



## BUSINESS RESULTS 1/1/2022 - 31/3/2022



**VALAMAR**  
All you can holiday



## ABOUT VALAMAR

Valamar is Croatia's leading tourism company operating hotels, resorts and camping resorts in prime destinations – Istria, the islands of Krk, Rab and Hvar, Makarska, Dubrovnik, and Obertauern in Austria. With around 21,000 keys, Valamar's 37 hotels and resorts and 15 camping resorts can welcome around 58,000 guests daily and provide perfect holidays and authentic experiences for each guest.

The company believes in a growthdriving strategy focused on investments in high added-value products, talents, innovative services and destinations to maintain business continuity. The active promotion and advancement of these interests make Valamar a responsible and desirable employer and one of the top Croatian and regional investors in tourism with over HRK 6.1 billion invested in the last 18 years.

Steered by sustainability and social responsibility, Valamar leads the innovative management of leisure tourism and continuously creates new value for all our stakeholders. Valamar's business success is based on longstanding partnerships and an open communication with its key stakeholders. Therefore, we have established policies at company level that represent our continuing commitment to be the hospitality market leader in Croatia in terms of service quality, guest and user satisfaction, caring for the interests of our employees, company and local community, environmental protection and resource management.

Tourism portfolio of Valamar Group



## KEY MESSAGES

Valamar Group's business recovery continued in the first quarter of 2022. Operating revenues amounted to HRK 59 million, with 147 thousand overnights, which exceeds the results from 2021, as well as 2019, although the Group no longer consolidates the results of Obertauern Hotel. EBITDA has exceeded 2019 by HRK 23 million as a result of increased operational efficiency. However, the achieved EBITDA is not comparable to 2021, which had different season preparation cost dynamics under the impact of the crisis and the labor costs were mitigated through significant government job protection subsidiaries. Given that the first quarter has a very small share in annual revenues due to the seasonality of Croatian tourism, these results are not indicative.

Investments for the 2022 season aimed at hotels, resorts and camps managed by Valamar are worth about HRK 530 million and will drive growth and a positive outlook. One of the largest investment projects is Imperial Riviera's repositioning of Dalmacija [PLACESHOTEL] by Valamar in Makarska worth HRK 67 million, opening mid-May. Helios Faros' investments worth HRK 220 million are intended for the construction of the Valamar Amicor Green Resort and the Aquamar swimming pool complex on the island of Hvar. Valamar Amicor Green Resort is a new concept of a fully sustainable resort, following the highest green building standards, utilizing renewable energy sources and a high level of energy efficiency that Valamar plans to open in July this year. Investments for this season also include the renovation of hotel Corinthia in Baška on Krk island which will become Valamar's Sunny Plus, upgrading Valamar Bellevue Hotel in Rabac and the construction of Padova beach with its facilities on Rab island. Furthermore, investments will continue in Istra Premium Camping Resort and Lanterna Premium Camping Resort. The company has also opened Valamar House for seasonal employees in Dubrovnik, the fifth in Valamar's destinations.

The Valamar employment campaign for 2022 runs under the umbrella program "No. 1 for a reason" with the aim of increasing the appeal of key occupations in tourism by investing EUR 15 million in salary increases

OVERNIGHTS  
AND REVENUES  
EXCEEDED THOSE  
FROM 2019

TOTAL  
INVESTMENTS OF  
HRK 530 MILLION  
IN HOTELS,  
RESORTS AND  
CAMPS MANAGED  
BY VALAMAR ARE  
UNDERWAY

and reward programs in 2022. Wages for professional positions including chefs, waiters, specialist housekeepers and receptionists at Valamar have increased by an average of 14%, and their income this season will be between EUR 1,000 and 1,600 net per month. The Valamar minimum net income guarantee for housekeepers, assistant chefs, assistant waiters, kitchen workers, waiters and many others will increase to a monthly amount of EUR 750 to 1,100 net. In addition to raising basic wages, Valamar will continue its programs awarding excellence. Last year, employees received a "13th and 14th wage" of up to EUR 1,500 net, depending on how long and successfully they worked. Additional programs have been created for this season, which aim to improve employee satisfaction and attitude towards work.

Restrictions related to COVID-19 in Croatia have been significantly eased and daily life and business are taking place in almost completely normal conditions. However, this is not the case in all of our source markets, and guest arrivals from distant countries are still significantly hampered. The Group had four hotels and two camps opened throughout the first quarter and five more hotels were opened during February and March. Several more hotels and camps were opened during the Easter holidays mid-April.

The results achieved in the first quarter and the current booking trends point to a potentially good tourist season, but there are also increased risks due to global inflation and general price increases. The Russian and Ukrainian markets in Valamar accounted for up to 2% of turnover and it is expected that their absence could be compensated with other source markets.

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Ježevac Premium Camping Resort 4\*, Krk Island





Lanterna Premium Camping Resort 5\*, Poreč



# Significant Business Events

## CRISIS MANAGEMENT DURING COVID-19

In the first quarter of 2022, COVID-19 pandemic significantly weakened both globally and in Croatia. Related restrictions in Croatia have been significantly eased and everyday life and business are now running almost completely normally. However, this is not the case with all of our source markets, and the arrivals of guests from distant countries are still somewhat difficult. Although the 2022 season is expected to return to the almost normal phase, there is still some uncertainty regarding the development of the global pandemic, which has not completely disappeared. That may have an impact on tourism flows and, consequently, on the Group's business results.

Istria and the northern Adriatic, where the majority of the Group's facilities are located, have a great advantage in the fact that they are the traditional drive tourism destination for our major source markets (Italy, Slovenia, Austria, Germany, the Netherlands, the Czech Republic, Hungary, etc.). Our camping resorts play a major role in attracting our guests and they have become the resorts of the first choice for many. Guest preferences shift to favouring nature and privacy, but also the camping resorts offer an increased quality of service and facilities thanks to considerable investments over the last period.

The health of our guests and their feeling of being safe in our properties is our utmost priority. In 2020 we introduced some key innovations, such as our V Health & Safety programme of comprehensive health, safety and ecology standards, an enhanced cleaning system 'CleanSpace - 100% privacy', the Online reception desk, the 'Bed & Brunch' hotel concept and the Valfresco Direkt online shopping and food delivery service. By introducing these services, Valamar has also strengthened the market position of small manufacturers and local family farms. In 2021 Valamar introduced the V-Care Guarantee concept, which enables the organization of all necessary health services during the guest's stay (and in case of COVID-19 infection as well). For the guests who have made their reservations directly at valamar.com or via the Valamar reservation centre, this includes e.g. free medical consultation by phone (phone or video call) 24/7, Antigen testing at the hotel or camping resort, and organizing PCR testing at designated locations in all Valamar destinations. Guests infected with COVID-19 and anyone included in their reservation will have their costs covered if they need to extend their

FURTHER  
NORMALIZATION  
OF TOURISM  
BUSINESS DURING  
2022

AT THE BEGINNING  
OF 2022, THREE  
HOTELS IN  
DUBROVNIK WERE  
TRANSFERRED  
FROM VALAMAR  
RIVIERA TO  
IMPERIAL RIVIERA

stay up to 14 days. Also, the return trip travel expenses for guests infected with COVID-19 will be reimbursed, if the return dates are different than those originally scheduled.

## VALAMAR AND AZ PENSION FUNDS JOINT INVESTMENTS

In 2021, Valamar Riviera and AZ pension funds recapitalized Imperial Riviera by increasing the share capital of the Company with a total of HRK 690 million. Valamar Riviera participated in this investment by a contribution in kind, i.e. by investing its real estate (land on the Babin Kuk peninsula in Dubrovnik), while AZ pension funds made cash investment. This capital increase is aimed at a further development of the tourist portfolio in Dubrovnik, Makarska and on the island of Rab.

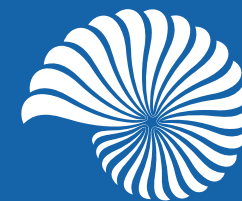
At the beginning of 2022, three hotels (Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar) in Dubrovnik were transferred from Valamar Riviera to Imperial Riviera. The acquisition value of cited hotels amounts to EUR 95.3 million and the financing for a major part of this transaction is ensured by taking over Valamar Riviera's existing loan obligations by Imperial Riviera. These hotels in the area of Babin Kuk in Dubrovnik, together with the real estate being previously entered in Imperial in the process of its share capital increase will represent sustainable and strategically important technological unit. Imperial Riviera is thus becoming a multi-destination company present in Istria, Kvarner, Dalmatia and the city of Dubrovnik.

## VALAMAR RIVIERA'S GENERAL ASSEMBLY

On 7 April 2022, the Company publicly announced the invitation to the regular General Assembly. The General Assembly has been convoked for 19 May 2022. The Agenda for the General Assembly, proposed decisions with explanations and all other prescribed reports and materials that are to be reviewed by the Assembly as well as the instructions for the shareholders are available on the Company's website.



Isabella Valamar Collection Island Resort 4\*/5\*, Poreč



# Results of the Group

## QUARTERLY FINANCIAL STATEMENTS

The Management Board hereby presents the unaudited quarterly financial statements for the period from 1 January 2022 to 31 March 2022.

The Group's profit and loss account for the period considered consolidates the data from the following companies (only for the period when they were subsidiaries of Valamar Riviera d.d.): Imperial Riviera d.d. (a subsidiary 46.27% owned by Valamar Riviera d.d.), Valamar A GmbH (until 29 November 2021, 100% owned, and from 29 November 2021, 24.54% owned), Valamar Obertauern GmbH (10% directly owned and, until 29 November, 90% indirectly owned by Valamar Riviera d.d. and afterwards, 22.08% indirectly owned by Valamar Riviera d.d.), Palme Turizam d.o.o. (until 7 May 2021, when it was merged to Valamar Riviera d.d., 100% owned), Magične stijene d.o.o. (100% owned), and Bugenvilia d.o.o. (100% owned).

The Group's balance sheets as at 31 December 2021 and 31 March 2022 consolidate the data for the following companies: Valamar Riviera d.d. (Parent Company), Imperial Riviera d.d., Magične stijene d.o.o. and Bugenvilia d.o.o.

The investment in the company Helios Faros d.d. is reported according to the equity method since Valamar Riviera d.d. does not exercise control but a significant influence over Helios Faros d.d.

 *The Management Board presents  
the quarterly financial statements for  
the first quarter of 2022*





## KEY FINANCIAL INDICATORS<sup>1</sup>

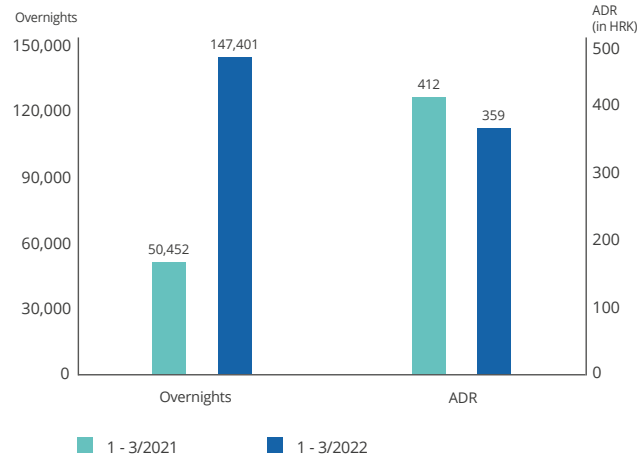
	1 - 3/2021	1 - 3/2022	2022/2021
Total revenues	34.153.864	74.792.168	119,0%
Operating income	30.169.689	59.456.793	97,1%
Sales revenues	19.822.251	48.309.913	143,7%
Board revenues (accommodation and board revenues) <sup>2</sup>	9.171.202	28.171.758	207,2%
Operating costs <sup>3</sup>	60.543.637	146.063.622	141,3%
EBITDA <sup>4</sup>	-34.147.281	-90.766.921	165,8%
Extraordinary operations result and one-off items <sup>5</sup>	5.616.546	7.168.310	27,6%
Adjusted EBITDA <sup>6</sup>	-39.763.827	-97.935.231	146,3%
EBIT	-159.165.686	-213.490.176	34,1%
Adjusted EBIT <sup>6</sup>	-164.782.232	-220.658.486	33,9%
EBT	-186.734.431	-239.200.528	28,1%
	<b>31/12/2021</b>	<b>31/3/2022</b>	<b>2022/2021</b>
Net debt <sup>7</sup>	1.973.103.640	2.122.688.781	7,6%
Cash and cash equivalents	1.115.257.824	865.387.946	-22,4%
Market capitalization <sup>8</sup>	4.158.908.886	4.058.086.852	-2,4%
EV <sup>9</sup>	7.175.077.019	7.196.343.852	0,3%

## KEY BUSINESS INDICATORS<sup>10</sup>

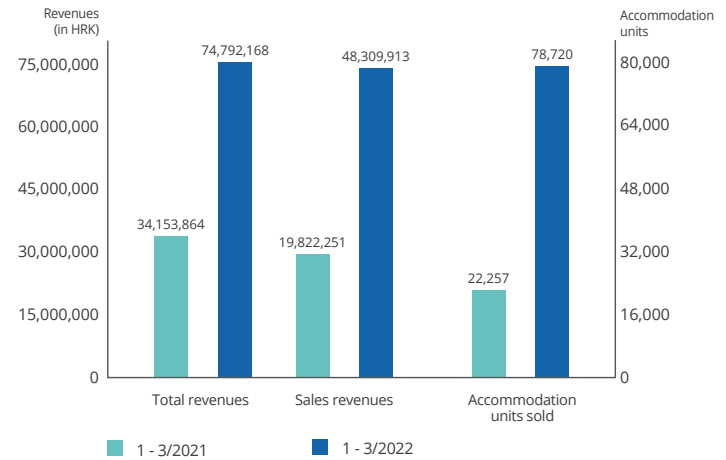
	1 - 3/2021	1 - 3/2022	2022/2021
Number of accommodation units (capacity)	21.328	21.305	-0,1%
Number of beds	58.617	58.696	0,1%
Accommodation units sold	22.257	78.720	253,7%
Overnights	50.452	147.401	192,2%
ARR <sup>11</sup> (in HRK)	412	427	3,6%

- 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).
- 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 HRK 11.2 million in 2022, and HRK 8.4 million in 2021), (ii) extraordinary expenses (in the amount of HRK 3.8 million in 2022, and HRK 3.4 million in 2021), and (iii) termination benefit costs (in the amount of HRK 0.3 million in 2022, and HRK 0.4 million in 2021).
- 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 at the end of period.
- EV refers to enterprise value; calculated as market capitalization + net debt + minority interest.
- Data for Helios Faros and Valamar Obertauern (after 29 November 2021) are not included.
- Average rate is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues). Non commercial accommodation units sold excluded.

### Overnights and ADR



### Revenues and accommodation units sold



Both overnights and revenues are significantly higher than in the first quarter of 2021 which was considerably more impacted by the COVID-19 pandemic. Four Group's hotels and two campsites were open during the whole of the first quarter, and additional five hotels were open during February and March. Several other hotels and campsites were open mid of April during the Easter holidays.

The beginning of the year was marked by excellent trends in accommodation reservations. However, after the commencement of the war in Ukraine at the end of February, these trends slowed down. Reservations have quite improved in the last few weeks, and the markets are again showing a positive sentiment toward travelling.



## REVENUES

In the first quarter of 2021, total revenues amounted to HRK 74.8 million, which is an increase of 119.0% (HRK 40.6 million). The realized total revenues were influenced by:

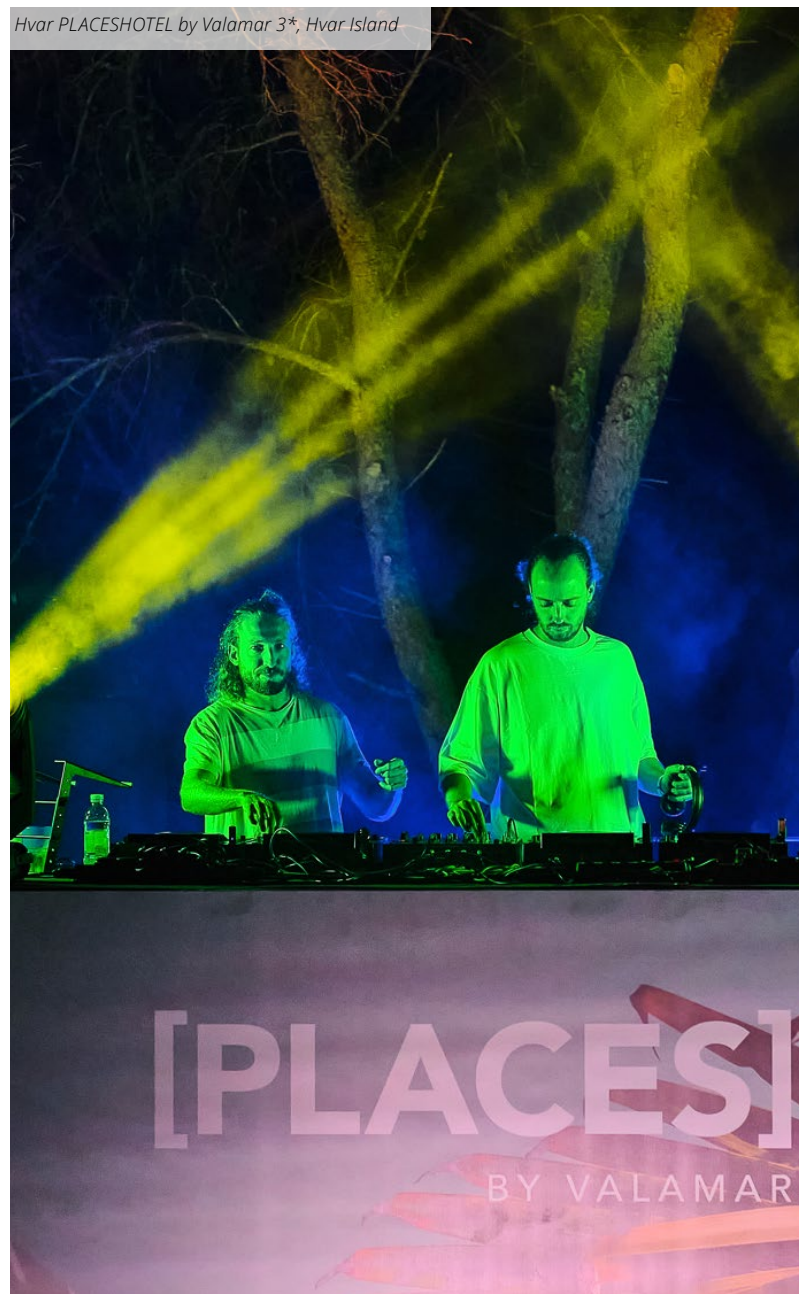
a) increase in sales revenues by 143.7% (HRK 28.5 million) to the amount of HRK 48.3 million, which consists primarily of board revenues (HRK 28.2 million) after a significant improvement in tourist flows following a significantly smaller impact of the COVID-19 pandemic in the first quarter of 2022.

There has been a change in the revenue structure; sales revenues in the country amount to HRK 26.0 million with a share of 53.8% in total sales revenues (75.6% in the same period in 2021) and are HRK 11.0 million higher than in 2021. With a share of 46.2% in total sales revenues (24.4% in the same period in 2021), sales revenues on foreign markets amount to HRK 22.3 million and are higher by HRK 17.5 million.

b) an increase in other operating revenues of 7.8% to HRK 11.1 million compared to the same period in 2021, mainly due to higher revenues from sale of non-operating assets

c) financial income amounts to HRK 15.0 million and is higher by 275.5% than those realized in the same period in 2021 as a result of the increase in net positive exchange rate differences and unrealized gains on financial assets.

Hvar PLACESHOTEL by Valamar 3\*, Hvar Island



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

(in HRK)	1-3 /2021	1-3 /2022	2022/2021
Operating costs <sup>13</sup>	60.543.637	146.063.622	141,3%
Total operating expenses	189.335.375	272.946.969	44,2%
Material costs	25.357.804	49.420.235	94,9%
Staff cost	24.152.815	79.627.458	229,7%
Depreciation and amortisation	125.010.425	122.723.255	-1,8%
Other costs	12.369.694	18.375.265	48,6%
Provisions and value adjustments	7.980	0	-100,0%
Other operating expenses	2.436.657	2.800.756	14,9%

**TOTAL OPERATING EXPENSES**

Total operating expenses in the first quarter of 2022 amounted to HRK 272.9 million, which is 44.2% more than in the same period last year. Development of operating expenses:

a) material costs amount to HRK 49.4 million and are higher by 94.9% as a result of increased costs of raw materials, electricity, cost of goods sold, costs of promotional activities and other direct costs in accordance with the increased business volume.

b) staff costs increased by 229.7% and amount to HRK 79.6 million, also after the increased business volume and the need for workforce as well as abolishing of COVID grants related to employee cost subsidies (first quarter in 2021: HRK 38.8 million for the Group and HRK 31.8 million for the Company)

c) depreciation amounts to HRK 122.7 million, which

represents an decrease of 1.8%

d) other expenses increased by 48.6% to HRK 18.4 million. The increase is due to increased employee transportation fees and accommodation costs, utility charge and travel expenses

e) other operating expenses amount to HRK 2.8 million, which is an increase of 14.9%.

<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 EBT

The first quarter usually carries a characteristic negative EBITDA due to the significantly less volume of seasonal operations. Thus, in the first quarter of 2022, negative adjusted EBITDA amounted to HRK -97.9 million, which is a deterioration of 146.3% (or by HRK 58.2 million) compared to the adjusted EBITDA realized in the first quarter of 2021, amounting to HRK -39.7 million. The main reasons for this are much more intensive preparation of the season in the first quarter of 2022 and the opening of a much larger number of properties than in the same period in 2021 as well as the cancellation of support measures for job preservation of the Government of the Republic of Croatia.

Depreciation and net financial result (explained in more detail in the next section) were at very similar levels in two observed periods. Therefore, profit before tax (EBT) generally followed the development of EBITDA and was deteriorated by HRK 52.5 million to the level of HRK -239.2 million.

Valamar Carolina Hotel & Villas 4\*, Krk Island

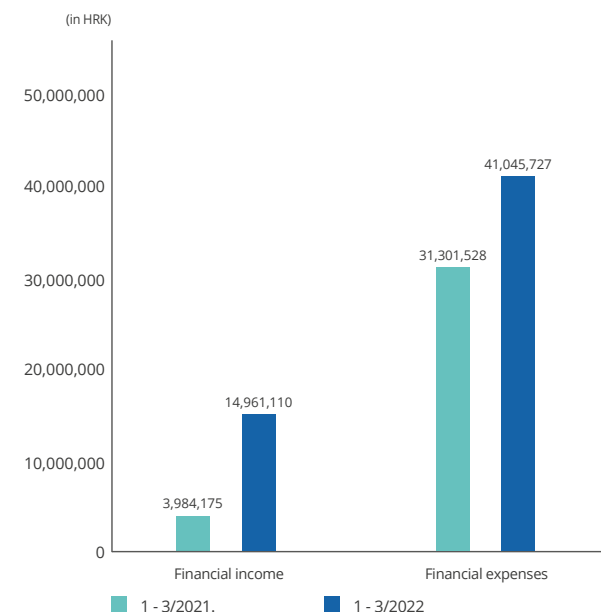


## RESULT FROM FINANCIAL ACTIVITIES

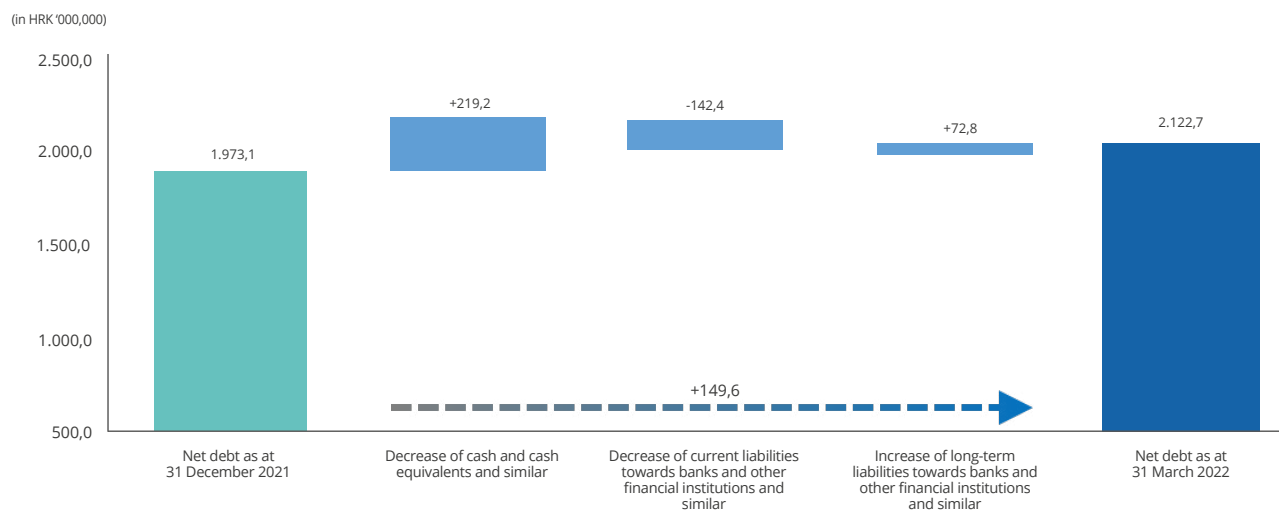
In the first quarter of 2022, net financial result amounted to HRK -26.1 million (HRK -27.3 million in the same period in 2021). An increase in unrealized gains on financial assets in the amount of HRK 8.0 million (based on the fair value of interest rate swaps) and lower interest expenses on loans in the amount of HRK 2.0 million (lower loan liabilities) are the main reasons for improvement in net financial result.

On the other hand, the increase in net negative exchange rate differences (primarily unrealized on long-term loans) by HRK 6.5 million (higher exchange rate increase in the first quarter of 2022) had the greatest impact on the lowering of the net financial result.

## 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.



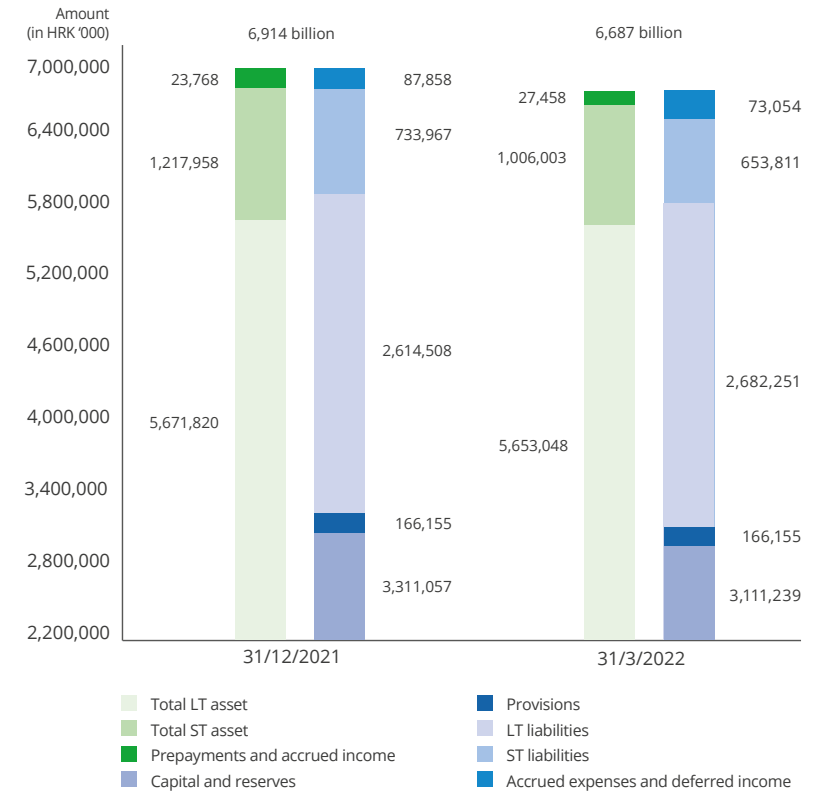
## ASSETS AND LIABILITIES

On 31 March 2022, total value of Group's assets amount to HRK 6,686.5 million, which is 3.3% decrease compared to 31 December 2021. Total share capital and reserves amount to HRK 3,111.2 million and are lower by 6.0% as a result of the realized net loss in the first quarter of 2022.

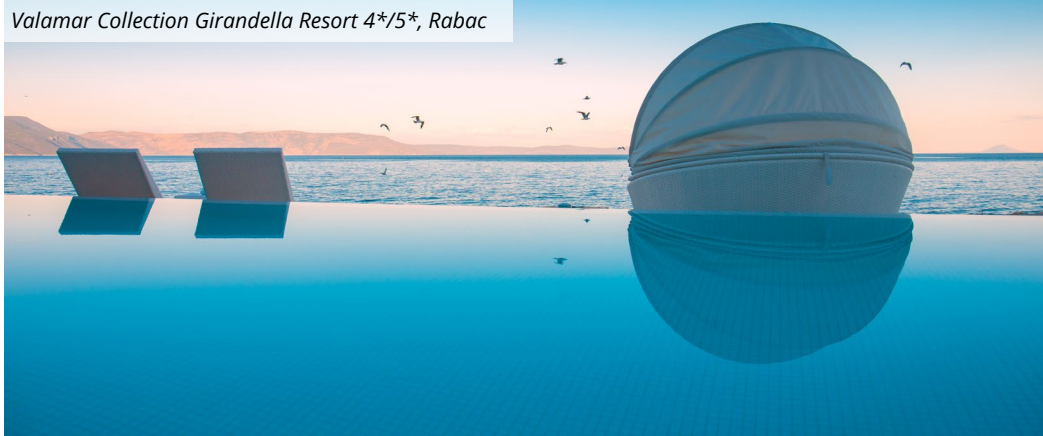
Total long-term and short-term liabilities to banks and other financial institutions as at 31 March 2022 amount to HRK 3,041.7 million and are lower by 2.3% compared to 31 December 2021 as a result of repayment of loans.

A large part of the loan portfolio (88%) consists of long-term loans with contracted fixed interest rate and loans protected by derivative instruments (IRS) for the purpose of hedging against interest rate risk.

### Assets and liabilities



On 31 March 2022 the Group's cash balance amounted to HRK 865.4 million (a decrease of 22.4% compared to 31 December 2021), which together with i) the agreed credit lines, ii) valuable tourist assets and iii) a strong operating business model make Group's stable balance sheet.



## HOTEL AND CAMPING RESORTS OVERVIEW<sup>15</sup>

HOTELS AND RESORTS OVERVIEW		LOCATION	KEYS
<b>Hotels and Resorts</b>			<b>9.387</b>
<b>VALAMAR COLLECTION</b>			<b>1.261</b>
Marea Valamar Collection Suites	5*	Poreč	108
Imperial Valamar Collection Hotel	4*	Island Rab	136
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
<b>VALAMAR HOTELS &amp; RESORTS</b>			<b>3.682</b>
Valamar Riviera Hotel & Residence	4*	Poreč	132
Valamar Tamaris Resort	4*	Poreč	507
Valamar Parentino Hotel	4*	Poreč	329
Valamar Bellevue Resort	4*	Rabac	372
Valamar Diamant Hotel & Residence	3*/4*	Poreč	372
Valamar Pinia Hotel	3*	Poreč	170
Valamar Sanfior Hotel & Casa	4*	Rabac	242
Valamar Atrium Baška Residence & Villa Adria	4* / 5*	Island Krk	92
Valamar Carolina Hotel & Villas	4*	Island Rab	176
Valamar Padova Hotel	4*	Island Rab	175
Valamar Meteor Hotel	4*	Makarska	268
Valamar Argosy Hotel	4*	Dubrovnik	308
Valamar Lacroma Dubrovnik Hotel	4*	Dubrovnik	401
Valamar Obertauern Hotel	4*	Austria	82
Valamar Amicor Green Resort	4*	Island Hvar	56
<b>[PLACES] by Valamar</b>			<b>369</b>
Hvar [PLACESHOTEL] by Valamar	3*	Island Hvar	179
Dalmacija [PLACESHOTEL] by Valamar	3*	Makarska	190
<b>SUNNY BY VALAMAR</b>			<b>3.946</b>
Lanterna Sunny Resort by Valamar	2*	Poreč	606
San Marino Sunny Resort by Valamar	3*	Island Rab	457
Rivijera Sunny Resort by Valamar	2*	Makarska	258
Arkada Sunny Hotel by Valamar	2*	Island Hvar	251
Tirena Sunny Hotel by Valamar	3*	Dubrovnik	208
Club Dubrovnik Sunny Hotel	3*	Dubrovnik	338
Eva Sunny Hotel & Residence	2* / 3*	Island Rab	284
Crystal Sunny Hotel by Valamar	4*	Poreč	223
Rubin Sunny Hotel by Valamar	3*	Poreč	253
Allegro Sunny Hotel & Residence by Valamar	3*	Rabac	180
Miramar Sunny Hotel & Residence by Valamar	3*	Rabac	178
Corinthia Baška Sunny Hotel by Valamar	3*	Island Krk	431
Zvonimir Sunny Hotel by Valamar	4*	Island Krk	85
Koralj Sunny Hotel by Valamar	3*	Island Krk	194
<b>NEW ACQUISITION</b>			<b>129</b>
Hotel Marietta	4*	Austria	129

CAMPING RESORTS OVERVIEW		LOCATION	KEYS
<b>Camping Resorts</b>			<b>11.651</b>
<b>CAMPING ADRIATIC BY VALAMAR - PREMIUM RESORTS</b>			<b>5.435</b>
Istra Premium Camping Resort	5*	Poreč	928
Lanterna Premium Camping Resort	4*	Poreč	2.959
Krk Premium Camping Resort	5*	Island Krk	500
Ježevac Premium Camping Resort	4*	Island Krk	632
Padova Premium Camping Resort	4*	Island Rab	416
<b>CAMPING ADRIATIC BY VALAMAR - RESORTS</b>			<b>4.556</b>
Orsera Camping Resort	3*	Poreč	592
Solaris Camping Resort	3*	Poreč	1.824
Marina Camping Resort	4*	Rabac	329
Baška Beach Camping Resort	4*	Island Krk	593
Bunculuka Camping Resort	4*	Island Krk	408
San Marino Camping Resort	4*	Island Rab	810
<b>CAMPING ADRIATIC BY VALAMAR - SUNNY</b>			<b>1.660</b>
Briuni Sunny Camping	2*	Pula	740
Tunarica Sunny Camping	2*	Rabac	160
Škrila Sunny Camping	3*	Island Krk	342
Solitude Sunny Camping	3*	Dubrovnik	418

<sup>15</sup> Hotel Marietta in Obertauern, Austria, acquired by Valamar A GmbH in December 2021. It is not managed by Valamar Riviera and is not branded by Valamar Riviera. Leased to a third party until mid-2023.



Isabella Valamar Collection Island Resort 4\*/5\*, Poreč



# Results of the Company

As mentioned earlier, at the beginning of 2022 three hotels (Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar) in Dubrovnik were sold / transferred from Valamar Riviera to Imperial Riviera. On that occasion, Valamar Riviera generated revenue, ie net income from the sale of assets in the amount of HRK 471.9 million, which is booked in the item Other operating income with entrepreneurs within the group. This transaction had a significant impact on the stand alone Company's financial statements, while it had no impact on the Group's financial statements as it is an intragroup transaction.

In the first quarter of 2022, total revenues amounted to HRK 545.5 million, which is an increase of HRK 513.5 million compared to the same period in 2021, when they amounted to HRK 32.0 million. The above-mentioned revenue from the sale of assets and higher sales revenues from the core hospitality business have the largest contribution to the increase in total revenues.

Sales revenues amount to HRK 49.0 million and are higher by 159.8% compared to the same period last year. This is the result of a significant improvement in tourism flows after the significantly lower impact of the COVID-19 pandemic in the first quarter of 2022. Domestic sales revenues amount to HRK 32.7 million with a share of 67% in total sales revenues (74% in 2021). Revenues from sales on foreign markets amount to HRK 16.3 million with a share of 33% in total revenues (26% in 2021).

Material costs amounted to HRK 44.7 million with an increase of 88.4% as a result of increased business volume. Staff costs amounted to HRK 68.7 million, which is 210.9% more than last year, also due to increased business volume and labor needs, as well as the abolition of COVID grants related to subsidies for employee costs.

Depreciation amounts to HRK 92.0 million, which is 6.2% lower than last year. Value adjustments and provisions amount to 0 after last year's also low HRK 8 thousand.

In the first quarter of 2022 net financial result amounted to HRK -20.0 million (HRK -25.0 million in the same period in 2021). An increase in

HIGH PROFIT  
FROM THE SALE OF  
THREE HOTELS TO  
IMPERIAL RIVIERA  
ACHIEVED

STRONG CASH  
POSITION OF THE  
COMPANY AS AT  
31 MARCH 2022 OF  
HRK 475 MILLION

unrealized gains on financial assets in the amount of HRK 6.2 million (based on the fair value of interest rate swaps) and lower interest expenses on loans in the amount of HRK 3.1 million (lower loan liabilities) are the main reasons for improving net financial result. On the other hand, the increase in net negative exchange rate differences (primarily unrealized on long-term loans) by HRK 2.4 million (higher exchange rate increase in the first quarter of 2022) had the greatest impact on the lowering of the net financial result.

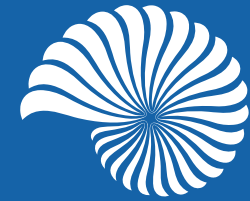
The first quarter usually carries a characteristic negative EBITDA due to the significantly less seasonal operations. However, in the first quarter of 2022, EBITDA of HRK 402.5 million was achieved, primarily as a result of the previously mentioned income from the sale of assets in the amount of HRK 471.9 million. This is an increase of HRK 432.3 million compared to 2021, when a negative EBITDA of HRK -29.8 million was realized. On the other hand, the decrease in EBITDA was influenced by significantly more intensive preparation of the season in the first quarter of 2022 and the opening of a much larger number of properties than in the same period in 2021 and the cancelation of support measures of the Government of the Republic of Croatia for the preservation of jobs.

On 31 March 2022 the total value of the Company's assets amounted to HRK 5,362.9 million, which is 8.0% less than on 31 December 2021, primarily as a result of the sale of three hotels to Imperial Riviera. Total share capital and reserves amount to HRK 2,857.3 million and are higher by 9.1% as a result of the realized profit from the sale of three hotels.

On 31 March 2022, the Company's cash balance amounted to HRK 475.0 million, which is a decrease of 18.4% compared to 31 December 2021, due to intensified outflows in season preparation period.



Hvar PLACESHOTEL by Valamar 3\*, Hvar Island



# Investments



The success and growth of Valamar Riviera rests on investing in products, employees and tourist destinations, whereby Valamar Riviera always takes care about ensuring sustainable and socially responsible development. Along with enriching our tourist offer, we have been continually developing Valamar's service concepts with the aim of harmonising them with the current market demands, especially those relating to trends and guest expectations. By our timely and thorough approach to mitigating and controlling the adverse effects caused by the occurrence of the COVID-19 pandemic, we have implemented an adjusted business plan in all business segments, including investments. We have therefore adapted the planned development of our portfolio towards the high added value offer and services, with an emphasis on the premium resorts and campsites segment, through a respective decrease in investment intensity. Simultaneously, new growth and development projects have been prepared for the time when circumstances allow it. As in accordance with the harmonization of our planned portfolio and development with the tourist flows and based on a proactive approach to cash flow management and financing, we have focused the implementation of our investments in 2022 mostly on finishing the commenced projects and realising new investments aimed at boosting our quality level and guest satisfaction.

The total of the approved investments for the 2021/22 investment cycle at the Valamar Group level amounts to HRK 310 million. As in the last year, the Group has continued with the alignment of its products and with the development of digitalization projects to improve our service quality and guests' safety for the upcoming tourist season. The investments mostly relate to financing the renovation and rebranding of the Corinthia Hotel in Baška, continuing the improvement and quality increase of Istra Premium Camping Resort and Lanterna Premium Camping Resort, the renovation of the Dalmacija Sunny Hotel by Valamar and the construction of the Padova beach within

Istra Premium Camping Resort 5\*, Poreč



the Valamar Padova Hotel. Except investing in hotels and campsites, Valamar has also been actively investing in health and safety and in digitalization and innovation for the new growth period.

## VALAMAR RIVIERA

The Supervisory Board of Valamar Riviera approved the amount of HRK 184.4 million for the 2021/22 investment cycle. Investments mostly relate to financing the reconstruction and rebranding of the Corinthia Hotel in Baška to the Sunny Plus brand level, certain upgrade of the 4\* level Valamar Bellevue Hotel in Rabac, and continuation of the investments in the campsites Istra Premium Camping Resort and Lanterna Premium Camping Resort. They also include other investment and maintenance projects relating to properties and guest facilities in all destinations, the continuation of investments in the accommodation for seasonal employees as well as the continuation of investments in energy efficiency and digitalization projects.

The Corinthia Hotel has been the favourite choice of all Valamar's guests in the destination of Baška. The upgrade of the quality of this hotel to the Sunny Plus brand level will be realised through an investment aimed at its renovation and rebranding. It will include the redesign and refurbishment of 340 rooms and the renovation of the current Lobby zone to Sunny Lounge, which will house an additional Chill & Play zone and a digital library. It will also cover the redesign of the main restaurant and its upgrade to the Sunny Plus standard. The investment will further include the renovation and upgrade of kids' facilities, the introduction of the Smartplay room, the renovation of installations and the transformation of 78 units into rooms for staff and other employees.

By continuing investments in Istra Premium Camping Resort, one of the best campsites in the Mediterranean, the premium segment accommodation will be additionally upgraded and its quality improved. A further upgrade of its products and services includes an additional expansion of the interior of the Grano Duro restaurant that offers a wide selection of Italian cuisine specialties.

IN 2021/22 CYCLE  
VALAMAR RIVIERA'S  
INVESTMENTS  
AMOUNT TO HRK  
184.4 MILLION,  
AND IMPERIAL  
RIVIERA'S 125.3  
MILLION

ALL  
INVESTMENTS  
ARE RUNNING  
ACCORDING TO  
PLAN

The Bokoon tavern, which offers authentic traditional Istrian dishes and which has been recognised and favoured by both tourist and local population, will undergo various improvements. Investments also include the opening of the new Fonte restaurant with a covered terrace, new multifunctional sports court, playground on the Histra island, an additional beach on the northern side, improvement of accommodation and upgrade of the Sunset & A Zone pitches as well as the expansion of the Orlandin zone with 33 new premium units, ten of which luxurious premium villas with a private swimming pool. The investments in Lanterna Premium Camping Resort will ensure a quality level upgrade for all facilities in this campsite as well as an additional horticultural landscaping and a general service improvement. The Punto Blue zone will be finalised – a completely new, exclusive and sustainable premium zone consisting of 30 elegant premium camping homes and two swimming pools with a spectacular view of the Tar Bay and the city of Novigrad. Solar collectors will be placed atop of the new roof covers, charging stations electric cars will be installed, and two sanitary facilities will be completely reconstructed.

The Valamar Bellevue Hotel by the sea has proven to be the perfect choice for families due to its numerous kid facilities. Investments will enable its repositioning, including F&B upgrade and rebranding, the implementation of the Maro Smart Play and an upgrade of 26 accommodation units.

The Sunny Plus concept will be implemented in the Allegro Sunny Hotel in order to be able to offer to our guests an even more fulfilling experience. It will include rooms for couples and families, a digital library, a laundrette, the Chill & Play zone and the Valfresco food display cabinet available 24/7.

Except investing in hotels and campsites, Valamar has been actively investing in maintenance, furniture as well as in IT maintenance and equipment. Within other investments, Valamar will also be investing in the digitalization and business transformation for the new growth period and in the implementation of digital and innovative projects. Investments will also include an upgrade of the beaches



in its destinations, brand implementation and updating of the Valamar's web for the year 2022. Various safety improvement projects are also being actively implemented.

## IMPERIAL RIVIERA

Imperial Riviera d.d. 2021/22 investment cycle amount to HRK 125.3 million. The most significant investments relate to the renovation of the Dalmacija Sunny Hotel by Valamar, the reconstruction of the restaurant on the beach below this hotel, an additional investment in the Valamar Meteor Hotel, and the construction of the Padova I beach with restaurant and sanitary facilities in the destination of Rab.

An investment amounting to HRK 67.1 million in the existing Dalmacija Sunny Hotel by Valamar in the destination of Makarska is underway, which will be repositioned to Dalmacija [PLACESHOTEL] by Valamar. This investment includes the reconstruction of the existing and the construction of a new swimming pool, the arrangement of sundecks and a new swimming pool bar, the renovation of 190 accommodation units and other joint spaces at the level of lifestyle design with an emphasis on digitalization and quality, as well as the renovation of bathrooms. The renovation of the existing main restaurant, which makes part of the Lobby zone (Flexi board concept), is also underway. The ground floor and Lobby have been designed as one unit, thematically separated by zones (Lobby Bar/Reception, Digital Library, Pop Up Store and Game Room). The existing Wellness will be branded into Places Spa. The idea behind this new concept is to be able to offer to our guests, via the new [PLACES] hotel concept, a wider range of services as well as the possibility to truly get to know the local Mediterranean lifestyle of this destination. The works on the hotel renovation are running according to the planned dynamics, and they are planned to be finished in May.

The beach restaurant below the Dalmacija [PLACESHOTEL] by Valamar, currently named Il Golfo, will be repositioned and rebranded to Mannana. The key interventions will be the renovation and arrangement of the terrasse, new bar and counter, the arrangement of the interior and kitchen, furnishing with new seating furniture and beach amenities, installing sunshades as well as the renovation of sanitary facilities.

The northern Valamar Padova Sandy Beach and the southern entrance will be branded and marked, and new signalling will be installed on the promenade and the beach.

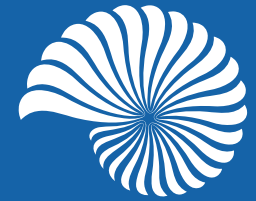
An additional investment in the Valamar Meteor Hotel is also underway, including new sundecks with attractions for kids in front of the Mediterraneo restaurant and on the Lobby terrace, as well as an upgrade of the existing family rooms, restaurant, swimming pool and sundeck, sport facilities and animation.

Besides the construction and furnishing of the Padova I beach in the destination of Rab, it is also planned to construct and furnish an appartaining catering facility under the name The Beat Beach Club as well as appartaining sanitary facilities. The purpose of this investment is to increase service quality and expand business activities on the future Padova beach.

Besides investing in facilities, Imperial Riviera d.d. has been actively investing in maintenance, furniture, IT maintenance and equipment as well as in energy efficiency increase projects. Additional infrastructural solutions, i.e. additional investment in software integration, Wi-Fi projects, video surveillance and smart rooms, are also planned.



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 Group conduct their business operations across national borders and are exposed to foreign exchange risks. They mainly result from changes in the euro/ kuna exchange rate. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. Historically, most of our foreign revenue has been in euros, the currency in which the majority of our long-term debt is denominated. Hence, for the most part the Company and Group are naturally hedged from exchange rate risks. Since some liabilities are contracted in kunas, the Company and Group actively manage risks by using derivative instruments available on the financial market. The instruments are used according to operating assessments and expected market trends. In this way the cash flows are protected from the risk impact. Due to the emergence of exceptional circumstances caused by the COVID-19 pandemic in the first quarter of 2020, potentially strong depreciation pressures against the kuna/ euro currency pair affect the value of euro-denominated long-term debt and contractual forward transactions whose potential negative effects are sought to be controlled by the proactive management of agreed derivative financial instruments. In the event of a drastic decrease of euro inflows,

the Company and the Group will use existing euro liquidity reserves to service the long term debt repayments and make adequate use of financial protection instruments, in accordance with the current state and future assessment of the Company's and the Group's foreign exchange position, expectations of movements in the value of the kuna/euro currency pair as well as other intercurrent relationships among world currencies.

### 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 (over 80%) 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 a large portion of the Group's loan portfolio (89%) is made up of long-term fixed-rate loans, i.e. 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 on the customers of the Company and the Group, especially tour operators and travel agencies, the impact of the currently unfavorable 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.

COVID-19 pandemic, as an external stressor to the operations of the Company and the Group, will create uncertain pressures on operating cash flow. In accordance with prudent management of the now increased liquidity risk, escalation plans for minimizing costs, maintaining liquidity, solvency of the company and maintaining business continuity were developed and activated, together with applications for support measures and assistance to the economy and the tourism sector, including temporary deferral of payment of overdue principal on long-term loans in accordance

with the given opportunity of a moratorium on the repayment of credit obligations.

#### 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 rising energy prices and the war in Ukraine, have induced global inflation and rising prices. Inflationary pressures may remain high, as some supply-demand mismatches and labour shortages could last throughout 2022.

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. For a certain part of our assortment of food, beverages and consumables we have multi-annual fixed price contracts in place.

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 in 2022.

## 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 and operating efficiency in the demanding Mediterranean market. These positive trends are expected to continue in the future through a prudent long-term strategic management.

Over 95% 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 on the Adriatic.

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 labor 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.

## 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 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 financial crisis which reduce the purchasing power of the travelling-prone population;
- Security and political issues related to globally escalating terrorism threats;
- Security and political instability in the immediate environment of the neighbouring countries.

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.

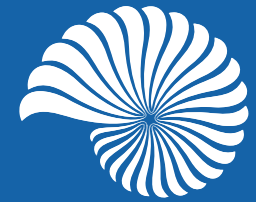
## REGULATORY RISKS

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. In previous years, there has been a number of important changes in tax and non-tax charging regulations, which have adversely affected the Company and Group profitability and their competitiveness :

- In March 2012 the standard VAT rate grew from 23% to 25%, in January 2013 a new 10% VAT rate was introduced only to be replaced within a year by a 13% VAT rate applicable to the tourism and hospitality industry (January 2014), while in January 2017 a new 25% VAT rate was introduced for F&B (a la carte) services;
- In May 2012 the health insurance employer contribution rate fell from 15% to 13% and then in April 2014 it grew back to 15%;
- Frequent increases in various fees and charges regarding water distribution, waste disposal and the like;
- Tourist tax increase in 2018 ranging between HRK 2.5 and HRK 8.0 per person per overnight, depending on the class of the destination and utilization period;
- In January 2020 the VAT rate for a la carte food services was reduced from 25% to 13%.

Such 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. 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 practices of corporate governance. The business strategy, corporate policy, key corporate regulations 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 Act. After the company was listed on the regulated market of the Zagreb Stock Exchange, the Company has also complied with the Zagreb Stock Exchange Governance Code. The Company respects and implements the prescribed corporate governance measures (as reported in detail in the prescribed annual questionnaire and published as prescribed on the Zagreb Stock Exchange and Valamar Riviera websites). The Company has harmonized its general corporate governance acts with the Corporate Governance Code to the applicable extent.

The major direct Valamar Riviera's shareholders according to the Central Depository and Clearing Company data and the shareholders whom are Valamar Riviera's Management Board and Supervisory Board members are as follows: the Chairman of the Supervisory Board, Mr. Gustav Wurmböck, holds a 100% stake in Wurmböck Beteiligungs GmbH, which holds 25,017,698 RVP-R-A shares; the Deputy Chairman of the Supervisory Board, Mr. Franz Lanschuetzer, holds 4,437,788 RVP-R-A shares; the Deputy Chairman of the Supervisory Board, Mr. Mladen Markoč, holds 30,618 RVP-R-A shares; the Member of the Supervisory Board Mr. Georg Eltz holds a total of 6,545,367 RVP-R-A shares, of which directly 20,463 RVP-R-A shares, and indirectly through a 100% stake in company Satis d.o.o. 6,524,904 RVP-R-A shares; the Member of the Supervisory Board Mr. Boris Galić holds a total of 10,000 RVP-R-A shares, the President of the Management Board, Mr. Željko Kukurin, holds 126,360 RVP-R-A shares; the Member of the Management Board Mr. Marko Čížmek holds 53,128 RVP-R-A shares and the Member of the Management Board Ms. Ivana Budin Arhanić holds 35,529 RVP-R-A shares. The Company defined the process of preparing and disclosing financial reports in a detailed internal document. With this, the financial reporting procedure is set within a system of internal review and risk management. Moreover, in order to monitor and mitigate the financial reporting risk, the Company uses the measures described in "The Risks of the Company and the Group".

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

The Companies Act and the Company Statute 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 Statute complies 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 defines 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 Statute, without any additional limitations. The Management Board members' authority fully complies with the regulations prescribed by the Companies Act.

The Company acquires treasury shares based on and in accordance with the conditions determined by the General Assembly's decision on acquisition of treasury shares dated on 9 May 2019 which is in force as of 17 November 2019. The Company does not have a share-buyback program or an employee share ownership plan. The Company holds and acquires treasury shares as a form of rewarding the Management and key managers pursuant to the Company acts on the long-term reward plan and for the purpose of dividend payout in rights - Company share to the equity holders. During first quarter of 2022 the Company wasn't involved in treasury shares acquisition neither disposal of its own shares.



## THE COMPANY'S CORPORATE BODIES ARE:

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 21 Sector Directors and Heads: Tomislav Dumančić, Ljubica Grbac, Flavio Gregorović, Marin Gulan, Vlastimir Ivančić, Željko Jurcan, Ivan Karlić, Dario Kinkela, Mauro Teković, Mile Pavlica, Tomislav Poljuha, Mirella Premeru, Bruno Radoš, Sandi Sinožić, Martina Šolić, Andrea Štifanić, Dragan Vlahović, Ivica Vrkić, Mario Skopljaković, Marko Vusić and Vlatka Kocijan.

Supervisory Board: Mr. Gustav Wurmböck - Chairman, Mr. Franz Lanschützer - Deputy Chairman, Mr. Mladen Markoč - Deputy Chairman, and members: Mr. Georg Eltz, Mr. Daniel Goldscheider, Mr. Boris Galić and Mr. Ivan Ergović (employee representative).

In order to perform efficiently its function and duties as prescribed by the Audit Act and the Corporate Governance Act, the Supervisory Board has formed the following bodies:

Presidium: Mr. Gustav Wurmböck - Chairman, and members: Mr. Franz Lanschützer and Mr. Mladen Markoč.

Audit Committee: Mr. Georg Eltz - Chairman, and members: Mr. Mladen Markoč, and Mr. Boris Galić

Investment Committee: Mr. Franz Lanschützer - Chairman and members: Mr. Georg Eltz and Mr. Gustav Wurmböck.

Committee on Digitization and Sustainability: Mr Daniel Goldscheider, Chairman and members: Mr Franz Lanschützer and Mr Gustav Wurmböck

Compliant to effective regulations and Company by laws, the Management and Supervisory Board primarily act through meetings and by correspondence in their decision-making.

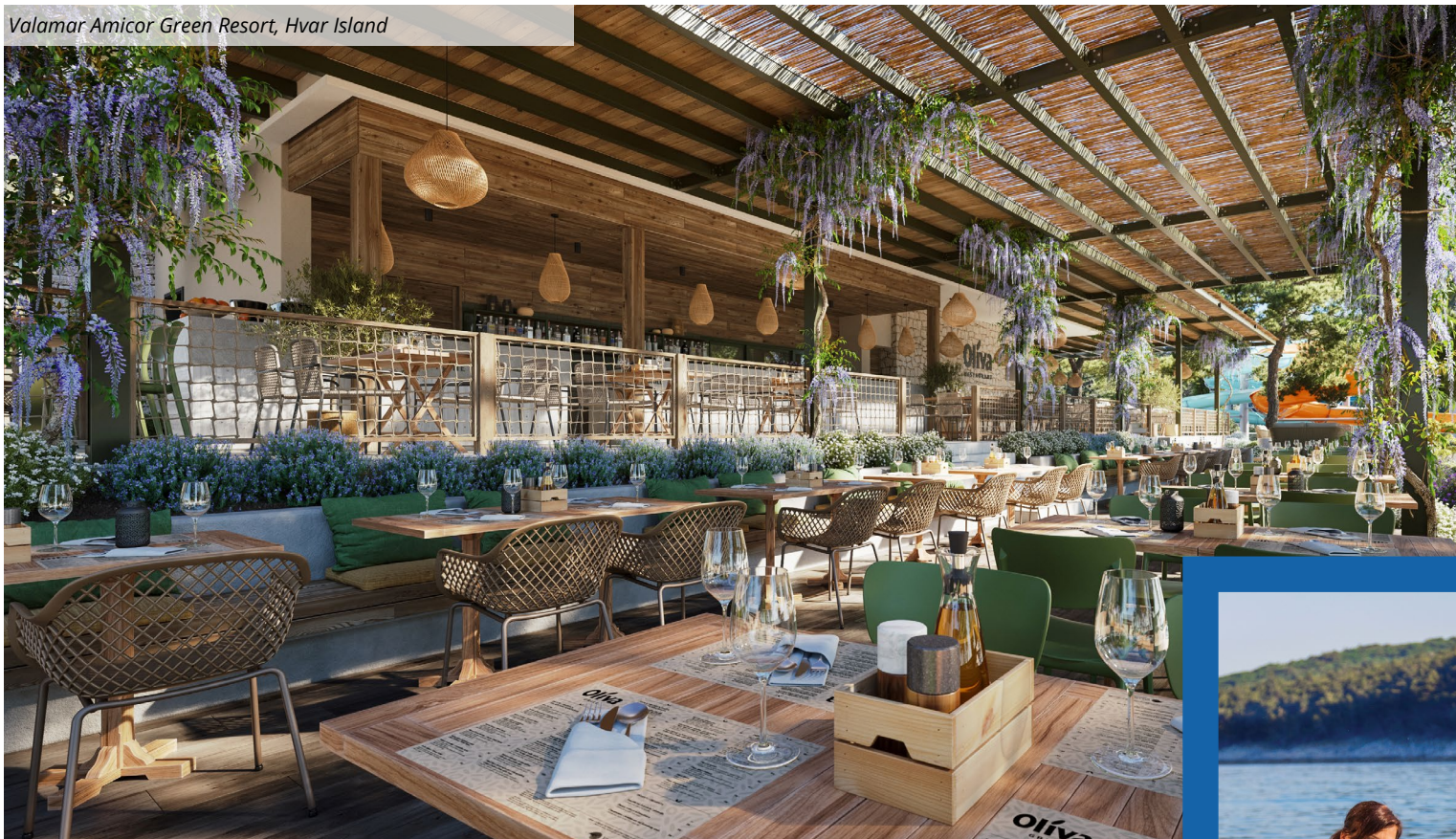
The Company has concluded Employment contracts with the President and a member of the Management Board for the duration of the term for which they were appointed, and a member of the Supervisory Board, employee representative, has an employment contract for an indefinite period.

Valamar Collection Isabella Resort 4\*/5\*, Poreč





Valamar Amicor Green Resort, Hvar Island



# 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 quarter of 2022, HRK 486.1 million of revenue from transactions with related parties was generated, which mostly consists of net income from the sale of real estates, (HRK 1.5 million in first quarter 2021) for the Company and HRK 1.9 million (HRK 238 thousand in first quarter 2021) for the Group. Expenses amounted to HRK 582 thousand (first quarter 2021: HRK 241 thousand) for the Company and HRK 249 thousand for the Group (first quarter 2021: HRK 133 thousand).

As at 31 March 2022, receivables and liabilities toward related parties are as follows: company's receivables amount to HRK 14.3 million (vs. HRK 27.1 million EO 2021), and Group's receivables amount to HRK 8.8 million (vs. HRK 7.3 million EO 2021). Company's liabilities amount to HRK 465 thousand (vs. HRK 131 thousand EO 2021), and Group's receivables amount to HRK 151 thousand (vs. HRK 63 thousand EO 2021).

The most significant transaction of the Company in the first quarter of 2022 relates to the sale of three hotels to the related party Imperial Riviera d.d. Valamar Lacroma Dubrovnik Hotel, Dubrovnik Club Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar were sold with an acquisition value of HRK 717,766 thousand.

### 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; and Branch Office for Tourism BRIONI, with the seat in Pula, Puntizela 155.

The subsidiaries of Rabac, Zlatni otok, Dubrovnik-Babin kuk and Brioni are the drivers of economic growth in their local communities. They operate at their destinations and support their development by promoting further investments and the development of tourism while participating in social and business activities.

The Company also established offices on Rab island, in Makarska and in Stari Grad on the Hvar island to increase the efficiency and streamline the management of operations as determined by the provisions of the concluded Hotel management contracts with Imperial Riviera d.d. and Helios Faros d.d.

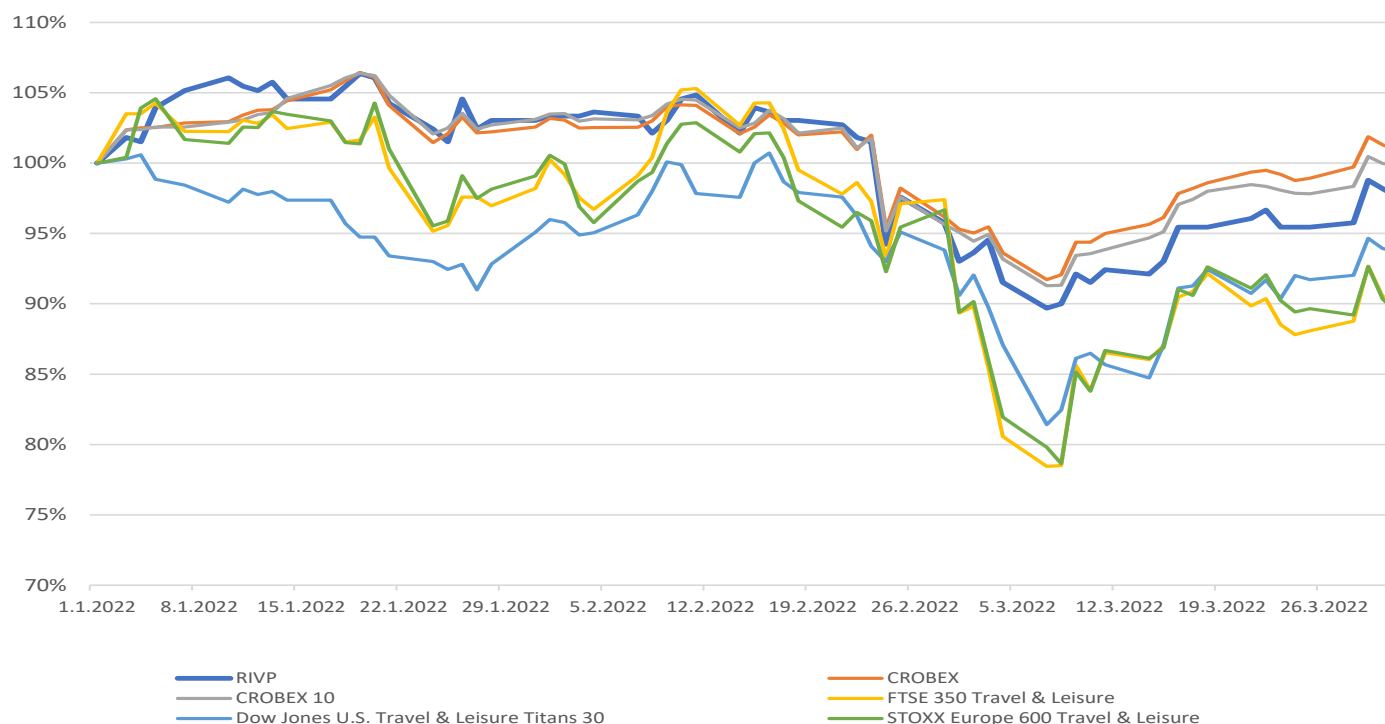


Istra Premium Camping Resort by Valamar 5\*, Poreč



# Valamar Share

Performance of Valamar Riviera's share and Zagreb Stock Exchange and travel and leisure indices in the first quarter of 2022



During the first quarter of 2022, the highest achieved share price in regular trading on the regulated market was HRK 35.20, and the lowest HRK 29.00. On 31 March 2022 the price was HRK 32.20 which represents a decrease of 2.4% compared to the last price in 2021. With a total turnover of HRK 43.0 million<sup>16</sup>, Valamar Riviera share was the fourth share on the Zagreb Stock Exchange in terms of turnover during the first quarter 2022.

In addition to the Zagreb Stock Exchange index, the joint stock index of the Zagreb and Ljubljana stock exchanges ADRIprime, the stock is also a component of the Vienna Stock Exchange index (CROX<sup>17</sup> and

SETX<sup>18</sup>) and the Warsaw Stock Exchange (CEEplus<sup>19</sup>)

as well as the SEE Link regional platform index (SEELinX and SEELinX EW)<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.

The Company did not acquire or dispose of its own shares in the period from 1 January 2022 to 31 March 2022. As of 31 March 2022 the Company holds 4,139,635 treasury shares, which is 3.28% of the share 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

16 Block transactions are excluded from the calculation.  
 17 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.  
 18 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).  
 19 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.  
 20 SEE Link is a regional platform for securities trading. It was founded by Bulgarian, Macedonian, and Zagreb Stock Exchange. SEE LinX and SEE LinX EW 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.



additional liquidity, increasing share value and involving potential investors. By continuing to actively represent Valamar Riviera, we will 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.

4<sup>th</sup>

MOST ACTIVELY  
TRADED SHARE  
BY REGULAR  
TURNOVER ON THE  
ZAGREB STOCK  
EXCHANGE IN THE  
FIRST QUARTER  
2022

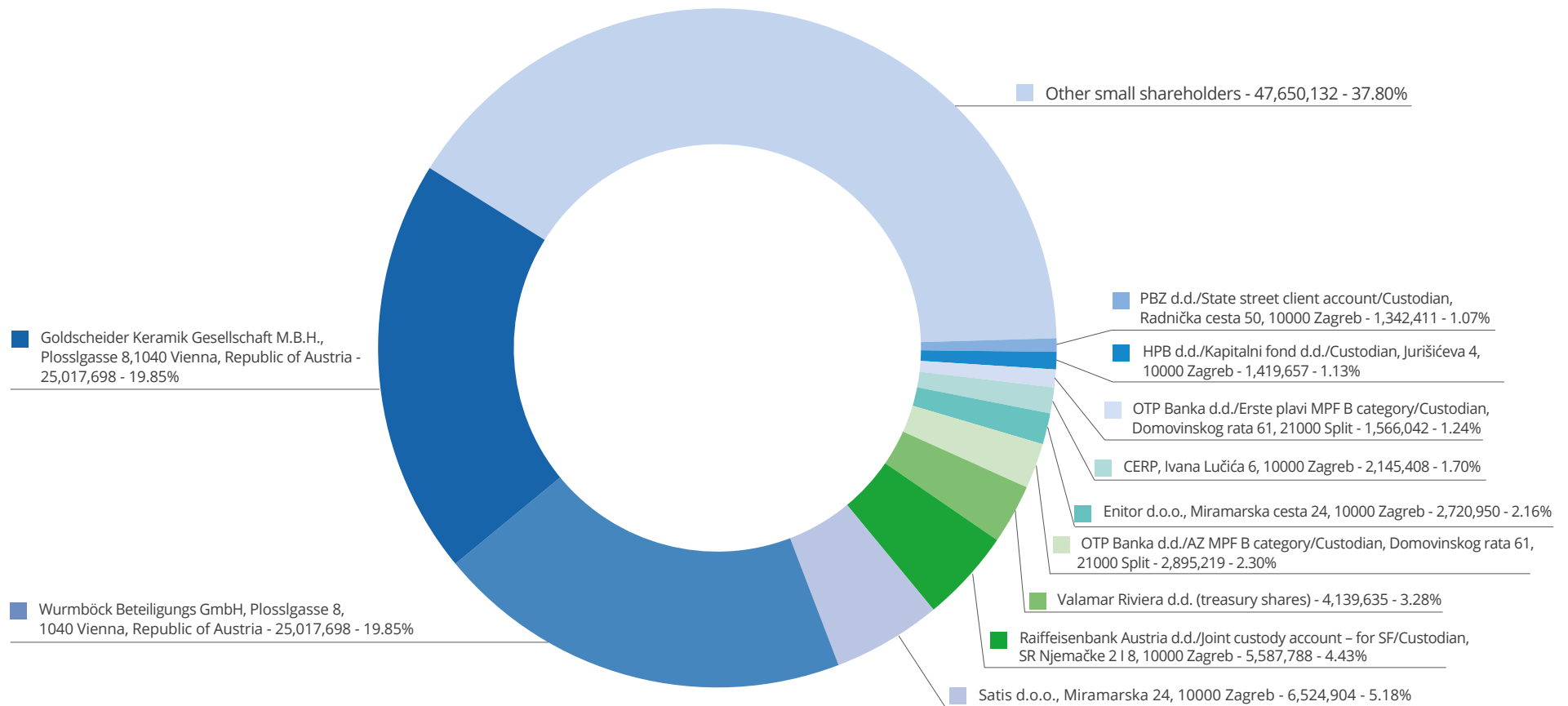
In October 2021, at a conference of the Zagreb Stock Exchange and Croatian pension investment fund industry, Valamar Riviera was ranked third in the Investor Relations Award in Croatia in 2021.

Valamar Obertauern Hotel 4\*, Obertauern





## OVERVIEW OF MAJOR SHAREHOLDERS AS AT 31 MARCH 2022:



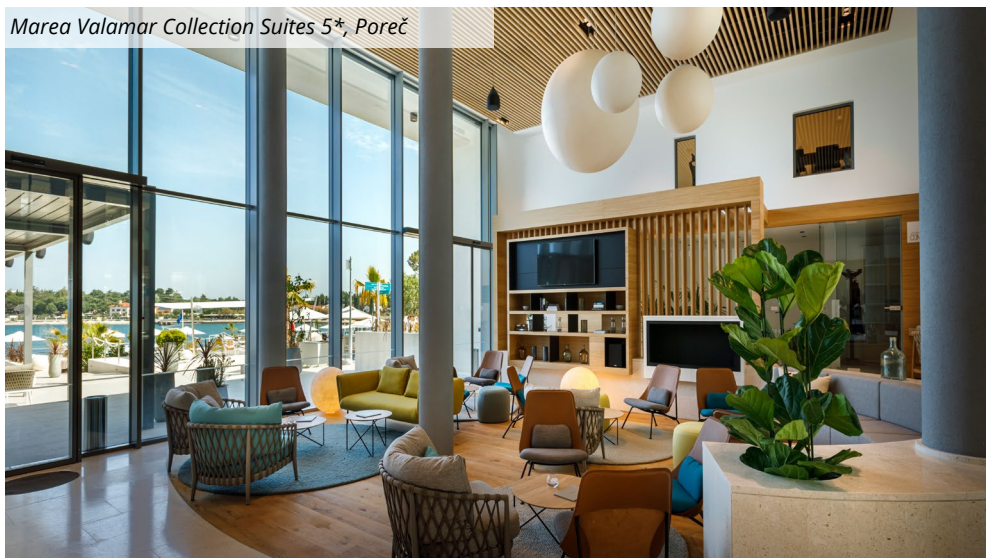
Padova Premium Camping Resort 4\*, Rab island




# 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

The Integrated Report and Corporate Social Responsibility for 2021, which includes a non-financial report, in accordance with the Global Reporting Initiative (GRI) Standards and current EU taxonomy regulations, will be published within the legal deadline by 30 June 2022 at the latest. The main goal of the report is to further present the strategic and long-term insight into the company's operations to all key stakeholders, including shareholders, employees, partners, guests and the wider community with special focus on sustainable business as a basis for further development of the company. The report also includes environmental, social and management factors in line with the ESG components of responsible investment.

As one of the largest employers in Croatia (as of 31 March 2022, the Group employed a total of 3,472 employees, of which 2,205 permanent, and the Company 2,749 employees, of which 1,736 permanent), the Company and the Group systematically and continuously invest in the development of their human resources through a comprehensive strategic approach to their management that includes a transparent recruitment process, clear goals, measuring employee performance and investing in employee development, as well as their careers, and encouraging two-way communication.

In the course of the first quarter of 2022 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 quarter of 2022 were adopted by the by the Management Board on 29 April 2022. 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 Čižmek**  
Management Board  
Member

**Ivana Budin Arhanić**  
Management Board  
Member





Valamar Collection Girandella Resort 4\*/5\*, Rabac



**Disclaimer**

This report contains certain outlook based on currently available facts, findings and circumstances and estimates in this regard. Our outlook is based including, but no limited on a) results achieved in first three months of 2022; b) operating results achieved by 28 April 2022; c) current booking status; d) 2022 year end business results forecast; e) temporary business suspension (Pause, restart); f) currently adopted set of support measures by the Croatian government, Croatian National Bank, Croatian Bank for Reconstruction and Development, competent ministries as well as state and local authorities; g) 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 no limited to:

- Recall of aid measures adopted by the Croatian government, Croatian National Bank, Croatian Bank for Reconstruction and Development, competent ministries as well as state and local authorities to help the economy and mitigate the extraordinary circumstances caused by the COVID-19 pandemic;
- 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;
- Trends in the Croatian Kuna exchange rate in relation to world currencies (primarily the Euro), 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.

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, 29 April 2022

In accordance with provisions of Law on Capital Market, Marko Čížmek, Management board member responsible for finance, treasury and IT business as well as relations with institutional investors and Ljubica Grbac director of Department of Finance and Accounting, procurator and person responsible for finance and accounting, 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:

- consolidated and unconsolidated financial statements for the first quarter of 2022 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 31 March 2022 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.



**Marko Čížmek**  
Management Board Member



**Ljubica Grbac**  
Director of Department of  
Finance and Accounting /  
Procurator





**Reporting period: from 01.01.2022 to 31.03.2022****Quarterly financial statements**

Year:	<u>2022</u>	
Quarter:	<u>1</u>	
Registration number (MB):	<u>3474771</u>	Issuer's home Member State code: <u>HR</u>
Entity's registration number (MBS):	<u>40020883</u>	
Personal identification number (OIB):	<u>36201212847</u>	LEI: <u>529900DUWS1DGNEK4C68</u>
Institution code:	<u>30577</u>	
Name of the issuer:	<u>Valamar Riviera d.d.</u>	
Postcode and town:	<u>52440</u>	<u>Poreč</u>
Street and house number:	<u>Stancija Kaligari 1</u>	
E-mail address:	<u>uprava@riviera.hr</u>	
Web address:	<u>www.valamar-riviera.com</u>	
Number of employees (end of the reporting period):	<u>3472</u>	
Consolidated report:	<u>KD</u>	(KN-not consolidated/KD-consolidated)
Audited:	<u>RN</u>	(RN-not audited/RD-audited)
Names of subsidiaries (according to IFRS):	Registered office:	MB:
<u>Palme Turizam d.o.o.</u>	<u>Dubrovnik</u>	<u>2006103</u>
<u>Magične stijene d.o.o.</u>	<u>Dubrovnik</u>	<u>2315211</u>
<u>Bugenvilia d.o.o.</u>	<u>Dubrovnik</u>	<u>2006120</u>
<u>Imperial Riviera d.d.</u>	<u>Rab</u>	<u>3044572</u>
<u>Valamar Obertauern GmbH</u>	<u>Obertauern</u>	<u>195893 D</u>
<u>Valamar A GmbH</u>	<u>Tamsweg/Vienna</u>	<u>486431 S</u>
Bookkeeping firm:	<u>No</u>	
Contact person:	<u>Sopta Anka</u> (only name and surname of the contact person)	
Telephone:	<u>052 408 188</u>	
E-mail address:	<u>anka.sopta@riviera.hr</u>	
Audit firm:	_____ (name of the audit firm)	
Certified auditor:	_____ (name and surname)	



(authorized representative's signature)



L.S.

**BALANCE SHEET** (balance as at 31.03.2022)Submitter: **Valamar Riviera d.d.**

Item 1	ADP code 2	Last day of the preceding business year 3	in HRK
			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>5.671.819.566</b>	<b>5.653.048.374</b>
<b>I. INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	<b>39.086.495</b>	<b>36.058.051</b>
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	30.356.827	25.847.037
3 Goodwill	006	6.567.609	6.567.609
4 Advance payments for purchase of intangible assets	007		
5 Intangible assets in preparation	008	2.162.059	3.643.405
6 Other intangible assets	009		
<b>II. TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>5.221.568.500</b>	<b>5.164.056.651</b>
1 Land	011	980.924.514	979.743.948
2 Buildings	012	3.363.126.345	3.281.007.343
3 Plants and equipment	013	432.241.488	414.312.220
4 Tools, working inventory and transportation assets	014	100.025.874	93.407.460
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	42.528	3.390.587
7 Tangible assets in preparation	017	288.533.889	337.832.656
8 Other tangible assets	018	53.493.881	51.258.725
9 Investments property	019	3.179.981	3.103.712
<b>III. FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>82.071.741</b>	<b>85.582.545</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	76.533.067	76.907.333
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026		
7 Investments in securities	027	220.812	259.252
8 Loans, deposits, etc. given	028	5.177.862	5.172.661
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	140.000	3.243.299
<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>329.092.830</b>	<b>367.351.127</b>
<b>C) CURENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>1.217.957.755</b>	<b>1.006.003.003</b>
<b>I. INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>26.310.071</b>	<b>35.102.231</b>
1 Raw materials	039	25.050.909	33.494.317
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	1.230.618	1.570.566
5 Advance payments for inventories	043	28.544	37.348
6 Fixed assets held for sale	044		
7 Biological asset	045		
<b>II. RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>38.388.235</b>	<b>36.908.924</b>
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interest	048	7.293.712	8.787.580
3 Customer receivables	049	17.995.662	16.154.257
4 Receivables from employees and members of the undertaking	050	738.835	965.245
5 Receivables from government and other institutions	051	9.116.616	4.646.924
6 Other receivables	052	3.243.410	6.354.918
<b>III. SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>38.001.625</b>	<b>68.603.902</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	38.001.625	68.603.902
9 Other financial assets	062		
<b>IV. CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>1.115.257.824</b>	<b>865.387.946</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>23.768.145</b>	<b>27.458.166</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>6.913.545.466</b>	<b>6.686.509.543</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>54.173.148</b>	<b>54.158.625</b>

**BALANCE SHEET** (balance as at 31.03.2022) (continued)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	Last day of the preceding business year 3	in HRK
			At the reporting date of the current period 4
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+083+086+089)	<b>067</b>	<b>3.311.057.807</b>	<b>3.111.239.100</b>
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>1.672.021.210</b>	<b>1.672.021.210</b>
<b>II. CAPITAL RESERVES</b>	<b>069</b>	<b>5.223.432</b>	<b>5.223.432</b>
<b>III. RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)	<b>070</b>	<b>98.247.550</b>	<b>98.247.550</b>
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury share	072	136.815.284	136.815.284
3 Treasury shares and holdings (deductible item)	073	-124.418.267	-124.418.267
4 Statutory reserves	074		
5 Other reserves	075	2.249.472	2.249.472
<b>IV. REVALUATION RESERVES</b>	<b>076</b>		
<b>V. FAIR VALUE RESERVES AND OTHER</b> (ADP 078 to 082)	<b>077</b>	<b>81.109</b>	<b>112.631</b>
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	81.109	112.631
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>388.045.406</b>	<b>492.420.013</b>
1 Retained profit	084	388.045.406	492.420.013
2 Loss brought forward	085		
<b>VII. PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 087-088)	<b>086</b>	<b>104.374.607</b>	<b>-172.353.955</b>
1 Profit for the business year	087	104.374.607	
2 Loss for the business year	088		172.353.955
<b>VIII. MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>	<b>1.043.064.493</b>	<b>1.015.568.219</b>
<b>B) PROVISIONS</b> (ADP 091 to 096)	<b>090</b>	<b>166.154.627</b>	<b>166.154.627</b>
1 Provisions for pensions, termination benefits and similar obligations	091	29.827.505	29.827.505
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	50.117.237	50.117.237
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	86.209.885	86.209.885
<b>C) LONG-TERM LIABILITIES</b> (ADP 098 to 108)	<b>097</b>	<b>2.614.508.279</b>	<b>2.682.251.215</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	2.547.107.295	2.618.430.252
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		76.629
9 Liabilities for securities	106		
10 Other long-term liabilities	107	15.636.060	13.064.491
11 Deferred tax liability	108	51.764.924	50.679.843
<b>D) SHORT-TERM LIABILITIES</b> (ADP 110 to 123)	<b>109</b>	<b>733.966.582</b>	<b>653.810.851</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	39.205	26.608
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	565.523.996	423.269.034
7 Liabilities for advance payments	116	40.344.672	101.974.583
8 Liabilities towards suppliers	117	67.470.609	77.440.416
9 Liabilities for securities	118		
10 Liabilities towards employees	119	28.794.007	25.850.825
11 Taxes, contributions and similar liabilities	120	16.508.477	12.970.608
12 Liabilities arising from the share in the result	121	379.676	379.676
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	14.905.940	11.899.101
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>87.858.171</b>	<b>73.053.750</b>
<b>F) TOTAL - LIABILITIES</b> (ADP 067+090+097+109+124)	<b>125</b>	<b>6.913.545.466</b>	<b>6.686.509.543</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>54.173.148</b>	<b>54.158.625</b>



**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2022 to 31.03.2022)

Submitter: Valamar Riviera d.d.

in HRK

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>30.169.689</b>	<b>30.169.689</b>	<b>59.456.793</b>	<b>59.456.793</b>
1 Income from sales with undertakings within the group	002				
2 Income from sales (outside group)	003	19.822.251	19.822.251	48.309.913	48.309.913
3 Income from the use of own products, goods and services	004	73.571	73.571	74.814	74.814
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	10.273.867	10.273.867	11.072.066	11.072.066
<b>II. OPERATING EXPENSES</b> (ADP 008+009+013+017+018+019+022+029)	<b>007</b>	<b>189.335.375</b>	<b>189.335.375</b>	<b>272.946.969</b>	<b>272.946.969</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	25.357.804	25.357.804	49.420.235	49.420.235
a) Costs of raw material	010	12.008.385	12.008.385	25.830.154	25.830.154
b) Costs of goods sold	011	770.184	770.184	1.663.933	1.663.933
c) Other external costs	012	12.579.235	12.579.235	21.926.148	21.926.148
3 Staff costs (ADP 014 to 016)	013	24.152.815	24.152.815	79.627.458	79.627.458
a) Net salaries and wages	014	12.058.805	12.058.805	50.862.720	50.862.720
b) Tax and contributions from salaries expenses	015	8.789.853	8.789.853	18.381.069	18.381.069
c) Contributions on salaries	016	3.304.157	3.304.157	10.383.669	10.383.669
4 Depreciation	017	125.010.425	125.010.425	122.723.255	122.723.255
5. Other expenses	018	12.369.694	12.369.694	18.375.265	18.375.265
6. Value adjustments (ADP 020+021)	019	7.980	7.980		
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	7.980	7.980		
7 Provisions (ADP 023 to 028)	022				
a) Provisions for pensions, termination benefits and similar obligations	023				
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025				
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	2.436.657	2.436.657	2.800.756	2.800.756
<b>III. FINANCIAL INCOME</b> (ADP 031 to 040)	<b>030</b>	<b>3.984.175</b>	<b>3.984.175</b>	<b>14.961.110</b>	<b>14.961.110</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	26.579	26.579	63.080	63.080
8 Exchange rate differences and other financial income	038	1.257.055	1.257.055	4.357.061	4.357.061
9 Unrealised gains (income) from financial assets	039	1.200.566	1.200.566	9.175.724	9.175.724
10 Other financial income	040	1.499.975	1.499.975	1.365.245	1.365.245
<b>IV. FINANCIAL EXPENDITURE</b> (ADP 042 to 048)	<b>041</b>	<b>31.301.528</b>	<b>31.301.528</b>	<b>41.045.727</b>	<b>41.045.727</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	15.609.099	15.609.099	13.583.307	13.583.307
4 Exchange rate differences and other expenses	045	14.231.918	14.231.918	23.801.351	23.801.351
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	1.460.511	1.460.511	3.661.069	3.661.069
<b>V. SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>049</b>			<b>374.265</b>	<b>374.265</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>251.392</b>	<b>251.392</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>34.153.864</b>	<b>34.153.864</b>	<b>74.792.168</b>	<b>74.792.168</b>
<b>X. TOTAL EXPENDITURE</b> (ADP 007+041+051+052)	<b>054</b>	<b>220.888.295</b>	<b>220.888.295</b>	<b>313.992.696</b>	<b>313.992.696</b>
<b>XI. PRE-TAX PROFIT OR LOSS</b> (ADP 053-054)	<b>055</b>	<b>-186.734.431</b>	<b>-186.734.431</b>	<b>-239.200.528</b>	<b>-239.200.528</b>
1 Pre-tax profit (ADP 053-054)	056				
2 Pre-tax loss (ADP 054-053)	057	-186.734.431	-186.734.431	-239.200.528	-239.200.528
<b>XII. INCOME TAX</b>	<b>058</b>	<b>-59.243.382</b>	<b>-59.243.382</b>	<b>-39.350.299</b>	<b>-39.350.299</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b> (ADP 055-059)	<b>059</b>	<b>-127.491.049</b>	<b>-127.491.049</b>	<b>-199.850.229</b>	<b>-199.850.229</b>
1 Profit for the period (ADP 055-059)	060				
2 Loss for the period (ADP 059-055)	061	-127.491.049	-127.491.049	-199.850.229	-199.850.229

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2022 to 31.03.2022) (continued)

Submitter: Valamar Riviera d.d.

in HRK

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 -127.491.049 -127.491.049 -199.850.229 -199.850.229</b>					
1 Attributable to owners of the parent	076	-116.451.834	-116.451.834	-172.353.955	-172.353.955
2 Attributable to minority (non-controlling) interest	077	-11.039.215	-11.039.215	-27.496.274	-27.496.274
<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 -127.491.049 -127.491.049 -199.850.229 -199.850.229</b>					
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080 to 087)</b> <b>079 105.212 105.212 38.441 38.441</b>					
<b>III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)</b> <b>080 26.874 26.874 38.441 38.441</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	26.874	26.874	38.441	38.441
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	4.837	4.837	6.919	6.919
<b>IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)</b> <b>087 78.338 78.338</b>					
1 Exchange rate differences from translation of foreign operations	088	78.338	78.338		
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>097 100.375 100.375 31.522 31.522</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b> <b>098 -127.390.674 -127.390.674 -199.818.707 -199.818.707</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 -127.390.674 -127.390.674 -199.818.707 -199.818.707</b>					
1 Attributable to owners of the parent	100	-116.351.459	-116.351.459	-172.322.433	-172.322.433
2 Attributable to minority (non-controlling) interest	101	-11.039.215	-11.039.215	-27.496.274	-27.496.274

## STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2022 to 31.03.2022)

### Submitter: Valamar Riviera d.d.

Item	in HRK		
	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	-186.734.431	-239.200.528
2 Adjustments (ADP 003 to 010)	002	146.862.778	144.478.013
a) Depreciation	003	125.010.425	122.723.256
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-971.047	-8.699.090
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-19.103	-60.148
e) Interest expenses	007	17.069.611	16.667.307
f) Provisions	008	-5.990.355	
g) Exchange rate differences (unrealised)	009	14.231.918	23.801.351
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-2.468.671	-9.954.663
<b>I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)</b>	<b>011</b>	<b>-39.871.653</b>	<b>-94.722.515</b>
3 Changes in the working capital (ADP 013 to 016)	012	426.428	43.243.043
a) Increase or decrease in short-term liabilities	013	-20.244.744	57.355.209
b) Increase or decrease in short-term receivables	014	22.488.059	-5.320.006
c) Increase or decrease in inventories	015	-1.816.887	-8.792.160
d) Other increase or decrease in the working capital	016		
<b>II. Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>-39.445.225</b>	<b>-51.479.472</b>
4 Interest paid	018	-8.389.842	-22.366.246
5 Income tax paid	019		-1.665
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>-47.835.067</b>	<b>-73.847.383</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	2.833.916	10.200.649
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	24.185	87.111
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposit	025	34.858	7.201
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>2.892.959</b>	<b>10.294.961</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-13.507.884	-60.005.954
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030		-30.604.277
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		-577.069
<b>IV. Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-13.507.884</b>	<b>-91.187.300</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>	<b>034</b>	<b>-10.614.925</b>	<b>-80.892.339</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		60.173.752
4 Other cash receipts from financing activities	038		
<b>V. Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>		<b>60.173.752</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-145.770.089	-154.812.592
2 Dividends paid	041		
3 Cash payments for finance lease	042	-22.102	-8.504
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-430.906	-482.812
<b>VI. Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-146.223.097</b>	<b>-155.303.908</b>
<b>C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)</b>	<b>046</b>	<b>-146.223.097</b>	<b>-95.130.156</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>-204.673.089</b>	<b>-249.869.878</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>049</b>	<b>665.932.900</b>	<b>1.115.257.824</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)</b>	<b>050</b>	<b>461.259.811</b>	<b>865.387.946</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:

**01.01.2022 to 31.03.2022**

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 1/1/2022 – 31/03/2022“ 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 31.03.2022)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in HRK	
		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>5.152.301.804</b>	<b>4.801.418.476</b>
<b>I. INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	<b>34.640.301</b>	<b>31.797.999</b>
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	26.854.197	22.616.455
3 Goodwill	006	6.567.609	6.567.609
4 Advance payments for purchase of intangible assets	007		
5 Intangible assets in preparation	008	1.218.495	2.613.935
6 Other intangible assets	009		
<b>II. TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>3.936.984.239</b>	<b>3.640.206.707</b>
1 Land	011	593.370.669	534.336.982
2 Buildings	012	2.593.423.408	2.355.842.088
3 Plants and equipment	013	355.975.206	335.179.753
4 Tools, working inventory and transportation assets	014	72.736.320	65.505.476
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	42.528	3.390.587
7 Tangible assets in preparation	017	267.938.392	295.566.551
8 Other tangible assets	018	50.317.735	47.281.558
9 Investments property	019	3.179.981	3.103.712
<b>III. FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>1.017.453.237</b>	<b>1.018.873.159</b>
1 Investments in holdings (shares) of undertakings within the group	021	941.803.942	941.803.942
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	70.112.312	70.112.312
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026		
7 Investments in securities	027	219.121	257.562
8 Loans, deposits, etc. given	028	5.177.862	5.172.661
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	140.000	1.526.682
<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>163.224.027</b>	<b>110.540.611</b>
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>656.422.372</b>	<b>540.305.084</b>
<b>I. INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>23.619.254</b>	<b>30.343.842</b>
1 Raw materials	039	22.520.626	28.905.838
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	1.098.628	1.438.004
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>50.219.276</b>	<b>34.491.130</b>
1 Receivables from undertakings within the group	047	19.738.193	5.439.861
2 Receivables from companies linked by virtue of participating interest	048	7.293.713	8.787.580
3 Customer receivables	049	16.667.610	12.857.716
4 Receivables from employees and members of the undertaking	050	625.968	900.559
5 Receivables from government and other institutions	051	3.070.818	592.727
6 Other receivables	052	2.822.974	5.912.687
<b>III. SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>444.055</b>	<b>442.055</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	28.300	28.300
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	415.755	413.755
9 Other financial assets	062		
<b>IV. CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>582.139.787</b>	<b>475.028.057</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>21.272.442</b>	<b>21.165.327</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>5.829.996.618</b>	<b>5.362.888.887</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>54.173.148</b>	<b>54.158.625</b>

**BALANCE SHEET** (balance as at 31.03.2022) (continued)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in HRK	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+083+086+089)	<b>067</b>	<b>2.619.280.406</b>	<b>2.857.281.556</b>
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>1.672.021.210</b>	<b>1.672.021.210</b>
<b>II. CAPITAL RESERVES</b>	<b>069</b>	<b>5.710.563</b>	<b>5.710.563</b>
<b>III. RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)	<b>070</b>	<b>98.247.551</b>	<b>98.247.551</b>
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury share	072	136.815.284	136.815.284
3 Treasury shares and holdings (deductible item)	073	-124.418.266	-124.418.266
4 Statutory reserves	074		
5 Other reserves	075	2.249.472	2.249.472
<b>IV. REVALUATION RESERVES</b>	<b>076</b>		
<b>V. FAIR VALUE RESERVES AND OTHER</b> (ADP 078 to 082)	<b>077</b>	<b>81.109</b>	<b>112.631</b>
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	81.109	112.631
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>538.614.167</b>	<b>843.219.973</b>
1 Retained profit	084	538.614.167	843.219.973
2 Loss brought forward	085		
<b>VII. PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 087-088)	<b>086</b>	<b>304.605.806</b>	<b>237.969.628</b>
1 Profit for the business year	087	304.605.806	237.969.628
2 Loss for the business year	088		
<b>VIII. MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>		
<b>B) PROVISIONS</b> (ADP 091 to 096)	<b>090</b>	<b>134.552.238</b>	<b>134.552.238</b>
1 Provisions for pensions, termination benefits and similar obligations	091	24.962.956	24.962.956
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	28.843.417	28.843.417
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	80.745.865	80.745.865
<b>C) LONG-TERM LIABILITIES</b> (ADP 098 to 108)	<b>097</b>	<b>2.331.903.180</b>	<b>1.809.774.605</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	2.303.872.723	1.784.524.184
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	15.575.274	13.005.718
11 Deferred tax liability	108	12.455.183	12.244.703
<b>D) SHORT-TERM LIABILITIES</b> (ADP 110 to 123)	<b>109</b>	<b>665.431.238</b>	<b>496.340.470</b>
1 Liabilities towards undertakings within the group	110	101.669	313.590
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112	7.389	26.608
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	523.630.896	305.417.159
7 Liabilities for advance payments	116	36.066.605	85.196.828
8 Liabilities towards suppliers	117	51.117.222	64.433.949
9 Liabilities for securities	118		
10 Liabilities towards employees	119	24.804.908	21.363.643
11 Taxes, contributions and similar liabilities	120	14.661.562	7.982.734
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	15.040.987	11.605.959
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>78.829.556</b>	<b>64.940.018</b>
<b>F) TOTAL - LIABILITIES</b> (ADP 067+090+097+109+124)	<b>125</b>	<b>5.829.996.618</b>	<b>5.362.888.887</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>54.173.148</b>	<b>54.158.625</b>



**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2022 to 31.03.2022)

Submitter: Valamar Riviera d.d.

in HRK

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>28.149.416</b>	<b>28.149.416</b>	<b>533.029.461</b>	<b>533.029.461</b>
1 Income from sales with undertakings within the group	002	1.208.798	1.208.798	12.205.192	12.205.192
2 Income from sales (outside group)	003	17.661.044	17.661.044	36.824.317	36.824.317
3 Income from the use of own products, goods and services	004	51.447	51.447	71.963	71.963
4 Other operating income with undertakings within the group	005	53.750	53.750	473.140.547	473.140.547
5 Other operating income (outside the group)	006	9.174.377	9.174.377	10.787.442	10.787.442
<b>II. OPERATING EXPENSES</b> (ADP 008+009+013+017+018+019+022+029)	<b>007</b>	<b>156.140.684</b>	<b>156.140.684</b>	<b>222.583.182</b>	<b>222.583.182</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	23.722.087	23.722.087	44.681.927	44.681.927
a) Costs of raw materials and consumables	010	11.284.497	11.284.497	20.984.020	20.984.020
b) Costs of goods sold	011	770.184	770.184	3.268.329	3.268.329
c) Other external costs	012	11.667.406	11.667.406	20.429.578	20.429.578
3 Staff costs (ADP 014 to 016)	013	22.098.277	22.098.277	68.712.133	68.712.133
a) Net salaries and wages	014	11.050.269	11.050.269	43.714.616	43.714.616
b) Tax and contributions from salary costs	015	8.015.801	8.015.801	16.110.115	16.110.115
c) Contributions on salaries	016	3.032.207	3.032.207	8.887.402	8.887.402
4 Depreciation	017	98.147.873	98.147.873	92.049.706	92.049.706
5. Other costs	018	9.976.868	9.976.868	14.683.061	14.683.061
6. Value adjustments (ADP 020+021)	019	7.980	7.980		
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	7.980	7.980		
7 Provisions (ADP 023 to 028)	022				
a) Provisions for pensions, termination benefits and similar obligations	023				
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025				
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	2.187.599	2.187.599	2.456.355	2.456.355
<b>III. FINANCIAL INCOME</b> (ADP 031 to 040)	<b>030</b>	<b>3.895.125</b>	<b>3.895.125</b>	<b>12.527.849</b>	<b>12.527.849</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			271.526	271.526
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	11.426	11.426	60.855	60.855
8 Exchange rate differences and other financial income	038	1.188.985	1.188.985	3.380.260	3.380.260
9 Unrealised gains (income) from financial assets	039	1.200.566	1.200.566	7.459.108	7.459.108
10 Other financial income	040	1.494.148	1.494.148	1.356.100	1.356.100
<b>IV. FINANCIAL EXPENDITURE</b> (ADP 042 to 048)	<b>041</b>	<b>28.911.176</b>	<b>28.911.176</b>	<b>32.538.484</b>	<b>32.538.484</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	14.120.487	14.120.487	10.984.343	10.984.343
4 Exchange rate differences and other expenses	045	13.354.599	13.354.599	17.966.996	17.966.996
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	1.436.090	1.436.090	3.587.145	3.587.145
<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>32.044.541</b>	<b>32.044.541</b>	<b>545.557.310</b>	<b>545.557.310</b>
<b>X. TOTAL EXPENDITURE</b> (ADP 007+041+051+052)	<b>054</b>	<b>185.051.860</b>	<b>185.051.860</b>	<b>255.121.666</b>	<b>255.121.666</b>
<b>XI. PRE-TAX PROFIT OR LOSS</b> (ADP 053-054)	<b>055</b>	<b>-153.007.319</b>	<b>-153.007.319</b>	<b>290.435.644</b>	<b>290.435.644</b>
1 Pre-tax profit (ADP 053-054)	056			290.435.644	290.435.644
2 Pre-tax loss (ADP 054-053)	057	-153.007.319	-153.007.319		
<b>XII. INCOME TAX</b>	<b>058</b>	<b>-49.040.467</b>	<b>-49.040.467</b>	<b>52.466.016</b>	<b>52.466.016</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b> (ADP 055-059)	<b>059</b>	<b>-103.966.852</b>	<b>-103.966.852</b>	<b>237.969.628</b>	<b>237.969.628</b>
1 Profit for the period (ADP 055-059)	060			237.969.628	237.969.628
2 Loss for the period (ADP 059-055)	061	-103.966.852	-103.966.852		

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2022 to 31.03.2022) (continued)

Submitter: Valamar Riviera d.d.

in HRK

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>-103.966.852</b>	<b>-103.966.852</b>	<b>237.969.628</b>	<b>237.969.628</b>
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)</b>	<b>079</b>	<b>26.874</b>	<b>26.874</b>	<b>38.441</b>	<b>38.441</b>
<b>III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)</b>	<b>080</b>	<b>26.874</b>	<b>26.874</b>	<b>38.441</b>	<b>38.441</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	26.874	26.874	38.441	38.441
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	4.837	4.837	6.919	6.919
<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>22.037</b>	<b>22.037</b>	<b>31.522</b>	<b>31.522</b>
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b>	<b>098</b>	<b>-103.944.815</b>	<b>-103.944.815</b>	<b>238.001.150</b>	<b>238.001.150</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 01.01.2022 to 31.03.2022)

### Submitter: Valamar Riviera d.d.

Item	in HRK		
	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	-153.007.319	290.435.644
2 Adjustments (ADP 003 to 010)	002	117.379.295	-364.556.231
a) Depreciation	003	98.147.873	92.049.706
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-962.797	-480.645.252
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-3.949	-58.317
e) Interest expenses	007	15.556.577	13.994.418
f) Provisions	008	-5.990.355	
g) Exchange rate differences (unrealised)	009	13.352.009	17.966.996
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-2.720.063	-7.863.782
<b>I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)</b>	<b>011</b>	<b>-35.628.024</b>	<b>-74.120.587</b>
3 Changes in the working capital (ADP 013 to 016)	012	891.423	51.332.921
a) Increase or decrease in short-term liabilities	013	-14.906.396	45.259.288
b) Increase or decrease in short-term receivables	014	17.418.690	12.798.221
c) Increase or decrease in inventories	015	-1.620.871	-6.724.588
d) Other increase or decrease in the working capital	016		
<b>II. Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>-34.736.601</b>	<b>-22.787.666</b>
4 Interest paid	018	-7.187.433	-19.600.963
5 Income tax paid	019		
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>-41.924.034</b>	<b>-42.388.629</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	2.825.666	50.587.181
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	9.031	85.281
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposit	025	4.816	7.201
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>2.839.513</b>	<b>50.679.663</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-9.018.102	-38.476.576
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030		
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		-577.069
<b>IV. Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-9.018.102</b>	<b>-39.053.645</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>	<b>034</b>	<b>-6.178.589</b>	<b>11.626.018</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		60.173.753
4 Other cash receipts from financing activities	038		
<b>V. Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>		<b>60.173.753</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-145.332.887	-135.919.722
2 Dividends paid	041		
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-563.222	-603.150
<b>VI. Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-145.896.109</b>	<b>-136.522.872</b>
<b>C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)</b>	<b>046</b>	<b>-145.896.109</b>	<b>-76.349.119</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>-193.998.732</b>	<b>-107.111.730</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>049</b>	<b>522.973.238</b>	<b>582.139.787</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)</b>	<b>050</b>	<b>328.974.506</b>	<b>475.028.057</b>



**STATEMENT OF CHANGES IN EQUITY** (for the period 01.01.2022 to 31.03.2022)  
**Submitter: Valamar Riviera d.d.**

in HRK

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>1.672.021.210</b>	<b>5.710.563</b>	<b>83.601.061</b>	<b>136.815.284</b>	<b>124.418.266</b>		<b>2.249.472</b>		<b>872</b>					<b>917.793.503</b>	<b>-308.549.679</b>	<b>2.385.224.020</b>		<b>2.385.224.020</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>1.672.021.210</b>	<b>5.710.563</b>	<b>83.601.061</b>	<b>136.815.284</b>	<b>124.418.266</b>		<b>2.249.472</b>		<b>872</b>					<b>917.793.503</b>	<b>-308.549.679</b>	<b>2.385.224.020</b>		<b>2.385.224.020</b>
5 Profit/loss of the period	05															304.605.806	304.605.806		304.605.806
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									97.850							97.850		97.850
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									-17.613							-17.613		-17.613
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15																		
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																		
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20																		
21 Other distributions and payments to members/shareholders	21														1.756.034		1.756.034		1.756.034
22 Transfer to reserves according to the annual schedule	22														-380.935.370	308.549.679	-72.385.691		-72.385.691
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>1.672.021.210</b>	<b>5.710.563</b>	<b>83.601.061</b>	<b>136.815.284</b>	<b>124.418.266</b>		<b>2.249.472</b>		<b>81.109</b>					<b>538.614.167</b>	<b>304.605.806</b>	<b>2.619.280.406</b>		<b>2.619.280.406</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>80.237</b>							<b>80.237</b>		<b>80.237</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)</b>	<b>26</b>									<b>80.237</b>						<b>304.605.806</b>	<b>304.686.043</b>		<b>304.686.043</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)</b>	<b>27</b>														<b>-379.179.336</b>	<b>308.549.679</b>	<b>-70.629.657</b>		<b>-70.629.657</b>
<b>Current period</b>																			
<b>1 Balance on the first day of the previous business year</b>	<b>28</b>	<b>1.672.021.210</b>	<b>5.710.563</b>	<b>83.601.061</b>	<b>136.815.284</b>	<b>124.418.266</b>		<b>2.249.472</b>		<b>81.109</b>					<b>538.614.167</b>	<b>304.605.806</b>	<b>2.619.280.406</b>		<b>2.619.280.406</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>1.672.021.210</b>	<b>5.710.563</b>	<b>83.601.061</b>	<b>136.815.284</b>	<b>124.418.266</b>		<b>2.249.472</b>		<b>81.109</b>					<b>538.614.167</b>	<b>304.605.806</b>	<b>2.619.280.406</b>		<b>2.619.280.406</b>
5 Profit/loss of the period	32															237.969.628	237.969.628		237.969.628
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									38.441							38.441		38.441
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									-6.919							-6.919		-6.919
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																		
19 Payments from members/shareholders	46																		
20 Payment of share in profit/dividend	47																		
21 Other distributions and payments to members/shareholders	48																		
22 Carryforward per annual plane	49														304.605.806	-304.605.806			
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>1.672.021.210</b>	<b>5.710.563</b>	<b>83.601.061</b>	<b>136.815.284</b>	<b>124.418.266</b>		<b>2.249.472</b>		<b>112.631</b>					<b>843.219.973</b>	<b>237.969.628</b>	<b>2.857.281.556</b>		<b>2.857.281.556</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>31.522</b>							<b>31.522</b>		<b>31.522</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)</b>	<b>53</b>									<b>31.522</b>						<b>237.969.628</b>	<b>238.001.150</b>		<b>238.001.150</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)</b>	<b>54</b>														<b>304.605.806</b>	<b>-304.605.806</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:

**01.01.2022 to 31.03.2022**

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 1/1/2022 – 31/03/2022“ 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 FIRST QUARTER PERIOD ENDED 31 MARCH 2022

### 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 HRK 1,672,021 thousand and comprises 126,027,542 ordinary shares with no prescribed nominal value.

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

- Palme turizam d.o.o., Dubrovnik, 100% ownership (subsidiary until 7 May 2021, date of merger into the Parent Company taking effect on 8 May 2021);
- Magične stijene d.o.o., Dubrovnik, 100% ownership
- Bugenvilia d.o.o., Dubrovnik, 100% ownership
- Imperial Riviera d.d., Rab, 43.68% ownership with the subsidiary Praona d.o.o., Makarska
- Valamar A GmbH, Vienna, 100% ownership until 29 November 2021 and 24.54% ownership from 30 November 2021, with subsidiaries WBVR Beteiligungs GmbH, Vienna, ContiEstates AG, Zug and Valamar Marietta GmbH, Vienna and
- Valamar Obertauern GmbH, Obertauern, 10% direct ownership and until 29 November 2021 90% indirect ownership (90% share owned by Valamar A GmbH). From 29 November 2021 22.08% indirect ownership.

The merger of Palme turizam d.o.o. into the Company was entered in the court register on 7 May 2021, pursuant to the Decision of the Commercial Court in Pazin No. Tt-21/2510-3. The legal effect of the merger started as of 8 May 2021. After the

registration of the merger, Palme turizam d.o.o. ceased to exist and the Company became the universal legal successor of the merged company: all the assets, rights and liabilities of Palme turizam d.o.o. were transferred to the Company.

On 29 November, 2021, the General Assembly of Valamar A GmbH made a decision to increase the share capital from the amount of EUR 35,000.00 by EUR 107,624.00 to EUR 142,624.00, with the participation of a new member of the Wurmböck Beteiligungs GmbH based in Vienna, Austria, in the amount of EUR 107,624.00 after which Valamar Riviera d.d. holds 24.54% and Wurmböck Beteiligungs GmbH 75.46%. A new member of the company undertook to pay EUR 11,070,000.00 into capital reserves. At the same time, Valamar A GmbH changed its headquarters from Tamsweg to Vienna and a new two-member board was appointed. The members of the company concluded the Articles of Association and the agreement by which they regulated their mutual relations, especially in relation to important decisions that require the approval of Valamar Riviera d.d. for their adoption.

The Company's shares were listed on the Prime market of the Zagreb Stock Exchange d.d., and were traded in 2021 in accordance with the relevant regulations on the organized market. Pursuant to the Decision of Imperial Riviera's d.d. General Assembly from 10 September 2021, the share capital of Imperial Riviera d.d. was increased by HRK 689,765,631.10 from HRK 826,668,557.32 to HRK 1,516,434,188.42. Share capital increase was court registered on 26 November 2021. The participants of the share capital increase are: Valamar Riviera d.d. with investment in real estate in their ownership - land located at Babin Kuk in Dubrovnik, area of 148,949 m<sup>2</sup> and total estimated value of HRK 352,844,705.64, and in the amount of HRK 336,920,925.46 Allianz ZB d.o.o. društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima acting in its own name and on behalf of AZ Obvezni mirovinski fond kategorije A, personal identification number (OIB): 15220336427, AZ Obvezni mirovinski fond kategorije B, personal identification number (OIB): 59318506371, AZ Profit otvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 22134623145, AZ Benefit otvoreni dobrovoljni mirovinski

**NOTE 1 – GENERAL INFORMATION / CONTINUED**

fond, personal identification number (OIB): 56427866267, AZ A1 zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 64811569641, AZ Dalekovod zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 49118401443, AZ HKZP zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 25137661054, AZ Zagreb zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 01774504225, Auto Hrvatska zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 24189818978, AZ ZABA zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 11641097984, AZ

Treći Horizont zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 42239479988 (hereinafter: AZ). Upon the completion of the share capital increase, Valamar Riviera d.d. is the holder of 1,054,728 (46.27%) shares, while AZ holds 1,104,665 (48.46%) shares of Imperial Riviera d.d.

The consolidated and unconsolidated financial statements for the first quarter period ended 31 March 2022 were approved by the Management Board on 29 April 2022. The consolidated and unconsolidated financial statements for the first quarter period ended 31 March 2022, have not been audited.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation**

The Company's and Group's financial statements for the first quarter ended on 31 March 2022 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 first quarter 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 2021 which are available on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Group's web pages.

**2.2 Going concern**

Company's and Group's first quarter financial statements have been prepared on a going concern basis. Based on current expectations, Management believes, although potentially negative short-term effects on Company's and Group's revenues and cash inflows are expected, it is not probable that the situation will 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 Critical accounting estimates**

There were no changes in critical accounting estimates used for preparation of financial statements for the first quarter period ended 31 March 2022 comparing to those used for the preparation of the annual financial statements for the year ended 31 December 2021. At the end of the tourist season and until the preparation of the annual financial statements for 2022, the Company and the Group will make an assessment of existing indications of impairment of non-current tangible and intangible assets.

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

The Company and the Group need to determine the ownership status for cca 3.24 million m<sup>2</sup> and cca 3.54 million m<sup>2</sup> respectively, pursuant to the provisions of the Act on unappraised land (hereinafter: the Act), that entered into force on 2 May 2020. The Act lays down the obligation to determine and establish, within the prescribed deadlines, real estate on the assessed parts of the camp, hotel, tourist complexes and other building land as the subject matter of the right of ownership of the Company

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES / CONTINUED**

and the Group; and real estate on the parts of the camp, hotel, tourist complexes and other building land that have not been assessed as the subject matter of the right of ownership of the Republic of Croatia or local governments. As regards the parts of land owned by the Republic of Croatia or local governments, the Company and the Group will conclude a lease agreement for a period of 50 years.

The unit amount of the rent and the manner of and deadlines for the payment will be laid down by a regulation adopted by the Government. At the moment of creating this document, the regulation has not been adopted yet; therefore it has not been possible to determine right-of-use assets and liabilities since the entry into force of the Act, i.e. since 2 May 2020. After the adoption of the regulation on prices, the Company and the Group will revise total surface areas that will be the subject matter of the lease agreement and they will assess the value of the right-of-use assets and liabilities in accordance with the provisions of IFRS 16. In 2020, 2021 and the first quarter of 2022, the Company and the Group were not able to determine the object of the lease and the value of the lease.

Due to circumstances arising from the COVID-19 pandemic, the Republic of Croatia adopted a regulation on exemption from the payment of the variable part of the fee for the year 2019. For the period from January to April 2020, when ZOTZ was in force, the Company and the Group did not receive any fees for compensation for concessions

for tourist land. Considering that no regulation on prices has been passed by the end of 2021, nor has a waiver of obligations been enacted by law, as a precautionary principle, the Company and the Group reserved the cost of lease for tourist land for the period from the entry into force of the ZNGZ, i.e. from 1 May, 2020 to the end of 2021 on the basis of the calculation of compensation under the old regulations in the amount of HRK 24,828 thousand for the Company and HRK 26,282 thousand for the Group.

Under the assumption of the lowest/highest price spread reaching HRK 6/12/m<sup>2</sup>, lowest/highest discount rate reaching 4/8% and with the correction of surface areas that will be subject to the lease +/- 10%, the Company and the Group assessed the value of the right-of-use assets and liabilities on the day of the entry into force of the Act, which would amount to a range from cca HRK 212,522 thousand to cca HRK 921,895 thousand for the Company, while the assessment for the Group would range from cca HRK 224,536 thousand to cca HRK 974,010 thousand.

**2.4 Significant accounting policies**

The accounting policies adopted in the preparation of the financial statements for the first quarter period ended 31 March 2022 are consistent with those followed in the preparation of the Company's and Group's annual financial statements for the year ended 31 December 2021.



### NOTE 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.

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

<b>GROUP</b>				
(in thousands of HRK)	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2021</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	391	-	-	391
<b>Total assets measured at fair value</b>	<b>391</b>	<b>-</b>	<b>-</b>	<b>391</b>
<b>Liabilities measured at fair value</b>				
Derivative financial instruments	-	7,749	-	7,749
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>7,749</b>	<b>-</b>	<b>7,749</b>
<b>As at 31 March 2022</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	429	-	-	429
Derivative financial instruments	-	3,103	-	3,103
<b>Total assets measured at fair value</b>	<b>429</b>	<b>3,103</b>	<b>-</b>	<b>3,532</b>
<b>Liabilities measured at fair value</b>				
Derivative financial instruments	-	695	-	695
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>695</b>	<b>-</b>	<b>695</b>

#### *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 – FAIR VALUE ESTIMATION / CONTINUED

**COMPANY**

(in thousands of HRK)

	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2021</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	359	-	-	359
<b>Total assets measured at fair value</b>	<b>359</b>	<b>-</b>	<b>-</b>	<b>359</b>
<b>Liabilities measured at fair value</b>				
Derivative financial instruments	-	7,749	-	7,749
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>7,749</b>	<b>-</b>	<b>7,749</b>
<b>As at 31 March 2022</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	398	-	-	359
Derivative financial instruments	-	1,387	-	1,387
<b>Total assets measured at fair value</b>	<b>398</b>	<b>1,387</b>	<b>-</b>	<b>1,785</b>
<b>Liabilities measured at fair value</b>				
Derivative financial instruments	-	695	-	695
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>695</b>	<b>-</b>	<b>695</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 organisational 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 first quarter period ended 31 March 2021 is as follows:

<b>GROUP</b>				
(in thousands of HRK)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
Total sales	11,152	4,924	8,304	24,380
Inter-segment revenue	(80)	(8)	(4,470)	(4,558)
Revenue from external customers	<b>11,072</b>	<b>4,916</b>	<b>3,834</b>	<b>19,822</b>
Depreciation and amortisation	78,039	33,024	13,948	125,011
Net finance income/(expense)	(17,366)	(7,213)	(2,739)	(27,318)
Write-off of fixed assets	-	83	-	83
Profit/(loss) of segment	(4,509)	(1,225)	(24,997)	(30,731)



**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

The segment information related to reportable segments for the first quarter period ended 31 March 2022 is as follows:

<b>GROUP</b>				
(in thousands of HRK)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
Total sales	33,939	7,632	26,768	68,339
Inter-segment revenue	(1,648)	(7)	(18,374)	(20,029)
Revenue from external customers	<b>32,291</b>	<b>7,625</b>	<b>8,394</b>	<b>48,310</b>
Depreciation and amortisation	76,456	32,391	13,876	122,723
Net finance income/(expense)	(19,607)	(7,944)	1,466	(26,085)
Write-off of fixed assets	62	53	15	130
Profit/(loss) of segment	(23,051)	(6,011)	(57,880)	(86,942)

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

<b>GROUP</b>				
(in thousands of HRK)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
<b>As at 31 December 2021</b>				
Total assets	3,207,709	1,383,094	722,119	<b>5,312,923</b>
Total liabilities	1,977,090	934,627	473,878	<b>3,385,595</b>
<b>As at 31 March 2022</b>				
Total assets	3,536,392	1,363,679	363,966	<b>5,264,037</b>
Total liabilities	2,234,437	796,846	335,035	<b>3,366,318</b>

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

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

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

<b>GROUP</b>	<b>January - March 2021</b>	<b>January - March 2022</b>
(in thousands of HRK)		
<b>Revenue</b>		
Revenue from segments	24,380	68,339
Inter-segment revenue	(4,558)	(20,029)
<b>Total revenue</b>	<b>19,822</b>	<b>48,310</b>
<b>Profit</b>		
Profit from segments	(30,731)	(86,942)
Other unallocated expenses	(134,116)	(133,586)
Profit/(loss) from financial and extraordinary activities	(21,888)	(18,673)
<b>Total profit before tax</b>	<b>(186,735)</b>	<b>(239,201)</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 HRK)	<b>As at 31 December 2021</b>		<b>As at 31 March 2022</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Segment assets/liabilities</b>	<b>5,312,923</b>	<b>3,385,596</b>	<b>5,264,037</b>	<b>3,366,318</b>
Hotels and apartments segment	3,207,710	1,977,091	3,536,392	2,234,437
Camps segment	1,383,094	934,627	1,363,679	796,846
Other business segment	722,119	473,878	363,966	335,035
<b>Unallocated</b>	<b>1,600,624</b>	<b>216,893</b>	<b>1,422,472</b>	<b>208,953</b>
Investments in associate	76,503	-	76,877	-
Other financial assets	391	-	429	-
Loans and deposits	43,179	-	73,865	-
Cash and cash equivalents	1,115,258	-	865,388	-
Income tax receivable	2	-	4	-
Other receivables	36,198	-	35,455	-
Deferred tax assets/liabilities	329,093	51,765	367,351	50,680
Other liabilities	-	80,551	-	80,750
Derivative financial assets/ liabilities	-	7,749	3,103	695
Provisions	-	76,828	-	76,828
<b>Total</b>	<b>6,913,547</b>	<b>3,602,488</b>	<b>6,686,509</b>	<b>3,575,271</b>



**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

The Group's hospitality services are provided in Croatia and Austria (till 29 November 2021) to domestic and foreign customers. The Group's sales revenues are classified according to the customers' origin.

**GROUP**

(in thousands of HRK)

	<b>January - March 2021</b>	<b>January - March 2022</b>
Revenue from sales to domestic customers	14,982	25,953
Revenue from sales to foreign customers	4,840	22,357
	<b>19,822</b>	<b>48,310</b>

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

**GROUP**

(in thousands of HRK)

	<b>January - March 2021</b>	<b>%</b>	<b>January - March 2022</b>	<b>%</b>
EU members	4,138	85.49	16,531	73.94
Other	702	14.51	5,826	26.06
	<b>4,840</b>	<b>100.00</b>	<b>22,357</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 HRK)	GROUP		COMPANY	
	January - March 2021	January - March 2022	January - March 2021	January - March 2022
Net salaries	12,059	50,863	11,050	43,715
Tax and contributions from salary costs	8,790	18,381	8,016	16,110
Contributions on salaries	3,304	10,384	3,032	8,887
<b>Total /i/</b>	<b>24,153</b>	<b>79,628</b>	<b>22,098</b>	<b>68,712</b>

/i/ In the first quarter ended 31 March 2022 the Company and the Group did not receive COVID-19 grants related to net salaries compensation with related tax and contribution write-offs due to revenue decline (31 March 2021 Group: HRK 38.8 million; Company: HRK 31.8 million).

For the first quarter ended 31 March 2022 Company's average number of employees is 2,392 (31 March 2021: 1,841), while the Group's average number of employees is 2,959 (31 March 2021: 2,247).

The Company capitalised net salaries cost in the amount of HRK 1.60 million (31 March 2021: HRK 1.17 million), cost of contributions and tax from salaries in the amount of HRK 0.59 million (31 March 2021: HRK 0.45 million) and cost of contributions on salaries in the amount of HRK 0.22 million (31 March 2021: HRK 0.2 million). The Group capitalised net salaries cost in the amount of HRK 1.62 million (31 March 2021: HRK 1.28 million), cost of contributions and tax from salaries in the amount of HRK 0.59 million (31 March 2021: HRK 0.5 million) and cost of contributions on salaries in the amount of HRK 0.22 million (31 March 2021: HRK 0.22 million).

**NOTE 6 - INCOME TAX**

During the period in 2022 the Company and the Group estimate the period income tax expense according to the IAS 34 provisions.

Income tax comprise:

(in thousands of HRK)	GROUP		COMPANY	
	January - March 2021	January - March 2022	January - March 2021	January - March 2022
Deferred tax	(59,243)	(39,350)	(49,040)	52,466
<b>Tax (income)/expense</b>	<b>(59,243)</b>	<b>(39,350)</b>	<b>(49,040)</b>	<b>52,466</b>

Movement overview of deferred tax assets and liabilities in 2022:

**DEFERRED TAX ASSET**

(in thousands of HRK)	GROUP	COMPANY
<b>As at 1 January 2022</b>	<b>329,093</b>	<b>163,224</b>
Credited/(debited) to the income	38,258	(52,683)
<b>As at 31 March 2022</b>	<b>367,351</b>	<b>110,541</b>

**DEFERRED TAX LIABILITIES**

(in thousands of HRK)	GROUP	COMPANY
<b>As at 1 January 2022</b>	<b>51,765</b>	<b>12,455</b>
Credited/(debited) to the income	(1,092)	(217)
Credited/ (debited) to the other comprehensive income	7	7
<b>As at 31 March 2022</b>	<b>50,680</b>	<b>12,245</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 - March 2021	January - March 2022
Profit/(loss) attributable to equity holders (in thousands of HRK)	(116,452)	(172,354)
Weighted average number of shares	121,887,907	121,887,907
<b>Basic/diluted earnings/(loss) per share (in HRK)</b>	<b>(0.96)</b>	<b>(1.41)</b>

## NOTE 8 – NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

During the first quarter period ended 31 March 2022, the Group acquired assets in the amount of HRK 60,006 thousand (31 March 2021: HRK 13,508 thousand), while the Company acquired assets in the amount of HRK 38,477 thousand (31 March 2021: HRK 9,018 thousand).

During the first quarter period ended 31 March 2022, the Group disposed the assets with a net book value of HRK 1,386 thousand (31 March 2021: HRK 1,863 thousand), resulting in a net gain on disposal of HRK 8,815 thousand (31 March 2021: HRK 971 thousand).

During the first quarter period ended 31 March 2022, the Company disposed the assets with a net book value of HRK 249,662 thousand (31 March 2021: HRK 1,863 thousand), resulting in a net gain on disposal of HRK 480,708 thousand (31 March 2021: HRK 971 thousand).

The most significant Company's transaction in 2022 relates to the sales of three hotels to the related-party Imperial Riviera d.d. More precisely, it is the sales of hotels Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar with an acquisition value of HRK 717,766 thousand.

## NOTE 9 – LIABILITIES FOR BORROWINGS AND LEASES UNDER IFRS 16

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

(in thousands of HRK)	GROUP		COMPANY	
	Total liabilities on 31 March 2022	Maturity over 5 years	Total liabilities on 31 March 2022	Maturity over 5 years
Bank borrowings	3,041,699	1,069,793	2,089,941	719,100
Lease liabilities under IFRS 16	15,241	4,220	15,422	4,180
<b>Total</b>	<b>3,056,940</b>	<b>1,074,013</b>	<b>2,105,363</b>	<b>723,280</b>

Non-current bank borrowings are secured with a pledge over Group's property facilities and movable property with a net book value of HRK 3,041,699 thousand (2021: HRK 2,319,645 thousand).

Non-current bank borrowings are secured with a pledge over Company's property facilities and movable property with a net book value of HRK 2,089,941 thousand (2021: HRK 1,861,945 thousand).

The Company and the Group need to determine the ownership status for cca 3.24 million m<sup>2</sup> and cca 3.54 million m<sup>2</sup> respectively, pursuant to the provisions of the Act

on unappraised land (hereinafter: the Act), that entered into force on 2 May 2020. As regards the parts of land owned by the Republic of Croatia or local governments, the Company and the Group will conclude a lease agreement for a period of 50 years, on which IFRS 16 will be applied. The unit amount of the rent and the manner of and deadlines for the payment will be laid down by a regulation adopted by the Government. At the moment of creating this document, the regulation has not been adopted yet; therefore it has not been possible to apply IFRS 16. The range of potential impact of IFRS 16 on the Company's and Group's financial statements is presented in Note 2.3. Critical accounting estimates.

## NOTE 10 – CONTINGENCIES AND COMMITMENTS

The contracted capital commitments of the Company in respect to investments in tourism facilities at 31 March 2022 amount to HRK thousand 561,728 thousand (31 December 2021: HRK 544,910 thousand). The contracted capital commitments of the Group in respect to investments in tourism facilities at 31 March 2022 amount to HRK 618,310 thousand (31 December 2021: HRK 597,391 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 HRK 46,470

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 is the guarantor of the loan of related-party Imperial Riviera d.d. in the amount HRK 505,112 thousand, and to secure the claim a pledge over Imperial Riviera's property facilities was established in the amount of the claim. The Company estimates the very low probability of incurring an actual obligation under the guarantee.

## NOTE 11 – ASSOCIATES

The following table shows total capital and reserves and profit or loss for the last business year of associates as at 31 December 2021:

(in thousands of HRK)				
ASSOCIATES	Country	Ownership	Total capital and reserves	Profit/loss for the year
Helios Faros d.d., Stari Grad	Croatia	20.00%	222,411	2,740
Valamar A GmbH, Vienna /i/	Austria	24.54%	82,998	(235)
Valamar Obertauern GmbH, Obertauern /i/	Austria	10% directly/ 22.08% indirectly	29,805	(270)

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

## NOTE 12 – RELATED PARTY TRANSACTIONS

Related party transactions were as follows:

GROUP	January - March 2021	January - March 2022
(in thousands of HRK)		
<b>Sale of services</b>		
Associate with participating interest	238	1,882
	<b>238</b>	<b>1,882</b>
<b>Purchase of services</b>		
Other parties related to the owners and corporate governance bodies	133	177
Associate with participating interest	-	72
	<b>133</b>	<b>249</b>
	<b>As at 31 December 2021</b>	<b>As at 31 March 2022</b>
<b>Trade and other receivable</b>		
Associate with participating interest	7,294	8,788
	<b>7,294</b>	<b>8,788</b>
<b>Liabilities</b>		
Other parties related to the owners and corporate governance bodies	23	124
Associate with participating interest	39	27
	<b>63</b>	<b>151</b>



**NOTE 12 – RELATED PARTY TRANSACTIONS / CONTINUED**

Related party transactions were as follows

<b>COMPANY</b>	<b>January - March 2021</b>	<b>January - March 2022</b>
(in thousands of HRK)		
<b>Sale of services</b>		
Subsidiaries /i/	1,225	484,198
Associate with participating interest	238	1,882
	<b>1,462</b>	<b>486,080</b>
<b>Purchase of services</b>		
Subsidiaries	108	391
Associate with participating interest	-	72
Other parties related to the owners and corporate governance bodies	133	119
	<b>241</b>	<b>582</b>
	<b>As at 31 December 2021</b>	<b>As at 31 March 2022</b>
<b>Trade and other receivable</b>		
Subsidiaries	19,712	5,412
Associate with participating interest	7,294	8,788
	<b>27,006</b>	<b>14,200</b>
<b>Other receivables</b>		
Subsidiaries	26	26
	<b>26</b>	<b>26</b>
<b>Trade and other payables</b>		
Subsidiaries	70	314
Associate with participating interest	39	27
Other parties related to the owners and corporate governance bodies	22	124
	<b>131</b>	<b>465</b>
<b>Loans given</b>		
Subsidiaries	28	28
	<b>28</b>	<b>28</b>

/i/ The most significant Company's transaction in 2022 relates to the sales of three hotels to the related-party Imperial Riviera d.d. More precisely, it is the sales of hotels Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar with an acquisition value of HRK 717,766 thousand.

### NOTE 13 – SUBSEQUENT EVENTS

At the General assembly of the associated company Helios Faros d.d. held on 14 April 2022, an increase in the share capital was voted by issuing new ordinary shares of Helios Faros d.d. that will be paid in cash by investors, out of which the Company has an obligation to pay the amount of HRK 26 million.

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