount of EUR 63,585 thousand.

As at 30 June 2024 lease liabilities under IFRS 16 of the Company amounted EUR 62,141 thousand, of which the most significant item is the rental of tourist land in the amount of EUR 58,660 thousand.

Detailed explanation of tourist land leases liabilities in Note 2.4 *Critical accounting estimates*.

## NOTE 11 – CONTINGENCIES AND COMMITMENTS

The contracted capital commitments of the Company in respect to investments in tourism facilities at 30 June 2024 amount to EUR 92,336 thousand (30 June 2023: EUR 72,369 thousand). The contracted capital commitments of the Group in respect to investments in tourism facilities at 30 June 2024 amount to EUR 122,245 thousand (30 June 2023: EUR 82,453 thousand).

The Company is the guarantor of the loans of related-party Valamar Obertauern GmbH. The estimated maximum amount of the guarantee that can be realized is EUR 5,358 thousand. The loan of the related-party is secured by mortgages on the real estate of Valamar Obertauern GmbH. The Company estimates the very low probability of incurring an actual obligation under the guarantee.

The Company was the guarantor of the loan of related-party Imperial Riviera d.d. in the amount EUR 48,889 thousand, and to secure the claim a pledge over Imperial Riviera's property facilities was established in the amount of the claim. On 15 April, 2024, the Company concluded agreements with OTP banka d.d. on the termination of the loan guarantee agreement with the related party Imperial Riviera d.d. Following the termination of the guarantee agreement on 16 April, 2024, the Company signed an agreement with the related-party Imperial Riviera d.d. on the termination of the insurance of the guarantee agreement and approved the deletion of the lien on the real estate of Imperial Riviera d.d. An inspection procedure is underway under the Ministry of the Sea, Transport and Infrastructure due to the suspicion that the Company, in the period from 2011 until 31 August, 2023, economically without a legal basis used the maritime domain, built and limited the general use of the maritime domain in Ježevac campsite. It is expected that further administrative proceedings from this procedure will be initiated by the Ministry of Finance against the Company in order to collect the concession fee and return the realized benefit. At the beginning of February, 2024, a notice of tax inspection was received from the Ministry of Finance which begins on

27 February, 2024. The Company in its business books did not make a reservation on the basis of the facts and allegations presented so far, it is not possible to assess the possible degree of liability of the Company which will continue to actively participate in the initiated procedure.

In a lawsuit from 2012 for the payment of the amount on behalf of work on the Lacroma hotel the first degree judgment of the Commercial Court from 2015, which was in the second degree of 2019 confirmed by the High Commercial Court, dismissed the claim of the plaintiff. However, on 4 July, 2023, the Supreme Court of the Republic of Croatia abolished the judgments of the Commercial Court and the High Commercial Court and returned the case for retrial. Based on the receivables from the claim, the principal in this case amounts to EUR 1,498,608.42. In February 2024, the Commercial Court in Dubrovnik issued a first degree verdict in favor of the Company in a repeated proceeding. In the appeal proceeding on the plaintiff's appeal, on 26 March, 2024, the High Commercial Court of the Republic of Croatia issued a final judgment against the Company, reversing the judgment of the Commercial Court in Dubrovnik from February 2024 and upheld the plaintiff's claims. On 28 May, 2024, the Company filed a proposal for permission to revise against judgment of the High Commercial Court of the Republic of Croatia. On 23 May, on the basis of a final judgment of the High Commercial Court of the Republic of Croatia, the plaintiff transferred the funds from the Company's account to the account of the Financial Agency. On 3 June, 2024, the Company submitted to the competent court a Proposal to postpone the issuance of an order to banks to transfer seized funds. On 4 July, the Municipal Court in Pazin issued a decision ordering the Financial Agency to postpone the issuance of orders to banks for the transfer of confiscated funds until the Supreme Court of the Republic of Croatia makes a decision regarding the above mentioned revision. In the second quarter of 2024, the Company recorded in the books costs in the amount of EUR 4,1 million in the name of principal and interest rates in this litigation process.



## NOTE 12 – ASSOCIATES

The following table shows total capital and reserves and profit or loss for the last business year of associates as at 31 December 2023:

(in thousands of EUR)				
ASSOCIATES	Country	Ownership	Total capital and reserves	Profit/(loss) for the year /ii/
Helios Faros d.d., Stari Grad	Croatia	20.00%	52,511	(1,419)
Valamar A GmbH, Vienna /i/	Austria	24.54%	20,116	(524)
Valamar Obertauern GmbH, Obertauern /i/	Austria	10% directly/ 22.08% indirectly	3,640	(267)
WBVR Beteiligungs GmbH, Vienna /i/	Austria	24.54% indirectly	4,057	(4)
Valamar Marietta GmbH, Klagenfurt am Wörthersee /i/	Austria	24.54% indirectly	1,770	(848)
Kesselspitze GmbH, Obertauern /i/	Austria	24.54% indirectly	33	(1)
Kesselspitze GmbH & Co KG, Obertauern /i/	Austria	24.54% indirectly	10,727	(806)

/i/ Explained detailed in Note 1 – *General information*.

/ii/ For the purposes of the Group's financial reporting, the profit/loss of the business year of Austrian companies includes the period from 1 January to 31 December, while the business year of the mentioned companies lasts from 1 November to 31 October.

## NOTE 13 – RELATED PARTY TRANSACTIONS

Related party transactions were as follows:

<b>GROUP</b>	<b>January - June 2023</b>	<b>January - June 2024</b>
(in thousands of EUR)		
<b>Sale of services</b>		
Associate with participating interest	989	1,485
	<b>989</b>	<b>1,485</b>
<b>Purchase of services</b>		
Other parties related to the owners and corporate governance bodies	46	118
Associate with participating interest	15	47
	<b>61</b>	<b>165</b>
	<b>As at 31 December 2023</b>	<b>As at 30 June 2024</b>
<b>Trade and other receivable</b>		
Associate with participating interest	1,374	307
	<b>1,374</b>	<b>307</b>
<b>Liabilities</b>		
Other parties related to the owners and corporate governance bodies	32	17
Associate with participating interest	16	30
	<b>48</b>	<b>47</b>
<b>Deposits given</b>		
Associate with participating interest	968	968
	<b>968</b>	<b>968</b>

**NOTE 13 – RELATED PARTY TRANSACTIONS / CONTINUED**

Related party transactions were as follows:

**COMPANY**

(in thousands of EUR)

	January - June 2023	January - June 2024
<b>Sale of services</b>		
Subsidiaries	5,380	6,802
Associate with participating interest	989	1,485
	<b>6,369</b>	<b>8,287</b>
<b>Purchase of services</b>		
Subsidiaries	648	800
Associate with participating interest	46	118
Other parties related to the owners and corporate governance bodies	10	45
	<b>704</b>	<b>963</b>
<b>Dividend income</b>		
Subsidiaries	2,183	4,883
	<b>2,183</b>	<b>4,883</b>
	<b>As at 31 December 2023</b>	<b>As at 30 June 2024</b>
<b>Trade and other receivable</b>		
Subsidiaries	2,341	2,306
Associate with participating interest	1,373	307
	<b>3,714</b>	<b>2,613</b>
<b>Trade and other payables</b>		
Subsidiaries	48	443
Associate with participating interest	32	17
Other parties related to the owners and corporate governance bodies	10	30
	<b>90</b>	<b>490</b>
<b>Deposits given</b>		
Associate with participating interest	968	968
	<b>968</b>	<b>968</b>

**NOTE 14 – SUBSEQUENT EVENTS**

The Company and the Group did not record any significant events after the balance sheet date.

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