



BUSINESS RESULTS 1/1/2021 - 30/6/2021



VALAMAR
All you can holiday

ABOUT VALAMAR RIVIERA

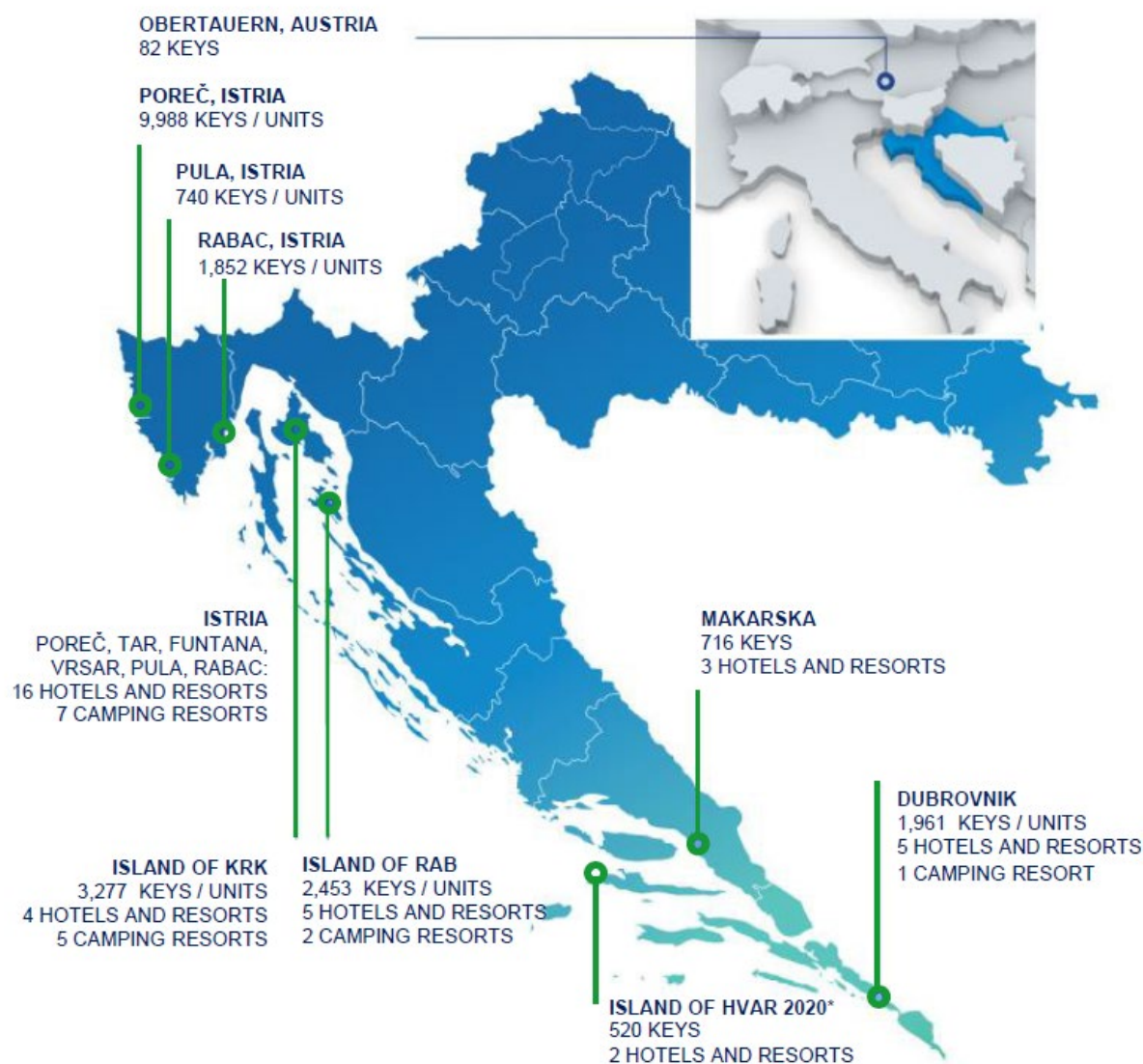
Valamar Riviera is Croatia's leading tourism company operating hotels, resorts and camping resorts in prime destinations – Istria, the islands of Krk, Rab and Hvar, Makarska, Dubrovnik, and Obertauern in Austria. With over 21,000 keys, Valamar's 36 hotels and resorts and 15 camping resorts can welcome 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 Riviera a responsible and desirable employer and one of the top Croatian and regional investors in tourism with over HRK 6 billion invested in the last 17 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 Riviera'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 Riviera Group



KEY MESSAGES

Despite the strong impact of the COVID-19 pandemic and the associated travel restrictions, Valamar Riviera Group achieved a positive adjusted EBITDA of HRK 19.6 million in the first half of 2021. This represents an increase of HRK 126.6 million compared to the same period in 2020 and a decrease of HRK 66.8 million compared to 2019. An important reason for such an improvement in results can be found in the general streamlining of operations and internal austerity measures taken as well as a longer period of using support measures of the Government of the Republic of Croatia to preserve jobs and implementation of „Pause, restart program“ (6 months in 2021, 3 months in 2020). In addition, the number of overnights increased significantly by 134.4% as the Group opened most properties during June. Operating revenues in the first half of 2021 increased by 114.5% to HRK 266.4 million compared to the same period last year.

In July 2021, Valamar generated about 90% of board revenues achieved in July 2019, which, along with semi-annual results indicates that the recovery of tourism has begun. Istria and the northern Adriatic destinations achieved a similar result to that of 2019, while Dubrovnik and southern destinations still fall behind. The booking trend for August is improving in southern destinations while northern destinations report nearly pre-covid booking levels. There is still a high level of uncertainty regarding year-end business results due to the unpredictable nature of the pandemic in Europe and the new Delta variant of the virus. Valamar expects that the tourism sector will continue to be affected by the crisis in 2021, while business normalization is expected in 2022 and 2023.

In the first half of 2021, Valamar completed several major property investments, which were opened for the 2021 summer season. Valamar has also launched a new lifestyle brand by opening the first hotel branded HVAR [PLACESHOTEL] by Valamar in Stari Grad on the island of Hvar (ex hotel Lavanda). Soon after their completion and renovation, Valamar Parentino Hotel in Poreč and the Valamar Meteor Hotel in Makarska also opened for the 2021 season. Istra Premium Camping Resort by Valamar in Funtana near Poreč obtained new luxury offer and services from luxurious plots by the sea and modern camping homes to glamping tents and stylish camping villas with pools.



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Istra Premium Camping Resort 5*, Poreč



Lanterna Premium Camping Resort 5*, Poreč



Significant Business Events

BUSINESS TRENDS

In the first half of 2021, Valamar achieved 851,183 overnights, an increase of 134% compared to the same period last year.

In the first quarter of 2021, the number of overnights was very low with only one open hotel -Valamar Diamant Hotel & Residence. Valamar Diamant Hotel & Residence shifted from the regional to the Croatian market, with special focus on weekend stays, professional national and foreign sports groups without indoor training bans and regional cyclists groups. Valamar Obertauern Hotel in Austria was closed for the entire 2020/21 ski season. In the same period, two camping resorts were opened year-round with a special "extended stay" offer (14 and 30 days), focusing on families and individuals who were able to work/study remotely. The Croatian market responded well with a domestic sales share of over 50%.

In the second quarter, the trend was reversed and a noticeable increase in the number of overnights was achieved, although measures related to the COVID-19 pandemic in Europe were still in force. This is primarily due to the great desire to travel after a long period of restrictions and a somewhat less restrictive policy of crossing state borders. Our northern destinations were the most visited: Poreč, Rabac and the islands of Krk and Rab, while southern destinations Makarska, Hvar and Dubrovnik reported lower occupancy rates due to the lack of flights and a slightly greater distance from source markets. The booking trend remains the same as in 2020: "last minute". Booking terms are extremely flexible, provide guests with security in the event of a travel cancellation, and encourage booking in general. The share of direct booking is currently 66%. June reports the return of group and allotment sales channels, which have stagnated until recently.

TIMELY
ADJUSTMENT
OF BUSINESS
ENSURED BETTER
FINANCIAL AND
OPERATING
RESULT,
SUCCESSFUL
PREPARATIONS
FOR THE NEW
TOURIST SEASON
AND JOB
PRESERVATION

CRISIS MANAGEMENT DURING COVID-19

Uncertainties related to the global pandemic are persistent in 2021 and further disruptions in tourism flows are still possible, which could have a negative effect on the Group's business results. Rising vaccination rates and the COVID-19 EU pass certainly aid the hospitality industry. The COVID-19 passport is a document with digital record of an individual's status regarding vaccination, recovery from infection or the test results.

It is still early to make quantitative estimates related to the negative impact of COVID-19 on Valamar's business operations in the coming period. We expect that the tourism sector will continue to be affected by the crisis in 2021, while business normalization is expected in 2022 and 2023.

Istria and the northern Adriatic destinations (with most of the Group's properties) have the advantage of being traditional drive-in destinations for our source markets (Italy, Slovenia, Austria, Germany, the Netherlands, the Czech Republic, Hungary, etc). Camping resorts also play a great role in attracting guests, and proved to be the first choice for many tourists not only because of the perceived lower risk of COVID-19, but also because of the higher service level and offer obtained through significant investments in recent years.

The health and safety of our guests remains our top priority. Last season we introduced key innovations including our V Health & Safety program of comprehensive health, safety and environmental standards, the "CleanSpace - 100% privacy" enhanced cleaning system, Online reception, a new concept named "Bed & Brunch" and Valfresco Direkt an online shop and food delivery service with products from local family farms and suppliers. This season, Valamar introduced V-care guarantee, which provides the organization of all necessary health services during the guests' stay (including in case of COVID-19 infection). Guests who have made reservations directly via valamar.com or the Valamar reservation centre, the aforementioned service includes free medical counselling by phone (call or video call) 24 hours a day, ANTIGEN testing within the hotel or camping resort and organizing PCR testing at designated locations in all Valamar destinations. Guests will also have their costs covered in case of extended stays for persons infected with COVID-19 and everyone included in their reservation for up to 14 days as well as reimburse travel expenses for the return journey of persons infected with COVID-19 if the return dates are different from the regularly scheduled return dates.

Since the beginning of the COVID-19 crisis, Valamar Riviera has actively approached the mitigation and control of potential risks, established the Risk Management Committee, and adopted Risk Management Regulation. The Committee's tasks and powers include risk assessment and its impact on business, guests and employees, as well as determining measures to protect guests and employees, property and organizing business processes and operations. Depending on the circumstances and intensity of the risk event, the Committee decides on changing the financial, business and contingency plan, activating escalation plans to preserve the company's liquidity, solvency, and maintaining business continuity, as well as other necessary acts in accordance with the assessment of bookings and revenues.

During 2020 and first half of 2021 necessary liquidity for the next period was provided through operational savings plans, investment savings, payment delays and agreements with banks and other investors. Valamar has deferred the vast majority of credit liabilities for 2020 and for the first half of 2021 and secured additional medium-term liquidity through a loan contract with a club of banks in the amount of EUR 66 million. During the first half of 2021, the Group regularly serviced its credit obligations in accordance with the agreed moratoriums in 2020. The Group's cash balance at the end of the first half was a high HRK 628 million.

The social partners of Valamar Riviera, led by the Trade Union of Tourism and Services of Croatia and the Trade Union of Istria, Kvarner and Dalmatia, supported the continuation of the Valamar employee program "Pause, Restart" for job preservation, which has been in force since March last year with the support of social partners and Government measures. The new agreement has been signed in the duration of one year and will be in effect from April 1, 2021 to March 31, 2022. The "Pause, Restart" program provides compensation in the amount of 60% of regular income, i.e. a minimum of HRK 4,250 net for all Valamar employees waiting for work. The cost is borne by shareholders with the support of current government measures. Additionally, in order to improve the Company's liquidity, the General Meeting of Shareholders in 2020 revoked the proposal on the Decision on dividend payment.

Government support measures were key to protecting jobs in tourism

GROUP'S CASH
BALANCE AS OF 30
JUNE 2021 AT HRK
628 MILLION

last season and provided a strong incentive for all tourism companies to successfully cope with the crisis, until economic and tourism flows return to normal. The most significant measure is job protection in the sectors affected by the coronavirus (HRK 3,250 per employee for salaries in March, or HRK 4,000 for salaries from April to December 2020). The Government of the Republic of Croatia approved measures to protect employment for the period January-June 2021.

On 23 July 2021, the Management Council of the Croatian Employment Service adopted a decision on a new measure - the Program for retaining workers in activities of reduced economic activity for July 2021. The employer can receive support for July salaries for all workers for whom he seeks support if on August 25, 2021, 70 and more percent of those workers have an EU digital COVID certificate or have met the conditions for obtaining one in accordance with the rules of issuing EU digital COVID certificates in the Republic of Croatia. The employer can receive 100% support for 70 percent or more employees with Covid-certificates.

If less than 70% of the aforementioned workers hold an EU digital COVID certificate or have not met the conditions for acquiring one by August 25, 2021, then the percentage of support may be granted in accordance with the percentage of workers with EU digital COVID certificates or who meet the conditions for obtaining one. Valamar Riviera is currently analysing the impact of these new measures on the Group.

Valamar announced employee awards up to HRK 3,500 net for permanent and seasonal employees based on months worked. The amount of HRK 1,300 has already been paid out to employees as a reward for the successful opening of the summer season under difficult circumstances. In agreement with social partners, Valamar will pay an additional award of HRK 1,200 for July, while a special award has been agreed for all seasonal employees employed after June 1 in the amount of HRK 1,000 to be paid out in September. Valamar employees can receive an additional reward of up to HRK 1,000 per month for performance excellence. Valamar also guarantees a minimum net income of HRK 5,000 for all employees working full-time during the month.

FINANCIAL RESULT

Disruptions in tourism flows caused by the COVID-19 pandemic were present in the first half of 2021. Nevertheless, there was a significant increase in number of overnights of 134% compared to the same period last year, which resulted in an increase in operating income of 114%.

A positive adjusted EBITDA in the amount of HRK 19.6 million was achieved, which is an improvement of HRK 126.6 million compared to the negative adjusted EBITDA realized in the first half of 2020 in the amount of HRK -107.0 million. The main reasons for this are: adjustment of work to the conditions of the pandemic within the Group in the first half of 2021, which includes general business rationalization and internal savings measures, a longer period of using support measures of the Government of the Republic of Croatia to preserve jobs and implementation of „Pause, restart program“ (6 months in 2021, 3 months in 2020) and a significant increase in revenue.

Despite challenging circumstances that mark the year 2020 and first half of 2021, we consider that Valamar Riviera Group is in a stable position to withstand the eventual exceptional decline in business activities during second half of 2021¹. This is thanks to Valamar's proven successful business philosophy, a success formula consisting of continuous investment in employees, products and destinations, with high concern for sustainable business continuity and corporate social responsibility.

INVESTMENTS AND PRODUCT AND PORTFOLIO DEVELOPMENT

Valamar Riviera's Supervisory Board approved 2021 investments in the amount of HRK 123 million for the completion of earlier initiated investments (Istra Premium Camping resort 5* and the accommodation for employees in Dubrovnik) and the completion of the first investment phase in Valamar Pinea Collection Resort as well as digitalization projects, and future projects. Minimum planned investments for 2021 are aimed on completing initiated projects and preparing projects for new growth and development when conditions are met.

¹ We refer to the Disclaimer on page 43 of this report

IMPROVED
ADJUSTED EBITDA
COMPARED TO
THE COMPARABLE
PERIOD IN 2020

PRODUCT AND
PORTFOLIO
DEVELOPMENT
CONTINUES:
BRAND PLACES
BY VALAMAR
LAUNCHED

In accordance with the Group Investment Policies, the Supervisory Board of Imperial Riviera approved investments in the amount of HRK 41 million, primarily aimed at completing investments in Valamar Meteor 4* hotel in Makarska and Valamar Parentino 4* hotel in Poreč for the 2021 season.

All works in the first half were proceeding according to plan.

Valamar has launched a new lifestyle brand called [PLACES] by Valamar, for guests seeking freedom of choice, modern designs and authentic destination experiences with full respect for nature and the environment. Lifestyle hotels are a recent trend in the hospitality industry because they push the boundaries of traditional hospitality products and services. These hotels focus on creating unique experiences and providing authentic services, i.e. interpret the most valuable aspect of a destination to attract modern and younger travellers. These travellers are primarily millennials who are venturesome and enjoy encounters with like-minded people, natural foods and dishes and care for environmental sustainability. The first Valamar hotel under the new brand is HVAR [PLACESHOTEL] by Valamar in Stari Grad on Hvar (ex hotel Lavanda). Valamar invested close to HRK 53 million in the hotel's reconstruction which opened mid-May. The hotel has 179 rooms that are a blend of Mediterranean tradition and modern design.

With the completion of the second phase of investments initiated by Imperial Riviera in 2019, Valamar Meteor Hotel 4* in Makarska was successfully reconstructed and opened. This investment is worth HRK 85 million, and the hotel received a number of new services and higher quality accommodation. Valamar Meteor Hotel is market-oriented towards families with children, guests seeking an active vacation and athletes. The Valamar Meteor Hotel investments include the construction of a new outdoor pool and the expansion of the existing one with new services and offer as well as attractions adapted to family needs. It also included the renovation of the indoor pool with a wellness center according to the Valamar Sun & Spa concept. In the first phase a number of 111 rooms were renovated, while the remaining 160 rooms were completely refurbished in the second phase.

VALAMAR RIVIERA'S GENERAL ASSEMBLY

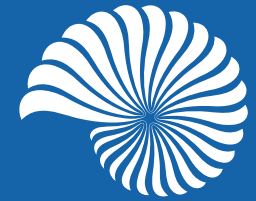
The regular General Assembly of the Company was held on April 21, 2021, at which decisions were made according to the decisions proposed by the Management Board and the Supervisory Board of the Company contained in the invitation to the General Assembly and published in its prescribed content on the website of the Zagreb Stock Exchange, as well as on the Company's website.

The following decisions were reached: decision on coverage of loss, decision on granting discharge to members of the Management Board, decision on granting discharge to members of the Supervisory Board, decision on appointment of auditors and decision on election of members of the Supervisory Board. The Report on Receipts of Members of the Management Board and the Supervisory Board for 2020 was also discussed.

The General Assembly elected six members of the Supervisory Board for a new term of 4 years starting on 16 June 2021, namely Mr. Gustav Wurmböck, Mr. Franz Lanschützer, Mr. Mladen Markoč, Mr. Georg Eltz (former members), Mr. Boris Galić and Mr. Daniel Goldscheider (new members). The constituent meeting of the Supervisory Board, at which the President, Mr. Gustav Wurmböck, and the Deputies, Mr. Franz Lanschützer and Mr. Mladen Markoč, were elected, was held on June 17, 2021.

THE NEW
COMPOSITION OF
THE SUPERVISORY
BOARD STARTED
WORKING

Ježevac Premium Camping Resort 4*, Krk island



Results of the Group

QUARTERLY FINANCIAL STATEMENTS


The Management Board hereby presents the unaudited quarterly financial statements for the second quarter of 2021 and for the first half-year.

The Group's income statement for the reported and previous period consolidates the following companies: Imperial Riviera d.d.², Valamar A GmbH, Valamar Obertauern GmbH, Palme Turizam d.o.o. (subsidiary until 7 May 2021, date of merger into the Valamar Riviera d.d. taking effect on 8 May 2021), Magične stijene d.o.o., Pogača Babin Kuk d.o.o. and Bugenvilia d.o.o.

The Group's balance sheet for the reviewed period as at 31 December 2020 and as at 30 June 2021 consolidates the aforementioned companies.

The investment in company Helios Faros d.d. is conducted according to the equity method, since Valamar Riviera has no control over it, but significant influence.

² On 28 June 2019 the company Hoteli Makarska was merged to the company Imperial Riviera.

 *The Management Board presents the quarterly financial statements for the second quarter and the first halfyear of 2021.*



KEY FINANCIAL INDICATORS³

	1 - 6/2020	1 - 6/2021	2021/2020
Total revenues	133.783.405	290.973.816	117,5%
Operating income	124.199.713	266.400.722	114,5%
Sales revenues	109.249.000	249.034.083	128,0%
Board revenues (accommodation and board revenues) ⁴	84.020.878	199.685.650	137,7%
Operating costs ⁵	226.211.101	233.216.702	3,1%
EBITDA ⁶	-107.935.193	25.900.160	-124,0%
Extraordinary operations result and one-off items ⁷	-961.513	6.257.893	-750,8%
Adjusted EBITDA ⁸	-106.973.680	19.642.267	-118,4%
EBIT	-358.363.745	-224.627.278	-37,3%
Adjusted EBIT ⁸	-357.402.232	-230.885.171	-35,4%
EBT	-442.570.885	-235.880.714	-46,7%
	31/12/2020	30/6/2021	2021/2020
Net debt ⁹	2.851.116.054	2.754.248.094	-3,4%
Cash and cash equivalents	665.932.900	627.740.104	-5,7%
Market capitalization ¹⁰	3.730.415.243	3.806.031.768	2,0%
EV ¹¹	7.283.342.226	7.243.851.745	-0,5%

KEY BUSINESS INDICATORS¹²

	1 - 6/2020	1 - 6/2021	2021/2020
Number of accommodation units (capacity)	21.247	21.328	0,4%
Number of beds	58.492	58.617	0,2%
Accommodation units sold	205.116	452.833	120,8%
Overnights	363.128	851.183	134,4%
ADR ¹³ (in HRK)	410	441	7,6%

3 Classified according to Quarterly Financial Statement standard (TFI POD-RDG). EBIT, EBITDA and their adjusted values and respective margins are recorded on the basis of operating income.

4 In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry).

5 Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

6 EBITDA (earnings before interest, taxes, depreciation and amortization) is calculated as: operating income - total operating costs + depreciation and amortisation + value adjustments

7 Adjustments were made for (i) extraordinary income (in the amount of HRK 11.7 million in 2021, and HRK 5.3 million in 2020), (ii) extraordinary expenses (in the amount of HRK 6.0 million in 2021, and HRK 5.5 million in 2020), and (iii) termination benefit costs (in the amount of HRK 0.8 million in 2021, and HRK 0.8 million in 2020).

8 Adjusted by the result of extraordinary operations and one-off items.

9 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.

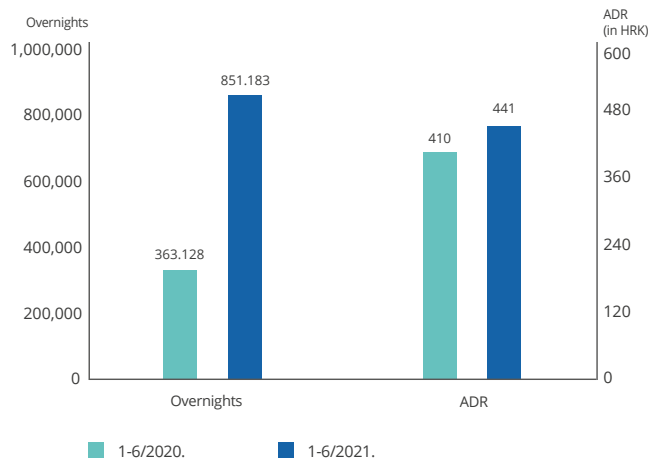
10 Market capitalization represents the total number of shares of the Company multiplied by the last price on the last day of each period

11 EV refers to enterprise value; calculated as market capitalization + net debt + minority interest.

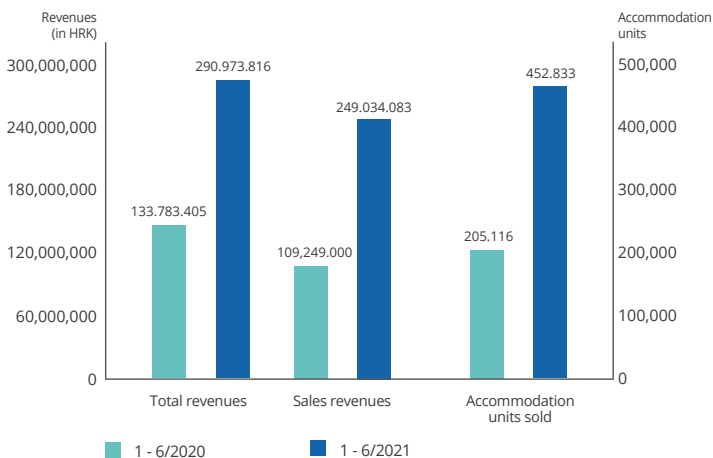
12 Data for Helios Faros are not included.

13 Average daily rate is recorded on the basis of board revenues (accommodation and board's food and beverage revenues).

Overnights and ADR



Revenues and accommodation units sold



851,183 overnight stays were realized in the first six months of 2021, which is an increase of 134% compared to the same period in 2020.

Due to the strong impact of the COVID-19 pandemic in the first quarter of 2021, the number of overnight stays decreased. Valamar Diamant Hotel & Residence was opened, which tactically shifted from the regional to the Croatian market, especially weekend stays, and focused on professional domestic and foreign sports groups that did not have indoor training bans and cycling groups in the region. Valamar Obertauern Hotel in Austria was completely closed for the entire 2020/21 ski season. In the same period, two camps for year-round operations were opened with the introduction of special offer “extended stay” (14 and 30 days).

In the second quarter, the trend was reversed and a significant increase in the number of overnight stays was achieved, although measures related to the suppression of the pandemic in Europe

were still in force. This is primarily a consequence of the great desire of tourists to travel after a long period of restrictions, and yet a somewhat less restrictive policy of crossing state borders and related quarantines.

REVENUES

In the first six months of 2021, total revenues amounted to HRK 291.0 million, which is an increase of 117.5% (HRK 157.2 million). The realized total revenues were influenced by:

a) growth of sales revenues by 128.0% (HRK 140.0 million) to the amount of HRK 249.0 million, which consists primarily of revenues from board revenue (HRK 199.7 million) following certain improvements in tourism flows as explained earlier.

There has been a slight change in the revenue structure. Sales revenues in the country amount to HRK 55.3 million with a share of 22.2% in sales revenues (18.2% in the same period in 2020) and are higher by HRK 35.5 million compared to the comparable period in 2020. With a share of 77.8% in sales revenues (81.8% in the same period in 2020), sales revenues on foreign markets amount to HRK 193.7 million and are higher by HRK 104.3 million.

b) increase in other operating revenues by 17.4% to HRK 17.2 million compared to the same period in 2020, mainly due to higher revenues from the cancelation of provisions for litigation

c) financial income amounts to HRK 24.6 million and is higher by 156.4% than those realized in the same period in 2020 as a result of the increase in net positive exchange rate differences on long-term loans.

Valamar Argosy Hotel 4*, Dubrovnik



TOTAL OPERATING EXPENSES OF VALAMAR RIVIERA GROUP¹⁴

(in HRK)	1 - 6/2020	1 - 6/2021	2021/2020
Operating costs ¹⁵	226.211.101	233.216.702	3,1%
Total operating expenses	482.563.458	491.028.000	1,8%
Material costs	83.160.816	117.392.388	41,2%
Staff cost	96.996.224	81.148.405	-16,3%
Depreciation and amortisation	250.154.456	250.508.368	0,1%
Other costs	48.026.127	37.297.887	-22,3%
Provisions and value adjustments	274.096	19.070	-93,0%
Other operating expenses	3.951.739	4.661.882	18,0%

TOTAL OPERATING EXPENSES

Total operating expenses in the first six months of 2021 amounted to HRK 491.0 million, which is 1.8% more than in the same period last year. Development of operating expenses:

a) material costs amount to HRK 117.4 million and are higher by 41.5% as a result of increased costs of raw materials and materials and costs of promotional activities in accordance with the increased business volume.

b) staff costs decreased by 16.4% and amounted to HRK 81.1 million. The reduction resulted from a longer period of using support measures of the Government of the Republic of Croatia to preserve jobs and implementation of „Pause, restart program“ (6 months in 2021, 3 months in 2020).

Total COVID grants related to employee cost subsidies are included in the amount of HRK 87.8 million for the Group (same period in 2020: HRK 53.7 million) and HRK 72.7 million for the Company (same period in 2020: HRK 46.4 million).

c) depreciation amounts to HRK 250.5 million, which represents an increase of 0.1%

d) other expenses fell by 22.4% to HRK 37.3 million. The decline is a consequence of the savings measures taken in the Group, lower utility costs and the absence of rental costs for tourist land in the first six months of 2021. Property insurance costs are also lower in this period, because last year the total cost for the entire 2020 was recorded in the first quarter of 2020 when paying them and this year it is distributed over 12 months.

e) provisions and value adjustments amount to HRK 19 thousand.

f) other operating expenses amount to HRK 4.7 million, which is an increase of 18.0%.

¹⁴ Classified according to Quarterly Financial Statements standard (TFI POD-RDG).

¹⁵ Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

EBITDA AND EBT

A positive adjusted EBITDA in the amount of HRK 19.6 million was achieved, which is an improvement of HRK 126.6 million compared to the negative adjusted EBITDA realized in the first half of 2020 in the amount of HRK -107.0 million. The main reasons for this are: adjustment of work to the conditions of the pandemic within the Group in the first half of 2021, which includes general business rationalization and internal savings measures, longer period of using support measures of the Government of the Republic of Croatia to preserve jobs and implementation of „Pause, restart program“ (6 months in 2021, 3 months in 2020) and a significant increase in revenue.

After a better net financial result in the first half of 2021 related to exchange rate movements (explained in more detail in the next section), a significant improvement in profit before tax (EBT) was achieved in the amount of HRK 206.7 million. Thus, the negative EBT in 2021 amounted to HRK -235.9 million after the negative EBT of HRK -442.6 million in the same period in 2020.

Baška Beach Camping Resort 4*, Krk island

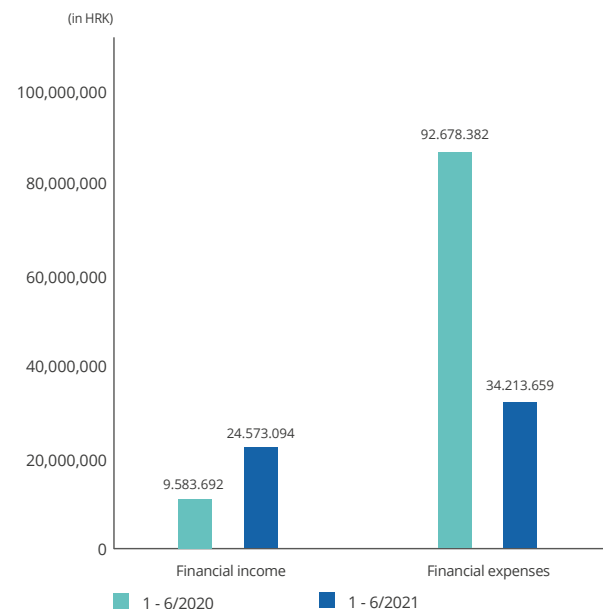


RESULT FROM FINANCIAL ACTIVITIES

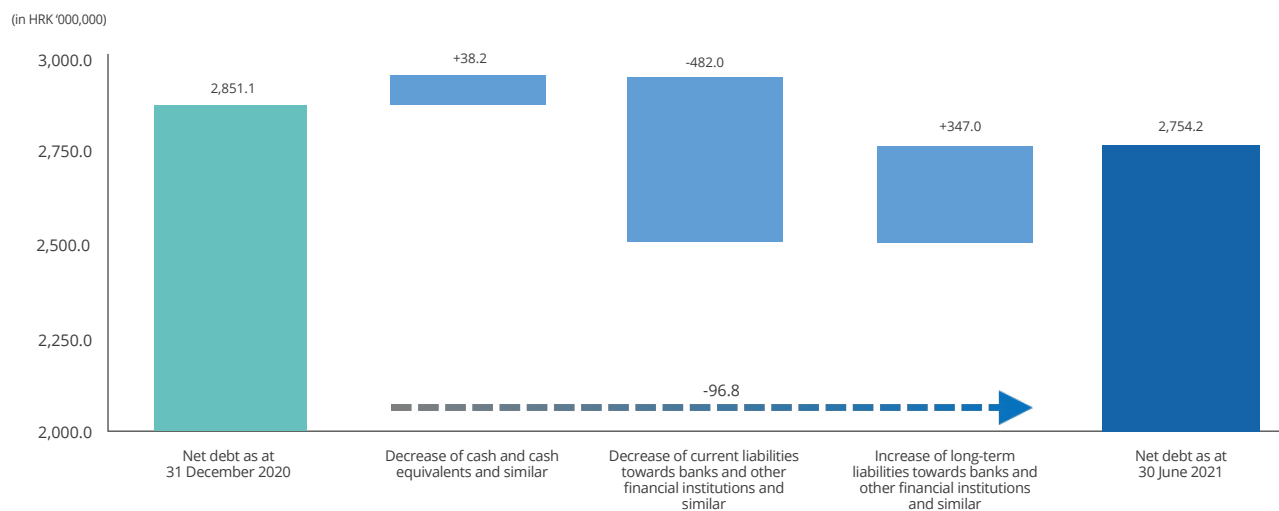
In the first half of 2021, the financial result amounts to HRK -9.6 million (HRK -83.1 million in 2020).

The main reasons for HRK 73.5 million better financial result compared to the previous comparable period are primarily found in i) increase in net foreign exchange gains (primarily unrealized on long-term loans) by HRK 62.6 million, given that in the first half of 2021 there was no strong depreciation of the kuna against compared to the same comparable period last year, ii) the absence of unrealized losses on financial assets in the amount of HRK 16.1 million incurred in the first half of 2020 due to then increased liabilities at fair value of contracted FX forward transactions due to strong depreciation of the kuna against the euro and iii) increase in financial expenses based on interest on long-term and short-term loans in the amount of HRK 2.2 million due to the financing of intensive capital investments and the provision of new liquidity sources.

Financial income and expenses



Net debt ¹⁶



¹⁶ 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.

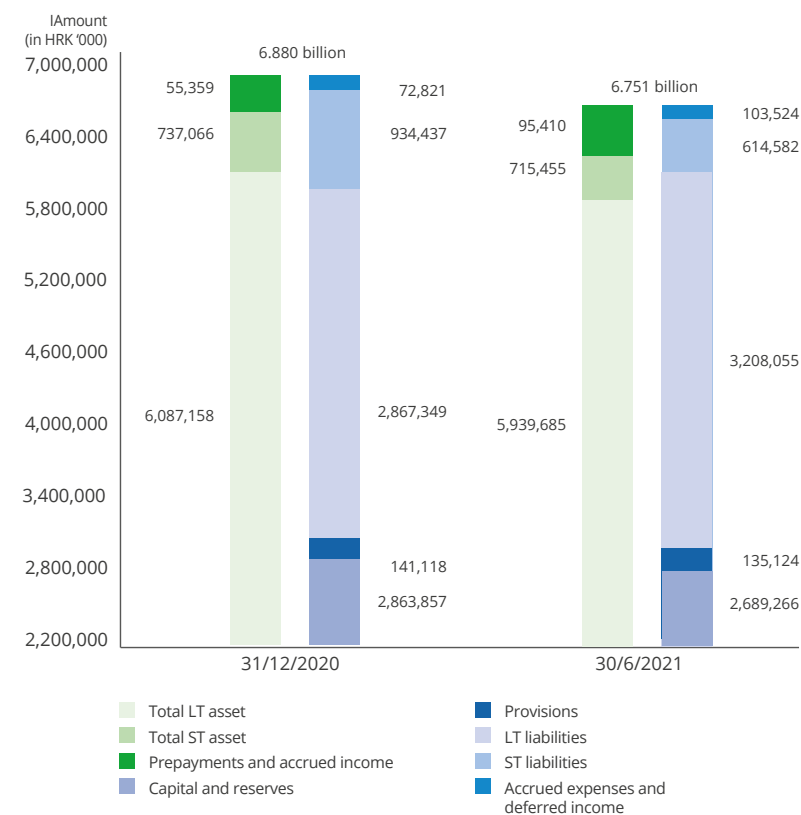
ASSETS AND LIABILITIES

On 30.6.2021. the total value of the Group's assets amounted to HRK 6,750.6 million, which is 1.9% less than on 31 December 2020. Total share capital and reserves amount to HRK 2,689.3 million and are lower by 6.1% as a result of the loss realized in the first half of the year.

Total long-term and short-term liabilities to banks and other financial institutions as at 30.6.2021. amount to HRK 3,368.0 million and are lower by 3.9% compared to 31.12.2020. as a result of repayment of short-term loans. A large part of the loan portfolio (82%) consists of long-term loans with an agreed fixed interest rate, ie loans protected by derivative instruments (IRS) for the purpose of hedging against interest rate risk. In 2020, the Group deferred the payment of a total of HRK 349 million of principal to commercial banks and the Croatian Bank for Reconstruction and Development, of which HRK 272 million represents deferred payment of principal for 2020, HRK 49 million for the first quarter of 2021 and HRK 27 million kuna for the second quarter of 2021. In addition, the payment of interest in the total amount of around HRK 47 million was postponed.

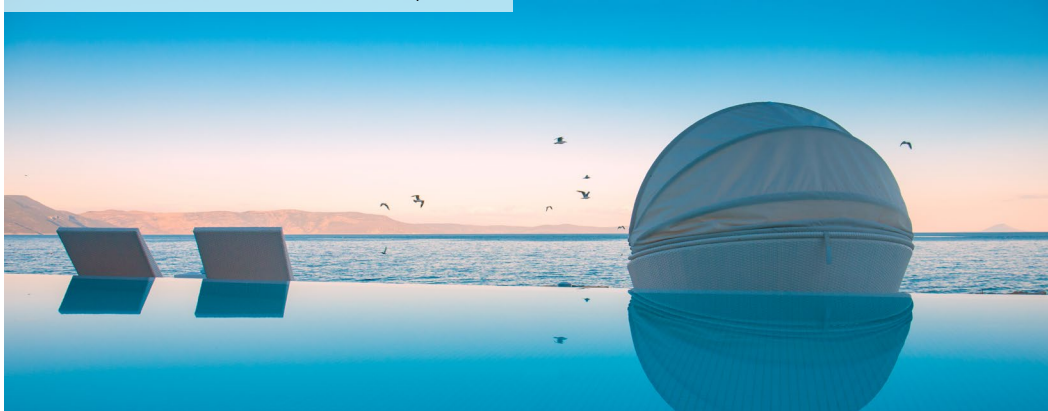
On 30.6., after the expiration of the moratorium period with commercial banks, the Group began regular repayment of credit liabilities.

Assets and liabilities



On 30.6.2021. the Group's cash balance amounts to HRK 627.7 million (HRK -38.2 million compared to 31 December 2020), together with i) agreed credit lines and moratoriums on credit obligations, ii) valuable tourist assets and iii) strong operating business model make Group's stable balance sheet position.

Valamar Collection Girandella Resort 4*/5*, Rabac



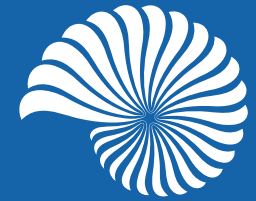
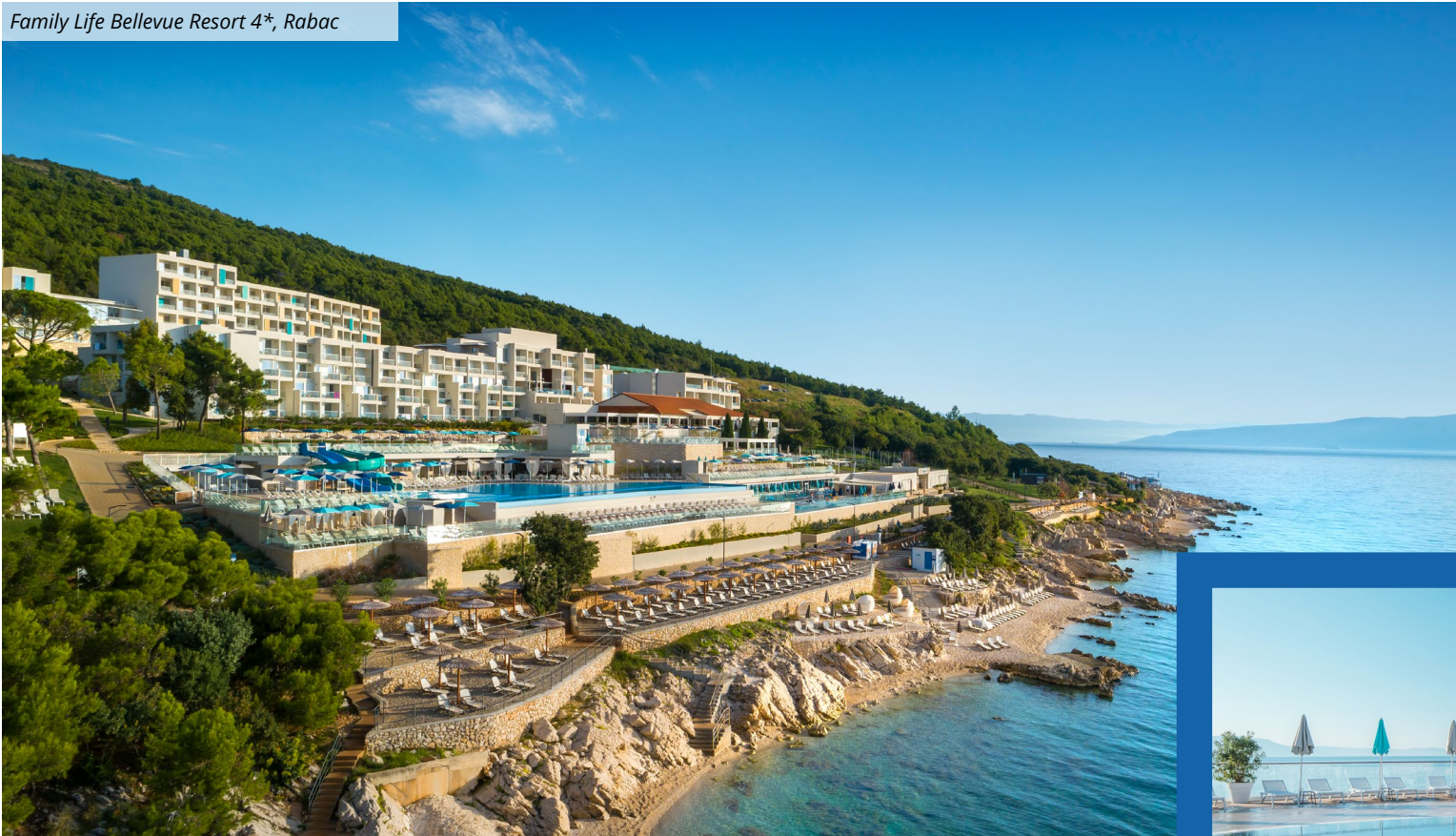
HOTEL AND CAMPING RESORTS OVERVIEW

HOTELS AND RESORTS OVERVIEW		LOCATION	KEYS
Hotels and Resorts			9.292
VALAMAR COLLECTION			1.261
Marea Valamar Collection Suites	5*	Poreč	108
Imperial Valamar Collection Hotel	4*	Rab Island	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
Pinea Valamar Collection Resort	5*	Poreč	0
VALAMAR HOTELS & RESORTS			3.964
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 & Villa Adria	4* / 5*	Krk Island	92
Valamar Carolina Hotel & Villas	4*	Rab Island	176
Valamar Padova Hotel	4*	Rab Island	175
Valamar Meteor Hotel	4*	Makarska	268
Valamar Argosy Hotel	4*	Dubrovnik	308
Valamar Lacroma Dubrovnik Hotel	4*	Dubrovnik	401
Valamar Club Dubrovnik Hotel	3*	Dubrovnik	338
Valamar Obertauern Hotel	4*	Austria	82
[PLACES] by Valamar			179
Hvar [PLACESHOTEL] by Valamar	3*	Hvar Islan.	179
SUNNY BY VALAMAR			3.888
Lanterna Sunny Resort by Valamar	2*	Poreč	606
Allegro Sunny Hotel & Residence by Valamar	3*	Rabac	180
Corinthia Baška Sunny Hotel by Valamar	3*	Krk Island	431
San Marino Sunny Resort by Valamar	3*	Rab Island	457
Eva Sunny Hotel & Residence	2*	Rab Island	284
Dalmacija Sunny Hotel by Valamar	3*	Makarska	190
Rivijera Sunny Resort by Valamar	2*	Makarska	258
Tirena Sunny Hotel by Valamar	3*	Dubrovnik	208
Trim & Helios Sunny Apartments by Valamar	2*	Hvar Islan.	85
Crystal Sunny Hotel by Valamar	4*	Poreč	223
Rubin Sunny Hotel by Valamar	3*	Poreč	253
Miramar Sunny Hotel & Residence by Valamar	3*	Rabac	178
Zvonimir Sunny Hotel by Valamar	4*	Krk Island	85
Koralj Sunny Hotel by Valamar	3*	Krk Island	194
Arkada Sunny Hotel by Valamar	2*	Hvar Islan.	256

CAMPING RESORTS OVERVIEW		LOCATION	KEYS
Camping Resorts			11.557
CAMPING ADRIATIC BY VALAMAR - PREMIUM RESORTS			5.352
Istra Premium Camping Resort by Valamar	5*	Poreč	874
Lanterna Premium Camping Resort by Valamar	4*	Poreč	2.930
Krk Premium Camping Resort by Valamar	5*	Krk Island	500
Ježevac Premium Camping Resort by Valamar	4*	Krk Island	632
Padova Premium Camping Resort by Valamar	4*	Rab Island	416
CAMPING ADRIATIC BY VALAMAR - RESORTS			4.555
Orsera Camping Resort by Valamar	3*	Poreč	592
Solaris Camping Resort by Valamar	3*	Poreč	1.824
Marina Camping Resort by Valamar	4*	Rabac	329
Baška Beach Camping Resort by Valamar	4*	Krk Island	593
Bunculuka Camping Resort by Valamar	4*	Krk Island	408
San Marino Camping Resort by Valamar	4*	Rab Island	809
CAMPING ADRIATIC BY VALAMAR - SUNNY			1.650
Brioni Sunny Camping by Valamar	2*	Pula	734
Tunarića Sunny Camping by Valamar	2*	Rabac	160
Škrila Sunny Camping by Valamar	3*	Krk Island	342
Solitude Sunny Camping by Valamar	3*	Dubrovnik	414

54%
OF
ACCOMMODATION
UNITS ARE IN THE
PREMIUM AND
UPSCALE SEGMENT

Family Life Bellevue Resort 4*, Rabac



Results of the Company

In the first half of 2021, total revenues recorded a growth of 120.0% to the amount of HRK 253.5 million.

Sales revenues amount to HRK 219.0 million with a share in total revenues of 86.4%. Compared to the same period last year, they are higher by 134.5% as a result of more suppressed pandemic compared to the first half of 2020.

Sales revenues in the country amount to HRK 48.8 million with a share of 22.3 in total revenues (23.4% in 2020) and are higher by 122.9% compared to the previous comparable period. Revenues from sales on foreign markets amount to HRK 170.2 million with a share of 77.7% in total revenues (76.6% in 2020). Compared to the previous comparable period, they are higher by 138.1%.

Material costs amounted to HRK 106.1 million with a growth of 44.1% as a result of increased business volume. Staff costs amount to HRK 72.3 million and are 14.7% lower than in the same period last year. This resulted from a longer period of using support measures of the Government of the Republic of Croatia to preserve jobs and implementation of „Pause, restart program“ (6 months in 2021, 3 months in 2020).

Depreciation amounts to HRK 196.4 million and is lower by 1.4% compared to the comparable period last year. Value adjustments and provisions amount to a negligible HRK 19.1 thousand.

In the first half of 2021, the financial result amounts to HRK -7.5 million (HRK -76.5 million in 2020). The main reasons for the HRK 69.0 million better financial result compared to the previous comparable period are primarily found in i) increase in net foreign exchange gains (primarily unrealized on long-term loans) by HRK 57.9 million, given that in the first quarter of 2021 there was no strong depreciation of the kuna against EUR compared to the same comparable period last year, ii) the absence of unrealized losses on financial assets in the amount of HRK 16.1 million incurred in the first half of 2020 due to increased liabilities at fair value of contracted FX forward transactions due to strong depreciation of the kuna against the euro and iii) increase in financial expenses based on

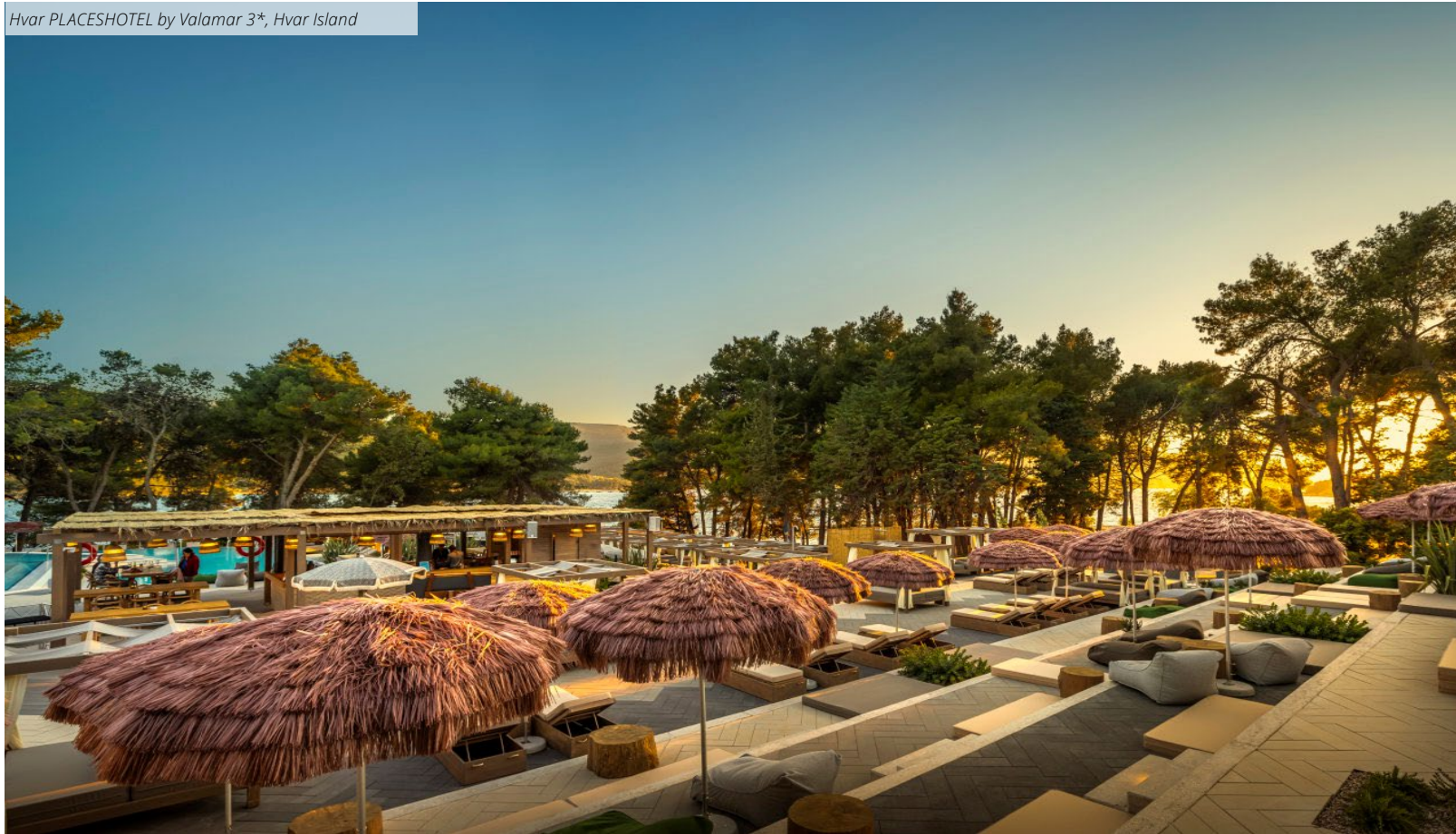
IMPROVEMENT
OF EBITDA
COMPARED TO
THE COMPARABLE
PERIOD IN 2020

interest on long-term and short-term loans in the amount of HRK 2.1 million due to the financing of intensive capital investments and the provision of new liquidity sources.

Positive EBITDA amounted to HRK 16.8 million, which is an improvement of HRK 114.4 million compared to negative EBITDA realized in the first half of 2020 at the level of HRK -97.5 million. The main reasons for this are the general rationalization of operations and above explained development related to “Pause, restart program” and support measures by the Government of the Republic of Croatia to preserve jobs.

Total assets of the Company on 30.6.2021. amount to HRK 5,760.1 million and is lower by 3.3% compared to 31.12.2020.

Hvar PLACESHOTEL by Valamar 3*, Hvar Island



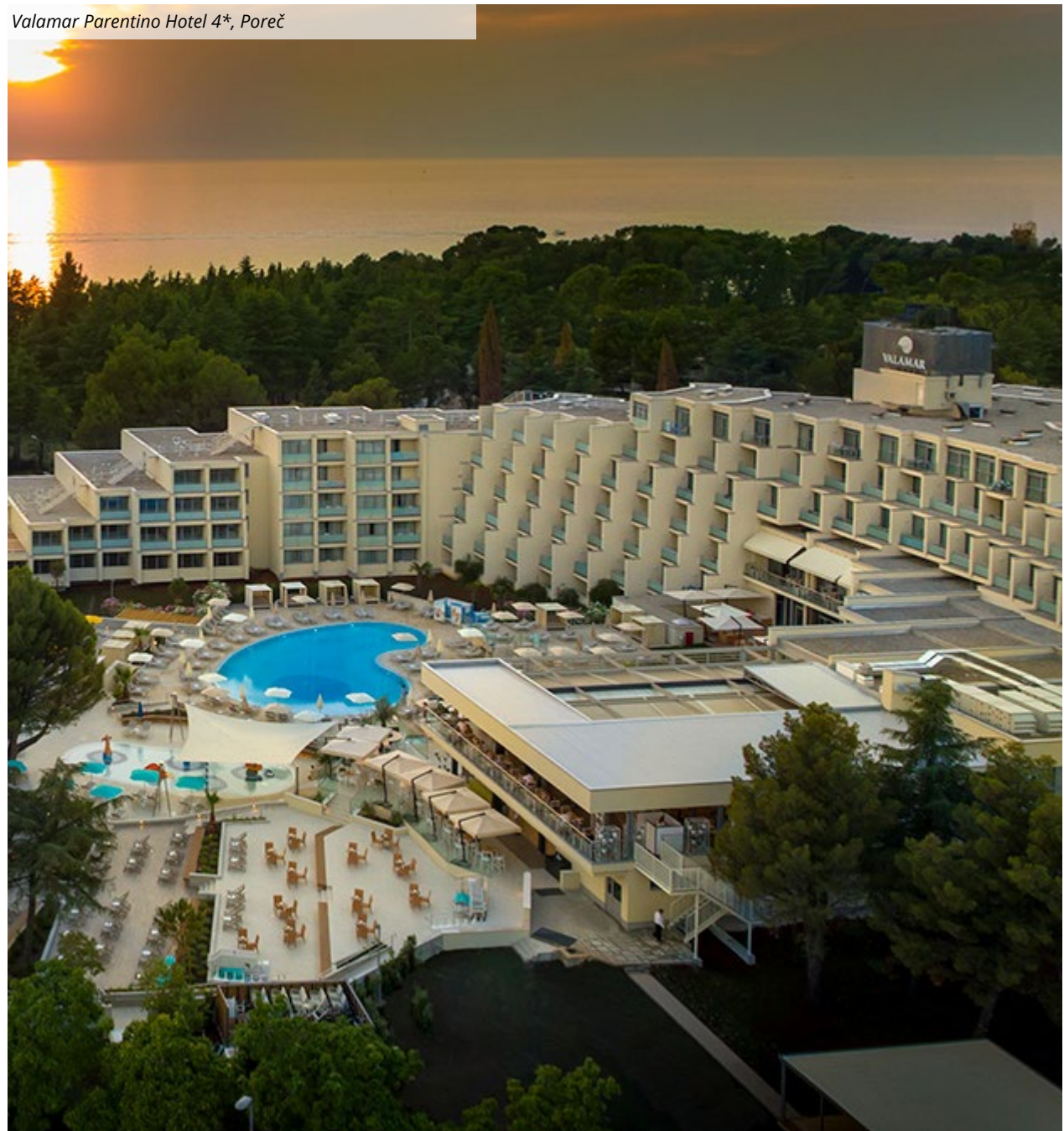
2021 Investments

Valamar's strategy for the development of tourism products and high added-value amenities is one of the main drivers of growth and sustainable business continuity. The strategy is steered by sustainability and social responsibility while investing in products, employees and tourist destinations. Furthermore, Valamar's service concepts are continuously being developed to align the offer with current market requirements, primarily guests' trends and expectations. With a timely and thorough approach to mitigating and controlling the adverse effects caused by the COVID-19 pandemic, a customized business plan was introduced in all business segments, including investments.

The planned portfolio repositioning and development of high added-value products and services, with emphasis on the premium segment of resorts and camping resorts, has been adjusted by reducing investment intensity all while preparing new growth and development projects when the conditions are met. In order to align the hospitality portfolio plan and development with the current tourism flows and the proactive approach to cash flow management and financing, the investments in 2021 will mostly be focused on the completion of projects and raising service quality and guest satisfaction.

Considering the reduced investment intensity, the total approved investments of the Valamar Group amounts to HRK 164 million in 2021. As last year, Valamar Group will continue to adapt its products and develop digitization projects to further enhance service quality and guest safety in the upcoming tourist season. At Group level, a total of HRK 16 million has been provided for health and safety, as well as digitalization and innovation projects. Investments in this segment include the continuation of projects from 2020, and relate to the automation of processes and systems such as improving the Online Reception and "self check-in" system, automating gate

Valamar Parentino Hotel 4*, Poreč



barriers, improving Valfresco Direkt online store services and other similar projects aimed at enhancing guest's health and safety services. HRK 17 million has been provided for smaller investments and the purchase of new equipment and furniture, while the remaining amount has been directed towards the completion of initiated investments in construction works and the preparation of future investments.

VALAMAR RIVIERA

Valamar Riviera provided HRK 123 million for the 2021 investment cycle, and in addition to investments aimed at enhancing and implementing the the program for guests' health and safety, the company focused on investments in Istra Premium Camping Resort 5*. Considering the current consumer trends and preferences, this is a particularly attractive accommodation category, which represents a specific product of high guest loyalty, especially due to the perception of reduced health risks. Given the high occupancy rate of Istra Premium Camping Resort 5* in 2020 despite the unfavorable circumstances, the amount of HRK 10 million has been invested in enhancing service quality in 2021, mostly in the Glamping zone and food and beverages facilities.

Service quality has also been enhanced through targeted investments in three Valamar hotels. These include improvements of the exterior and interior of the Champagne Breakfast & Brunch restaurant and Spinnaker restaurant at the Valamar Riviera Hotel in Poreč, which will enhance the

IN YEAR 2021
INVESTMENTS
ARE FOCUSED ON
COMPLETION OF
STARTED PROJECTS

new Old Town Holiday label within the Valamar Hotels & Resorts brand. Investments in this category include the promotion of the Sunny by Valamar economy brand. As part of its rebranding, the Miramar Sunny Hotel has improved Breakfast & Lunch services, the Valfresco 24/7 service available to guests, a digital library and the Chill & Play Zone which makes digital books and fun games available to guests. In addition to the above, the investment includes a self-service laundry and 30 rearranged accommodation units. Investments in the Rubin Sunny Hotel are focused on renovating interior public spaces.

Considering the aforementioned optimized investment plan in accordance with the current circumstances, sufficient funds have been provided for the completion of the first phase of investment in Valamar Pinea Collection Resort, while the accommodation for employees in Dubrovnik has been completed.

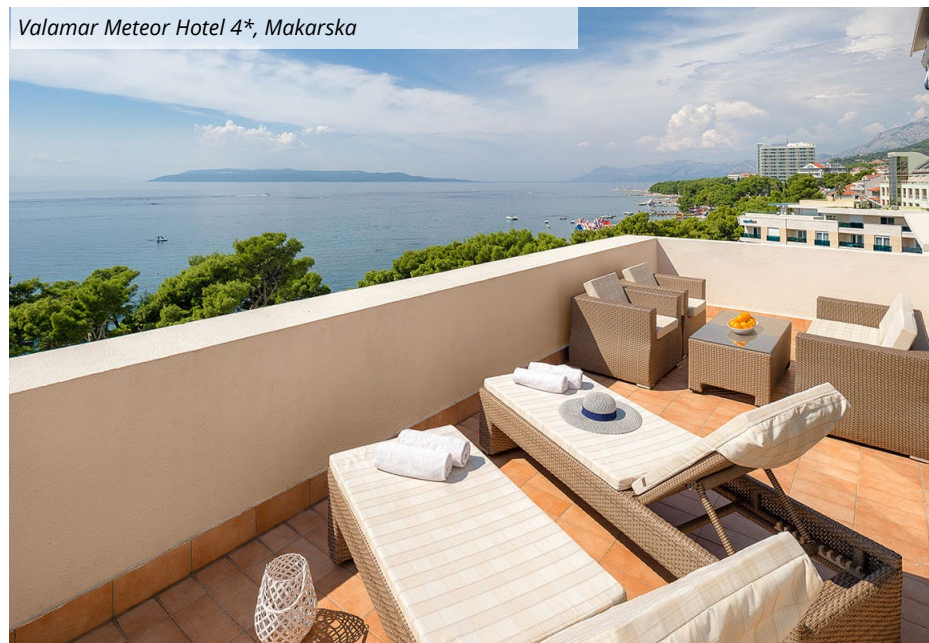
Istra Premium Camping Resort 5, Poreč*



IMPERIAL RIVIERA

Planned investments in 2021 at the level of Imperial Riviera amount to HRK 41 million and mostly relate to the final phases of investment projects in Valamar Meteor Hotel and Valamar Parentino Hotel, which were postponed due to the previously mentioned extraordinary circumstances caused by the COVID-19 pandemic.

By investing in the Valamar Parentino Hotel, the main finalized projects include the renovation of 40 accommodation units, a children's playground, a pool bar, parking lot and landscape design. The investment in Valamar Meteor Hotel was marked by the completion of the second phase of investment, which mainly includes the renovation of 166 accommodation units, corridors and stairs, the refurbishing of the Reception and Lobby area, the construction of a new outdoor pool complex, renovation of the indoor pool area, as well as the MICE zone and VIP parking lots.



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 Riviera 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 Riviera'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.

Destination Poreč



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.

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 (82%) 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 Riviera 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 interest-bearing 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.

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 Riviera'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 neighboring 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 are 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:

- 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 5*, 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.

Since the beginning of the COVID-19 pandemic, Valamar Riviera has actively engaged in mitigating and controlling potential risks. On 2 March 2020 it formed the Risk Management Committee and adopted the Risk Management Rules. The Committee, tasked with assessing risk events and impacts on operations, guests and employees, determines the measures necessary to protect guests, employees and assets and organize business processes and operations. Depending on circumstances and risk intensity, the Committee decides on: adjusting the financial, business and contingency plan, the activation of escalation plans to safeguard company liquidity and solvency and maintain business continuity, and on other measures according to booking and revenue estimates. The Supervisory Board Presidium receives the Committee's reports on the current state, activities and estimated risk impact on the Company's operations at least once a month or more often as circumstances dictate. The Risk Management Committee consists of the Management Board (Željko Kukurin, President and Marko Čižmek, Member), Division Vice Presidents (Alen Benković, Davor Brenko, Ivana Budin Arhanić and David Poropat), Human Resources Director (Ines Damjanić Šturman) and Legal Affairs Head (Vesna Tomić).

The major direct Valamar's shareholders according to the Central Depository and Clearing Company data and the shareholders whom are Valamar'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 RIVP-R-A shares; the Deputy

TIMELY AND
ACTIVE APPROACH
TO CRISIS
MANAGEMENT
CAUSED BY
THE COVID-19
PANDEMIC

Chairman of the Supervisory Board, Mr. Franz Lanschuetzer, holds 4,437,788 RIVP-R-A shares; the Deputy Chairman of the Supervisory Board, Mr. Mladen Markoč, holds 17,000 RIVP-R-A shares; the Member of the Supervisory Board Mr. Georg Eltz holds a total of 6,545,367 RIVP-R-A shares, of which directly 20,463 RIVP-R-A shares, and indirectly through a 100% stake in company Satis d.o.o. 6,524,904 RIVP-R-A shares; the President of the Management Board, Mr. Željko Kukurin, holds 126,360 RIVP-R-A shares; and the Member of the Management Board Mr. Marko Čižmek holds 53,128 RIVP-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 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 half of 2021 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, President of the Management Board, and Mr. Marko Čižmek, Member of the Management Board.

Pursuant to the provisions of the Capital Market Act and Regulation (EU) no. 596/2014, the Company has determined its key management: four vice presidents: Alen Benković, Davor Brenko, Ivana Budin Arhanić and David Poropat; and 23 sector directors and managers: Ines Damjanić Šturman, Tomislav Dumančić, Ljubica Grbac, Flavio Gregorović, Marin Gulan, Vlastimir Ivančić, Željko Jurcan, Ivan Karlić, Dario Kinkela, David Manojlović, Mile Pavlica, Tomislav Poljuha, Mirella Premeru, Bruno Radoš, Sandi Sinožić, Martina Šolić, Andrea Štifanić, Mauro Teković, Dragan Vlahović, Ivica Vrkić, Mario Skopljaković, Marko Vusić i Vesna Tomić.

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

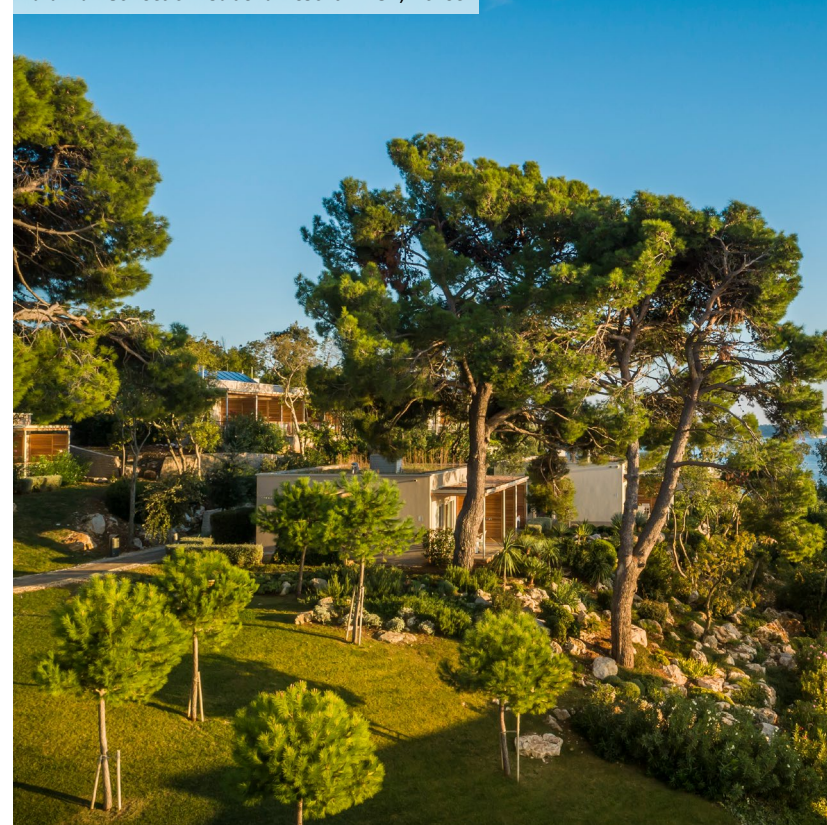
Investment Committee: Mr. Franz Lanschützer - Chairman and members: Mr. Georg Eltz and Mr. Gustav Wurmböck.

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. Board and the Company no other contracts or agreements have been concluded.

Valamar Collection Isabella Resort 4*/5*, Poreč



Valamar Collection Dubrovnik President Hotel 5*, Dubrovnik



Related-party Transactions & Branch Offices

RELATED-PARTY TRANSACTIONS

Transactions with affiliated companies within the Group are carried out under normal commercial conditions and terms and with the application of market prices.

In the first six months, HRK 5.6 million of revenue from transactions with related parties was generated (HRK 5.5 million in the same period in 2020) for the Company and HRK 1.2 million (HRK 433 in the same period in 2020) for the Group. Expenses amounted to HRK 736 thousand (same period in 2020: HRK 533 thousand) for the Company and HRK 267 thousand for the Group (same period in 2020 HRK 69 thousand).

Balance of receivables and liabilities to related parties as at 30.6.2021. amounts to: receivables for the Company HRK 2.4 million (HRK 546 thousand at the end of 2020) and HRK 214 thousand for the Group (HRK 331 thousand at the end of 2020). Liabilities for the Company amount to HRK 336 thousand (HRK 220 thousand at the end of 2020) and HRK 41 thousand to the Group (HRK 84 thousand at the end of 2020).

BRANCH OFFICES OF THE COMPANY

The following subsidiaries were registered on 2 September 2011: Podružnica za turizam RABAC, with registered office in Rabac, Slobode 80, Podružnica za turizam ZLATNI OTOK, with registered office in Krk, Vršanska 8. The following branch office was registered on 4 October 2013: Podružnica za turizam DUBROVNIK BABIN KUK, with registered office in Dubrovnik, Vatroslava Lisinskog 15a. The following branch office was registered on 1 October 2014: Podružnica za savjetovanje u vezi s poslovanjem i upravljanjem ZAGREB, with registered office in Zagreb, Miramarska 24. The following branch office was registered on 1 April 2017: Podružnica za turizam BRIONI, with registered office in Pula, Puntičela 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.

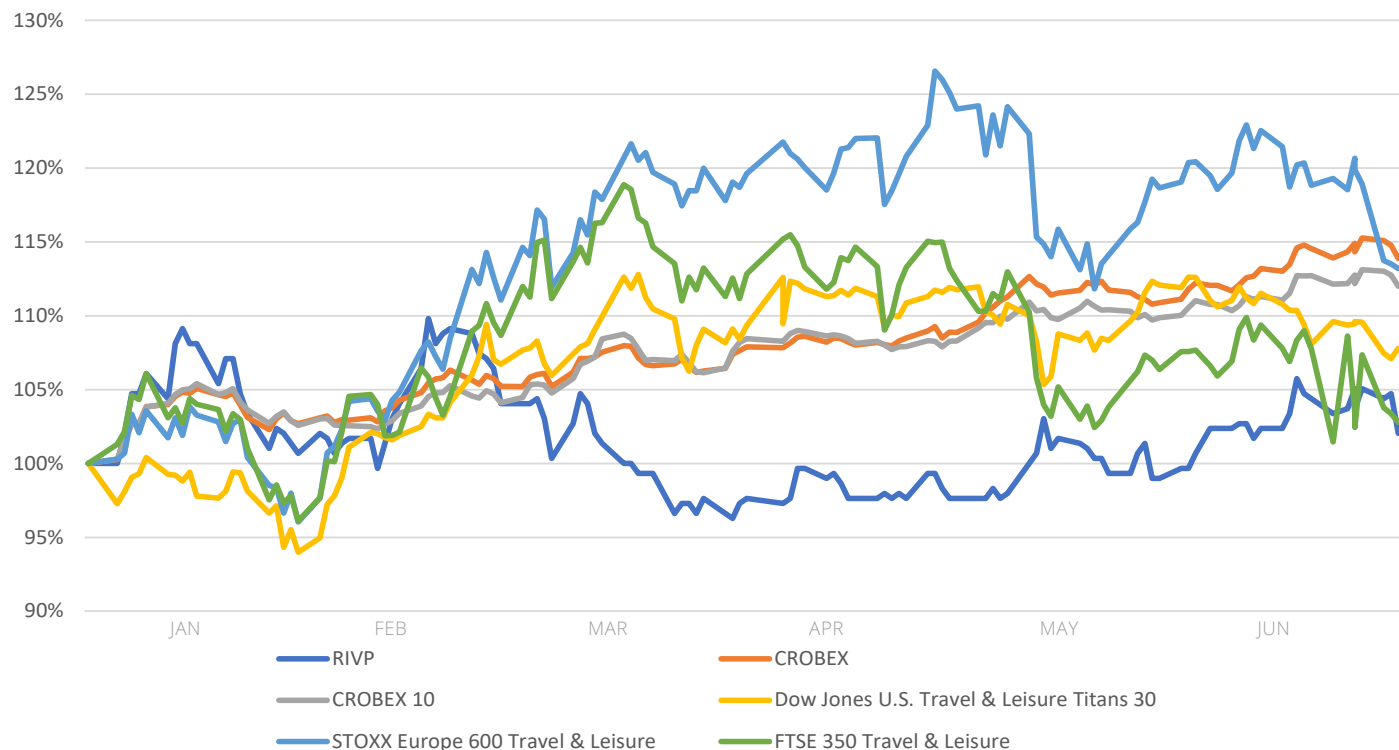
The Company also established offices on Rab island, in Makarska and in Stari Grad on the Hvar island to increase the efficiency and streamline the management of operations as determined by the provisions of the concluded Hotel management contracts with Imperial Riviera d.d. and Helios Faros d.d

Valamar Collection Marea Suites 5*, Poreč



Valamar Share

Performance of Valamar Riviera's share and Zagreb Stock Exchange and travel and leisure indices in first half of 2021.



During the first half of 2021, the highest achieved share price in regular trading on the regulated market was HRK 32.60, and the lowest HRK 28.20.

Although by mid-January RIVP shares recorded the highest growth compared to all the indices shown in the graph, in the continuation of the period the pressure on the share price prevailed as a result of further uncertainties around the COVID-19 pandemic. In June, there was a slight recovery in the price and the RIVP share closed the first half of the year at the level of HRK 30.20, which is an increase of 2.0% compared to the last price in 2020. With a total turnover of HRK 88.9 million¹⁷, the Valamar Riviera share was the most traded share on the Zagreb Stock

Exchange during the first half of 2021.

In addition to the Zagreb Stock Exchange index, the joint stock index of the Zagreb and Ljubljana stock exchanges ADRIAprime, the stock is also a component of the Vienna Stock Exchange index (CROX¹⁸ and SETX¹⁹) and the Warsaw Stock Exchange (CEEplus²⁰), the SEE Link regional platform index (SEELinX and SEELinX EWI)²¹ and the MSCI Frontier Markets Index.

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 January 1, 2021 to March 31, 2021. As of March 31, 2021 the

¹⁷ Block transactions are excluded from the calculation.

¹⁸ 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.

¹⁹ 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).

²⁰ 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.

²¹ SEE Link is a regional platform for securities trading. It was founded by Bulgarian, Macedonian, and Zagreb Stock Exchange. SEE LinX and SEE LinX EWI are two "blue chip" regional indices composed of ten most liquid regional companies listed on three Stock Exchanges: five from Croatia, three from Bulgaria, and two from Macedonia.

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 additional liquidity, increasing share value and attracting new 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.

1st

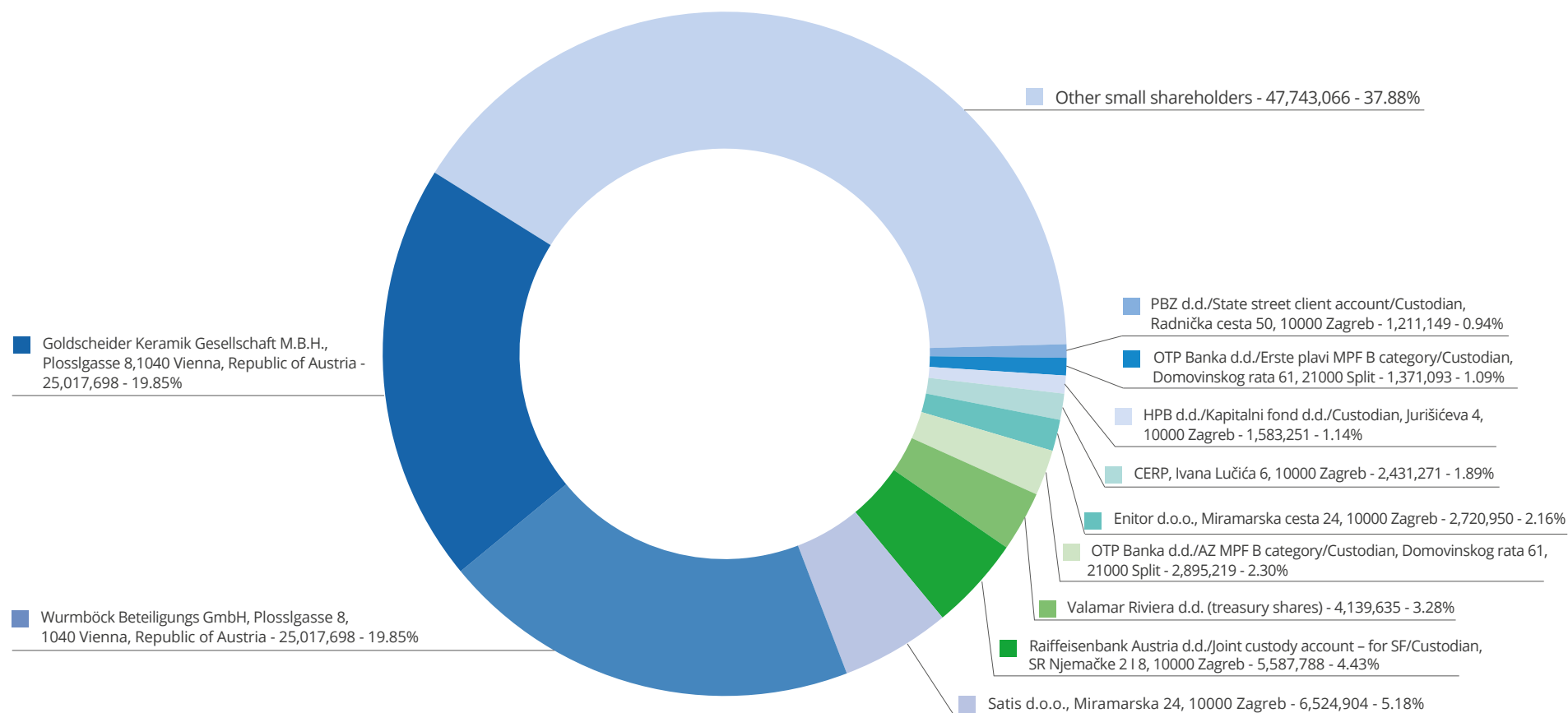
MOST ACTIVE
TRADED SHARE
ON ZAGREB STOCK
EXCHANGE IN H1
2021

Analytical monitoring of Valamar Riviera is provided by: 1) ERSTE bank d.d., Zagreb; 2) FIMA vrijednosnice d.o.o., Varaždin; 3) Interkapital vrijednosni papiri d.o.o., Zagreb; 4) Raiffeisenbank Austria d.d., Zagreb; 5) Zagrebačka banka d.d., Zagreb.

Valamar Obertauern Hotel 4*, Obertauern



OVERVIEW OF MAJOR SHAREHOLDERS AS AT 30 JUNE 2021:




Padova Premium Camping Resort 4*, Rab island



Additional Information

Lanterna Premium Camping Resort 4*, 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

On 20 April 2021 Integrated Annual Report and Corporate Social Responsibility for 2020 was published, which also includes a non-financial report. The main goal of the report, prepared in accordance with the Standards of the Global Reporting Initiative (GRI), 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. The report is available on the websites of the Zagreb Stock Exchange and Valamar Riviera: www.valamar-riviera.com.

As one of the largest employers in Croatia (as of June 30, 2021, the Group employed a total of 4,863 employees, of which 1,902 permanent, and the Company 4,040 employees, of which 1,563 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 half of 2021 the Company's Management Board managed and represented the company pursuant to regulations and the provisions of the Company Statute, and planned a business policy that was implemented with prudent care. The Company's Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth. The quarterly separate and consolidated financial statements for the first half of 2021 were adopted by the by the Management Board on 28 July 2021. 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
Predsjednik Uprave



Marko Čizmek
Član Uprave

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 the first half of 2021; b) operating results achieved by 28 July 2021; c) current booking status; d) 2021 year end business results forecast; e) temporary business suspension (Pause, restart); f) currently adopted set of aid 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, 30 July 2021

In accordance with provisions of Law on Capital Market, Marko Čižmek, 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 half of 2021 are prepared in accordance with applicable standards of financial reporting and give a 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;
- Report of the Company's Management board for the period from 1 January to 30 June 2021 contains a 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 the consolidation are exposed.

Marko Čižmek
Član Uprave

Ljubica Grbac
Direktor Sektora / Prokurist



Reporting period: from 01.01.2021 to 30.06.2021

Quarterly financial statements

Year:	<u>2021</u>	
Quarter:	<u>2</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>4863</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>Valamar Obertauern GmbH</u>	<u>Obertauern</u>	<u>195893 D</u>
<u>Valamar A GmbH</u>	<u>Tamsweg</u>	<u>486431 S</u>
<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>
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<u></u>	<u></u>	<u></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:	<u></u> (name of the audit firm)	
Certified auditor:	<u></u> (name and surname)	



M.P.

(potpis osobe ovlaštene za zastupanje)

BALANCE SHEET (balance as at 30.06.2021)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	6.087.157.859	5.939.685.224
I INTANGIBLE ASSETS (ADP 004 to 009)	003	46.400.186	42.161.019
1 Research and development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	37.551.928	30.134.694
3 Goodwill	006	6.567.609	6.567.609
4 Advances for the purchase of intangible assets	007		
5 Intangible assets in preparation	008	2.280.649	5.458.716
6 Other intangible assets	009		
II TANGIBLE ASSETS (ADP 011 to 019)	010	5.662.917.241	5.463.912.827
1 Land	011	976.429.207	983.495.452
2 Buildings	012	3.560.463.801	3.401.204.996
3 Plant and equipment	013	488.743.200	447.278.920
4 Tools, working inventory and transportation assets	014	116.542.756	99.882.352
5 Biological assets	015		
6 Advances for the purchase of tangible assets	016	988.061	563.373
7 Tangible assets in preparation	017	443.016.063	466.907.427
8 Other tangible assets	018	72.791.725	61.068.193
9 Investment property	019	3.942.428	3.512.114
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	46.430.294	44.935.820
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. to undertakings within the group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	46.054.207	44.441.336
5 Investment in other securities of companies linked by virtue of participating interests	025		
6 Loans, deposits etc. to companies linked by virtue of participating interests	026		
7 Investments in securities	027	147.054	272.417
8 Loans, deposits, etc. given	028	89.033	82.067
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	140.000	140.000
IV RECEIVABLES (ADP 032 to 035)	031		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
V DEFERRED TAX ASSETS	036	331.410.138	388.675.558
C) CURRENT ASSETS (ADP 038+046+053+063)	037	737.066.269	715.455.142
I INVENTORIES (ADP 039 to 045)	038	30.335.208	33.874.269
1 Raw materials and consumables	039	29.329.354	32.536.651
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	973.867	1.291.527
5 Advances for inventories	043	31.987	46.091
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	40.184.920	52.679.845
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interests	048	1.598.603	213.617
3 Customer receivables	049	23.776.150	38.963.010
4 Receivables from employees and members of the undertaking	050	297.549	3.605.388
5 Receivables from government and other institutions	051	10.162.443	4.545.328
6 Other receivables	052	4.350.175	5.352.502
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	613.241	1.160.924
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057		
5 Investment in other securities of companies linked by virtue of participating interests	058		
6 Loans, deposits etc. to companies linked by virtue of participating interests	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	613.241	516.696
9 Other financial assets	062		644.228
IV CASH AT BANK AND IN HAND	063	665.932.900	627.740.104
D) PREPAID EXPENSES AND ACCRUED INCOME	064	55.358.952	95.410.626
E) TOTAL ASSETS (ADP 001+002+037+064)	065	6.879.583.080	6.750.550.992
F) OFF-BALANCE SHEET ITEMS	066	54.261.380	54.211.658

BALANCE SHEET (balance as at 30.06.2021) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	2.863.857.326	2.689.266.372
I INITIAL (SUBSCRIBED) CAPITAL	068	1.672.021.210	1.672.021.210
II CAPITAL RESERVES	069	5.223.432	5.223.432
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	98.511.512	98.247.550
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury shares	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	2.513.434	2.249.472
IV REVALUATION RESERVES	076		
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	872	270.596
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	872	103.790
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		166.806
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	715.882.878	388.045.406
1 Retained profit	084	715.882.878	388.045.406
2 Loss brought forward	085		
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-329.593.506	-158.113.705
1 Profit for the business year	087		
2 Loss for the business year	088	329.593.506	158.113.705
VIII MINORITY (NON-CONTROLLING) INTEREST	089	701.810.928	683.571.883
B) PROVISIONS (ADP 091 to 096)	090	141.118.430	135.124.075
1 Provisions for pensions, termination benefits and similar obligations	091	26.089.854	26.089.854
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	57.420.166	51.425.811
4 Provisions for renewal of natural resources	094		
5 Provisions for warranty obligations	095		
6 Other provisions	096	57.608.410	57.608.410
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	2.867.349.347	3.208.054.924
1 Liabilities to undertakings within the group	098		
2 Liabilities for loans, deposits, etc. of undertakings within the group	099		
3 Liabilities to companies linked by virtue of participating interests	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities to banks and other financial institutions	103	2.770.275.555	3.116.222.976
7 Liabilities for advance payments	104		
8 Liabilities to suppliers	105		144.535
9 Liabilities for securities	106		
10 Other long-term liabilities	107	38.781.433	35.622.879
11 Deferred tax liability	108	58.292.359	56.064.534
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	934.437.190	614.581.577
1 Liabilities to undertakings within the group	110		
2 Liabilities for loans, deposits, etc. of undertakings within the group	111		
3 Liabilities to companies linked by virtue of participating interests	112		40.997
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113		
5 Liabilities for loans, deposits etc.	114	5.304.000	5.304.000
6 Liabilities to banks and other financial institutions	115	733.061.607	251.762.055
7 Liabilities for advance payments	116	69.608.737	179.595.449
8 Liabilities to suppliers	117	61.808.783	85.995.570
9 Liabilities for securities	118	6.625.196	
10 Liabilities to employees	119	19.186.775	36.909.445
11 Taxes, contributions and similar liabilities	120	6.130.006	34.366.032
12 Liabilities arising from the share in the result	121	389.276	379.676
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	32.322.810	20.228.353
E) ACCRUALS AND DEFERRED INCOME	124	72.820.787	103.524.044
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	6.879.583.080	6.750.550.992
G) OFF-BALANCE SHEET ITEMS	126	54.261.380	54.211.658

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2021 to 30.06.2021)

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
I OPERATING INCOME (ADP 002 to 006)	001	124.199.713	79.219.663	266.400.722	236.231.033
1 Income from sales with undertakings within the group	002				
2 Income from sales (outside group)	003	109.249.000	67.864.826	249.034.083	229.211.832
3 Income from the use of own products, goods and services	004	299.615	75.210	155.597	82.026
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	14.651.098	11.279.627	17.211.042	6.937.175
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	482.563.458	207.406.834	491.028.000	301.692.625
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	83.160.816	34.620.101	117.392.388	92.034.584
a) Costs of raw materials and consumables	010	43.280.412	20.716.762	66.531.810	54.523.425
b) Costs of goods sold	011	452.588	411.018	2.349.621	1.579.437
c) Other external costs	012	39.427.816	13.492.321	48.510.957	35.931.722
3 Staff costs (ADP 014 to 016)	013	96.996.224	28.043.671	81.148.405	56.995.590
a) Net salaries and wages	014	52.315.616	7.939.177	45.915.276	33.856.471
b) Tax and contributions from salary costs	015	29.982.685	13.972.683	24.689.633	15.899.780
c) Contributions on salaries	016	14.697.923	6.131.811	10.543.496	7.239.339
4 Depreciation	017	250.154.456	124.678.281	250.508.368	125.497.943
5 Other costs	018	48.026.127	18.785.225	37.297.887	24.928.193
6 Value adjustments (ADP 020+021)	019	274.096	70.288	19.070	11.090
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	274.096	70.288	19.070	11.090
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	3.951.739	1.209.268	4.661.882	2.225.225
III. FINANCIAL INCOME (ADP 031 to 040)	030	9.583.692	25.587.846	24.573.094	36.077.650
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	62.398	18.015	40.101	13.522
8 Exchange rate differences and other financial income	038	1.534.091	16.172.757	18.673.144	32.904.820
9 Unrealised gains (income) from financial assets	039		2.999.075	2.620.380	1.419.814
10 Other financial income	040	7.987.203	6.397.999	3.239.469	1.739.494
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	92.678.382	24.576.723	34.213.659	18.400.862
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	29.832.060	23.917.306	32.056.499	16.447.400
4 Exchange rate differences and other expenses	045	45.632.034	659.417	208.303	1.465.116
5 Unrealised losses (expenses) from financial assets	046	16.278.889			
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	935.399		1.948.857	488.346
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049				
VI SHARE IN PROFIT FROM JOINT VENTURES	050				
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	1.112.450	508.531	1.612.871	1.361.479
VIII SHARE IN LOSS OF JOINT VENTURES	052				
IX TOTAL INCOME (ADP 001+030+049+050)	053	133.783.405	104.807.509	290.973.816	272.308.683
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	576.354.290	232.492.088	526.854.530	321.454.966
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-442.570.885	-127.684.579	-235.880.714	-49.146.283
1 Pre-tax profit (ADP 053-054)	056				
2 Pre-tax loss (ADP 054-053)	057	-442.570.885	-127.684.579	-235.880.714	-49.146.283

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2021 to 30.06.2021) (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
XII INCOME TAX	058	-121.197.667	-121.197.667	-59.527.964	-284.582
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-321.373.218	-6.486.912	-176.352.750	-48.861.701
1. Profit for the period (ADP 055-059)	060				
2. Loss for the period (ADP 059-055)	061	-321.373.218	-6.486.912	-176.352.750	-48.861.701

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)

XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
XV INCOME TAX OF DISCONTINUED OPERATIONS	065				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				

TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)

XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)	068				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
XVII INCOME TAX (ADP 058+065)	071				
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				

APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)

XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	-321.373.218	-6.486.912	-176.352.750	-48.861.701
1 Attributable to owners of the parent	076	-298.752.759	-9.031.346	-158.113.705	-41.661.871
2 Attributable to minority (non-controlling) interest	077	-22.620.459	2.544.434	-18.239.045	-7.199.830

STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)

I PROFIT OR LOSS FOR THE PERIOD	078	-321.373.218	-6.486.912	-176.352.750	-48.861.701
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080 to 087)	079	-67.824	25.056	292.315	187.103
III ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)	080	-67.824	25.056	125.509	98.635
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	-67.824	25.056	125.509	98.635
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	-12.208	4.510	22.591	17.754
IV ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)	087			166.806	88.468
1 Exchange rate differences from translation of foreign operations	088			166.806	88.468
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				

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2021 to 30.06.2021) (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
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)	097	-55.616	20.546	269.724	169.349
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-321.428.834	-6.466.366	-176.083.026	-48.692.352
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VII COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	-321.428.834	-6.466.366	-176.083.026	-48.692.352
1 Attributable to owners of the parent	100	-298.808.375	-9.010.800	-157.843.981	-41.492.522
2 Attributable to minority (non-controlling) interest	101	-22.620.459	2.544.434	-18.239.045	-7.199.830

STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2021 to 30.06.2021)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre-tax profit	001	-442.570.885	-235.880.714
2 Adjustments (ADP 003 to 010):	002	330.291.683	255.042.834
a) Depreciation	003	250.154.456	250.508.368
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-1.496.314	-837.884
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	15.951	
d) Interest and dividend income	006	-36.202	-22.349
e) Interest expenses	007	30.782.785	34.005.356
f) Provisions	008	-830.412	-5.994.355
g) Exchange rate differences (unrealised)	009	42.071.435	-18.673.144
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	9.629.984	-3.943.158
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	-112.279.202	19.162.120
3 Changes in the working capital (ADP 013 to 016)	012	73.196.464	123.196.198
a) Increase or decrease in short-term liabilities	013	105.428.844	183.068.767
b) Increase or decrease in short-term receivables	014	-31.600.461	-56.333.508
c) Increase or decrease in inventories	015	-1.714.369	-3.539.061
d) Other increase or decrease in working capital	016	1.082.450	
II Cash from operations (ADP 011+012)	017	-39.082.738	142.358.318
4 Interest paid	018	-14.058.877	-19.600.163
5 Income tax paid	019	-708.698	-12.365
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-53.850.313	122.745.790
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	3.429.386	3.084.299
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	38.976	27.431
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposits	025	119.363	133.681
6 Other cash receipts from investment activities	026		
III Total cash receipts from investment activities (ADP 021 to 026)	027	3.587.725	3.245.411
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-467.937.823	-48.342.205
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030	-140.107	-30.000
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		
IV Total cash payments from investment activities (ADP 028 to 032)	033	-468.077.930	-48.372.205
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-464.490.205	-45.126.794
CASH FLOW FROM FINANCING ACTIVITIES			
1 Cash receipts from the increase in initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	477.160.794	173.068.740
4 Other cash receipts from financing activities	038	1.674.883	1.756.034
V Total cash receipts from financing activities (ADP 035 to 038)	039	478.835.677	174.824.774
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-9.352.897	-289.834.155
2 Cash payments for dividends	041		
3 Cash payments for finance lease	042		-25.245
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-1.782.639	-777.166
VI Total cash payments from financing activities (ADP 040 to 044)	045	-11.135.536	-290.636.566
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	467.700.141	-115.811.792
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-50.640.377	-38.192.796
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	550.142.638	665.932.900
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	499.502.261	627.740.104

STATEMENT OF CHANGES IN EQUITY (for the period 01.01.2021 to 30.06.2021)
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 to 6 - 7 + 8 to 17)	19	20 (18+19)		
Previous period																					
1 Balance on the first day of the previous business year	01	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267															
2 Changes in accounting policies	02																				
3 Correction of errors	03																				
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267															
5 Profit/loss of the period	05																				
6 Exchange rate differences from translation of foreign operations	06							263.962													
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									-73.904											
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																				
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15										13.302										
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							2.249.472							1.140.526			3.389.998			
22 Transfer to reserves according to the annual schedule	22														284.535.940	-284.535.940					
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																				
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.513.434		872					715.882.878	-329.593.506	2.162.046.398	701.810.928	2.863.857.326		
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																					
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25							263.962		-60.602							203.360		203.360		
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26							263.962		-60.602						-329.593.506	-329.390.146	-29.212.285	-358.602.431		
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27							2.249.472								285.676.466	-284.535.940	3.389.998	3.389.998		
Current period																					
1 Balance on the first day of the previous business year	28	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.513.434		872							715.882.878	-329.593.506	2.162.046.398	701.810.928	2.863.857.326
2 Changes in accounting policies	29																				
3 Correction of errors	30																				
4 Balance on the first day of the previous business year (restated) (ADP 28 to 30)	31	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.513.434		872							715.882.878	-329.593.506	2.162.046.398	701.810.928	2.863.857.326
5 Profit/loss of the period	32																				
6 Exchange rate differences from translation of foreign operations	33													166.806							
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									125.509											
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																				
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														1.756.034			1.756.034			
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50														-329.593.506	329.593.506					
24 Balance on the last day of the previous business year reporting period (ADP 31 to 50)	51	1.672.021.210	5.223.432	83.601.061	136.815.284	124.418.267		2.249.472		103.790				166.806	388.045.406	-158.113.705	2.005.694.489	683.571.883	2.689.266.372		
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																					
I OTHER COMPREHENSIVE INCOME OF THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52							-263.962		102.918				166.806			5.762		5.762		
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53							-263.962		102.918				166.806		-158.113.705	-158.107.943	-18.239.045	-176.346.988		
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54														-327.837.472	329.593.506	1.756.034		1.756.034		

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:

01.01.2021. to 30.06.2021.

Notes to financial statements for quarterly periods include:

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

NOTES TO FINANCIAL STATEMENTS - TFI (continued)

(drawn up for quarterly reporting periods)

- 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 1/1/2021 – 30/6/2021“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

BALANCE SHEET (balance as at 30.06.2021)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	5.324.136.157	5.130.714.386
I INTANGIBLE ASSETS (ADP 004 to 009)	003	42.275.329	37.755.250
1 Research and development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	35.550.820	28.442.896
3 Goodwill	006	6.567.609	6.567.609
4 Advances for the purchase of intangible assets	007		
5 Intangible assets in preparation	008	156.900	2.744.745
6 Other intangible assets	009		
II TANGIBLE ASSETS (ADP 011 to 019)	010	4.292.520.443	4.156.677.712
1 Land	011	629.012.020	661.696.162
2 Buildings	012	2.722.066.344	2.605.107.323
3 Plant and equipment	013	409.245.659	372.987.483
4 Tools, working inventory and transportation assets	014	91.158.729	75.731.182
5 Biological assets	015		
6 Advances for the purchase of tangible assets	016	159.973	28.263
7 Tangible assets in preparation	017	366.577.576	379.497.500
8 Other tangible assets	018	70.357.714	58.117.685
9 Investment property	019	3.942.428	3.512.114
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	774.869.872	659.540.394
1 Investments in holdings (shares) of undertakings within the group	021	727.328.038	611.880.017
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits, etc. to undertakings within the group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	47.191.530	47.191.530
5 Investment in other securities of companies linked by virtue of participating interests	025		
6 Loans, deposits etc. to companies linked by virtue of participating interests	026		
7 Investments in securities	027	121.271	246.780
8 Loans, deposits, etc. given	028	89.033	82.067
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	140.000	140.000
IV RECEIVABLES (ADP 032 to 035)	031		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
V DEFERRED TAX ASSETS	036	214.470.513	276.741.030
C) CURRENT ASSETS (ADP 038+046+053+063)	037	583.232.857	548.157.406
I INVENTORIES (ADP 039 to 045)	038	27.296.274	29.893.843
1 Raw materials and consumables	039	26.356.791	28.680.137
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	939.483	1.213.706
5 Advances for inventories	043		
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	32.385.214	46.618.566
1 Receivables from undertakings within the group	047	186.829	2.150.381
2 Receivables from companies linked by virtue of participating interests	048	330.822	213.617
3 Customer receivables	049	23.158.299	34.297.436
4 Receivables from employees and members of the undertaking	050	277.464	3.434.337
5 Receivables from government and other institutions	051	4.795.299	1.298.931
6 Other receivables	052	3.636.501	5.223.864
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	578.131	1.156.283
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 interests	057		
5 Investment in other securities of companies linked by virtue of participating interests	058		
6 Loans, deposits etc. to companies linked by virtue of participating interests	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	549.831	483.754
9 Other financial assets	062		644.229
IV CASH AT BANK AND IN HAND	063	522.973.238	470.488.714
D) PREPAID EXPENSES AND ACCRUED INCOME	064	46.702.706	81.256.415
E) TOTAL ASSETS (ADP 001+002+037+064)	065	5.954.071.720	5.760.128.207
F) OFF-BALANCE SHEET ITEMS	066	54.261.380	54.211.658

BALANCE SHEET (balance as at 30.06.2021) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	2.385.224.020	2.174.126.732
I INITIAL (SUBSCRIBED) CAPITAL	068	1.672.021.210	1.672.021.210
II CAPITAL RESERVES	069	5.710.563	5.710.563
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	98.247.551	98.247.551
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury shares	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
IV REVALUATION RESERVES	076		
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	872	103.790
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	872	103.790
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	917.793.503	538.614.166
1 Retained profit	084	917.793.503	538.614.166
2 Loss brought forward	085		
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-308.549.679	-140.570.548
1 Profit for the business year	087		
2 Loss for the business year	088	308.549.679	140.570.548
VIII MINORITY (NON-CONTROLLING) INTEREST	089		
B) PROVISIONS (ADP 091 to 096)	090	113.213.704	107.219.349
1 Provisions for pensions, termination benefits and similar obligations	091	21.180.405	21.180.405
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	36.378.988	30.384.633
4 Provisions for renewal of natural resources	094		
5 Provisions for warranty obligations	095		
6 Other provisions	096	55.654.311	55.654.311
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	2.524.889.178	2.842.363.547
1 Liabilities to undertakings within the group	098		
2 Liabilities for loans, deposits, etc. of undertakings within the group	099		
3 Liabilities to companies linked by virtue of participating interests	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities to banks and other financial institutions	103	2.474.586.439	2.793.377.976
7 Liabilities for advance payments	104		
8 Liabilities to suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	36.995.567	36.090.775
11 Deferred tax liability	108	13.307.172	12.894.796
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	865.350.845	542.209.668
1 Liabilities to undertakings within the group	110	135.664	239.585
2 Liabilities for loans, deposits, etc. of undertakings within the group	111		
3 Liabilities to companies linked by virtue of participating interests	112		40.997
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities to banks and other financial institutions	115	693.967.037	221.680.387
7 Liabilities for advance payments	116	61.767.845	165.637.118
8 Liabilities to suppliers	117	49.993.663	75.623.585
9 Liabilities for securities	118	6.625.196	
10 Liabilities to employees	119	15.921.399	31.552.835
11 Taxes, contributions and similar liabilities	120	4.664.984	27.607.037
12 Liabilities arising from the share in the result	121	9.600	
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	32.265.457	19.828.124
E) ACCRUALS AND DEFERRED INCOME	124	65.393.973	94.208.911
F) TOTAL - LIABILITIES (ADP 067+090+097+109+124)	125	5.954.071.720	5.760.128.207
G) OFF-BALANCE SHEET ITEMS	126	54.261.380	54.211.658

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2021 to 30.06.2021)

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
I OPERATING INCOME (ADP 002 to 006)	001	106.036.238	72.369.752	230.242.165	202.135.487
1 Income from sales with undertakings within the group	002	6.110.938	486.419	3.981.191	2.772.393
2 Income from sales (outside group)	003	87.275.248	61.444.674	215.048.862	197.387.818
3 Income from the use of own products, goods and services	004	103.879	52.505	108.648	57.201
4 Other operating income with undertakings within the group	005	51.320	39.458	308.501	254.751
5 Other operating income (outside the group)	006	12.494.853	10.346.696	10.794.963	1.663.324
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	402.909.872	173.087.907	409.841.392	253.743.446
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	73.619.738	31.332.978	106.053.805	82.331.718
a) Costs of raw materials and consumables	010	39.097.652	19.032.163	58.758.994	47.474.497
b) Costs of goods sold	011	430.166	407.765	2.323.533	1.553.349
c) Other external costs	012	34.091.920	11.893.050	44.971.278	33.303.872
3 Staff costs (ADP 014 to 016)	013	84.782.876	25.439.509	72.292.745	50.194.469
a) Net salaries and wages	014	45.441.001	7.601.016	40.734.874	29.684.606
b) Tax and contributions from salary costs	015	26.194.109	12.255.096	22.097.362	14.081.561
c) Contributions on salaries	016	13.147.766	5.583.397	9.460.509	6.428.302
4 Depreciation	017	199.157.947	99.525.087	196.395.787	98.247.914
5 Other costs	018	41.886.903	16.056.008	31.112.196	21.135.328
6 Value adjustments (ADP 020+021)	019	180.259	70.288	19.070	11.090
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	180.259	70.288	19.070	11.090
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	3.282.149	664.037	3.967.789	1.822.927
III. FINANCIAL INCOME (ADP 031 to 040)	030	9.185.260	23.733.436	23.288.473	33.936.932
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	56.740	17.422	24.808	13.382
8 Exchange rate differences and other financial income	038	1.362.126	15.456.550	17.444.693	30.799.292
9 Unrealised gains (income) from financial assets	039		2.013.750	2.620.380	1.419.814
10 Other financial income	040	7.766.394	6.245.714	3.198.592	1.704.444
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	85.687.509	22.938.120	30.823.818	16.456.226
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	26.856.574	22.356.413	28.915.574	14.795.087
4 Exchange rate differences and other expenses	045	41.827.766	581.707	16.435	1.205.420
5 Unrealised losses (expenses) from financial assets	046	16.154.772			
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	848.397		1.891.809	455.719
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049				
VI SHARE IN PROFIT FROM JOINT VENTURES	050				
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051				
VIII SHARE IN LOSS OF JOINT VENTURES	052				
IX TOTAL INCOME (ADP 001+030+049+050)	053	115.221.498	96.103.188	253.530.638	236.072.419
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	488.597.381	196.026.027	440.665.210	270.199.672
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-373.375.883	-99.922.839	-187.134.572	-34.127.253
1 Pre-tax profit (ADP 053-054)	056				
2 Pre-tax loss (ADP 054-053)	057	-373.375.883	-99.922.839	-187.134.572	-34.127.253

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2021 to 30.06.2021) (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
XII INCOME TAX	058	-88.583.080	-88.583.080	-46.564.024	2.476.443
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-284.792.803	-11.339.759	-140.570.548	-36.603.696
1. Profit for the period (ADP 055-059)	060				
2. Loss for the period (ADP 059-055)	061	-284.792.803	-11.339.759	-140.570.548	-36.603.696

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)

XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
XV INCOME TAX OF DISCONTINUED OPERATIONS	065				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				

TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)

XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)	068				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
XVII INCOME TAX (ADP 058+065)	071				
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				

APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)

XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075				
1 Attributable to owners of the parent	076				
2 Attributable to minority (non-controlling) interest	077				

STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)

I PROFIT OR LOSS FOR THE PERIOD	078	-284.792.803	-11.339.759	-140.570.548	-36.603.696
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080 to 087)	079	-67.824	25.056	125.509	98.635
III ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)	080	-67.824	25.056	125.509	98.635
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	-67.824	25.056	125.509	98.635
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	-12.209	4.510	22.591	17.754
IV ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)	087				
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				

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2021 to 30.06.2021) (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
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)	097	-55.615	20.546	102.918	80.881
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-284.848.418	-11.319.213	-140.467.630	-36.522.815
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VII COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099				
1 Attributable to owners of the parent	100				
2 Attributable to minority (non-controlling) interest	101				

STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2021 to 30.06.2021)

Submitter: Valamar Riviera d.d.

in HRK

Item 1	ADP code 2	Same period of the previous year 3	Current period 4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre-tax profit	001	-373.375.883	-187.134.572
2 Adjustments (ADP 003 to 010):	002	273.243.455	197.278.388
a) Depreciation	003	199.157.947	196.395.787
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-1.858.747	-920.059
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	-77.885	
d) Interest and dividend income	006	-30.543	-7.057
e) Interest expenses	007	27.704.971	30.807.384
f) Provisions	008	-65.354	-5.994.355
g) Exchange rate differences (unrealised)	009	38.907.199	-17.447.283
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	9.505.867	-5.556.029
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	-100.132.428	10.143.816
3 Changes in the working capital (ADP 013 to 016)	012	86.758.043	115.238.692
a) Increase or decrease in short-term liabilities	013	121.141.210	168.342.414
b) Increase or decrease in short-term receivables	014	-32.812.367	-50.506.153
c) Increase or decrease in inventories	015	-1.570.800	-2.597.569
d) Other increase or decrease in working capital	016		
II Cash from operations (ADP 011+012)	017	-13.374.385	125.382.508
4 Interest paid	018	-11.436.113	-16.040.554
5 Income tax paid	019		
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-24.810.498	109.341.954
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	3.016.839	3.048.809
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	33.317	12.139
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposits	025	119.363	103.044
6 Other cash receipts from investment activities	026		1.110.110
III Total cash receipts from investment activities (ADP 021 to 026)	027	3.169.519	4.274.102
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-365.342.782	-30.718.176
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030	-140.107	-30.000
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		
IV Total cash payments from investment activities (ADP 028 to 032)	033	-365.482.889	-30.748.176
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-362.313.370	-26.474.074
CASH FLOW FROM FINANCING ACTIVITIES			
1 Cash receipts from the increase in initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	469.256.501	150.118.740
4 Other cash receipts from financing activities	038	1.674.883	1.756.034
V Total cash receipts from financing activities (ADP 035 to 038)	039	470.931.384	151.874.774
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-6.355.689	-286.167.378
2 Cash payments for dividends	041		
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-1.782.639	-1.059.800
VI Total cash payments from financing activities (ADP 040 to 044)	045	-8.138.328	-287.227.178
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	462.793.056	-135.352.404
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	75.669.188	-52.484.524
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	247.849.272	522.973.238
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	323.518.460	470.488.714

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:

01.01.2021. to 30.06.2021.

Notes to financial statements for quarterly periods include:

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

NOTES TO FINANCIAL STATEMENTS - TFI (continued)

(drawn up for quarterly reporting periods)

- 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 1/1/2021 – 30/6/2021“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

NOTES TO FINANCIAL STATEMENTS FOR THE HALF-YEAR PERIOD ENDED 30 JUNE 2021

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Company’s and Group’s financial statements for the half-year ended on 30 June 2021 have been prepared in accordance with International Accounting Standard (IAS) 34 – *Interim Financial Reporting*. The financial statements have been prepared under the historical cost method, except for the financial assets at fair value through profit or loss and financial assets. The consolidated and unconsolidated financial statements for the half-year period do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s and Group’s annual financial statements as at 31 December 2020 which are available on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Group’s web pages.

- Imperial Riviera d.d., Rab, 43.68% ownership with the subsidiary Praona d.o.o., Makarska
- Valamar A GmbH, Tamsweg, 100% ownership
- Valamar Obertauern GmbH, Obertauern, 10% direct ownership and 90% indirect ownership (90% share owned by Valamar A GmbH).

The merger of Palme turizam d.o.o. Dubrovnik into Valamar Riviera d.d. 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 dated 7-5-2021. The legal effect of the said merger started as of 8 May 2021, when Valamar Riviera d.d. became the universal legal successor of Palme turizam d.o.o. (Note 14).

The consolidated and unconsolidated financial statements for the half-year period ended 30 June 2021 were approved by the Management Board in Poreč on 28 July 2021. The consolidated and unconsolidated financial statements for the six month period, i.e. for the half-year period ended 30 June 2021, have not been audited.

2.2 Going concern

Company’s and Group’s half-year 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

2.3 Critical accounting estimates

There were no changes in critical accounting estimates used for preparation of financial statements for the half-year period ended 30 June 2021 comparing to those used for the preparation of the annual financial statements for the year ended 31 December 2020.

At the end of the tourist season and until the preparation of the annual financial statements for 2021, 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 m² and cca 3.54 million m² 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 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 and the half-year period ended 30 June 2021, the Company and the Group were not able to determine the object of the lease and the value of the lease.

Under the assumption of the lowest/highest price spread reaching HRK 6/12/m², 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 half-year period ended 30 June 2021 are consistent with those followed in the preparation of the Company's and Group's annual financial statements for the year ended 31 December 2020.

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

GROUP		Level 1	Level 2	Level 3	Total
(in thousands of HRK)					
As at 31 December 2020					
Assets measured at fair value					
Financial assets - equity securities		317	-	-	317
Total assets measured at fair value		317	-	-	317
Liabilities measured at fair value					
Derivative financial instruments		-	16,982	-	16,982
Total liabilities measured at fair value		-	16,982	-	16,982
As at 30 June 2021					
Assets measured at fair value					
Financial assets - equity securities		442	-	-	442
Derivative financial instruments		-	644	-	644
Total assets measured at fair value		442	644	-	1,086
Liabilities measured at fair value					
Derivative financial instruments		-	12,176	-	12,176
Total liabilities measured at fair value		-	12,176	-	12,176

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
As at 31 December 2020				
Assets measured at fair value				
Financial assets - equity securities	261	-	-	261
Total assets measured at fair value	261	-	-	261
Liabilities measured at fair value				
Derivative financial instruments	-	16,982	-	16,982
Total liabilities measured at fair value	-	16,982	-	16,982
As at 30 June 2021				
Assets measured at fair value				
Financial assets - equity securities	387	-	-	387
Derivative financial instruments	-	644	-	644
Total assets measured at fair value	387	644	-	1,022
Liabilities measured at fair value				
Derivative financial instruments	-	12,176	-	12,176
Total liabilities measured at fair value	-	12,176	-	12,176

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 half-year period ended 30 June 2020 is as follows:

GROUP				
(in thousands of HRK)	Hotels and apartments	Camps	Other business segments	Total
Total sales	62,587	41,320	22,035	125,942
Inter-segment revenue	(212)	(13)	(16,468)	(16,693)
Revenue from external customers	62,375	41,307	5,567	109,249
Depreciation and amortisation	154,421	65,089	30,644	250,154
Net finance income/(expense) net	(39,377)	(20,136)	(23,582)	(83,095)
Write-off of fixed assets	25	1	171	197
Profit/(loss) of segment	(14,960)	22,501	(80,805)	(73,264)

NOTE 4 - SEGMENT INFORMATION / CONTINUED

The segment information related to reportable segments for the half-year period ended 30 June 2021 is as follows:

GROUP				
(in thousands of HRK)	Hotels and apartments	Camps	Other business segments	Total
Total sales	141,953	94,701	31,569	268,223
Inter-segment revenue	(266,005)	(14,429)	(18,908)	(19,189)
Revenue from external customers	141,687	94,687	12,661	249,034
Depreciation and amortisation	156,582	66,092	27,834	250,508
Net finance income/(expense) net	(9,164)	(4,010)	3,534	(9,640)
Write-off of fixed assets	103	203	538	844
Profit/(loss) of segment	50,804	57,102	(69,786)	38,120

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

GROUP				
(in thousands of HRK)	Hotels and apartments	Camps	Other business segments	Total
As at 31 December 2020				
Total assets	3,537,741	1,515,516	714,073	5,767,330
Total liabilities	2,275,139	1,020,575	508,117	3,803,831
As at 30 June 2021				
Total assets	3,421,490	1,469,804	690,930	5,582,224
Total liabilities	2,327,865	1,011,483	465,816	3,805,164

All hotels, apartments and camps (operating assets) are located in the Republic of Croatia, except the hotel owned by the company Valamar Obertauern GmbH located in Austria.

NOTE 4 - SEGMENT INFORMATION / CONTINUED

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

GROUP

(in thousands of HRK)

	January -June 2020	January -June 2021
Revenue		
Revenue from segments	125,942	268,223
Inter-segment revenue	(16,693)	(19,189)
Total revenue	109,249	249,034
Profit		
Profit from segments	(73,264)	38,120
Other unallocated expenses	(286,357)	(270,723)
Elimination of inter-segment profit/(loss)	(82,949)	(3,278)
Total profit before tax	(442,570)	(235,881)

NOTE 4 - SEGMENT INFORMATION / CONTINUED

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

GROUP (in thousands of HRK)	As at 31 December 2020		As at 30 June 2021	
	Assets	Liabilities	Assets	Liabilities
	Segment assets/liabilities	5,767,330	3,803,832	5,582,224
Hotels and apartments segment	3,537,741	2,275,139	3,421,490	2,327,865
Camps segment	1,515,516	1,020,575	1,469,804	1,011,483
Other business segment	714,073	508,118	690,930	465,816
Unallocated	1,112,253	211,894	1,168,328	256,121
Investments in associate	46,024	-	44,411	-
Other financial assets	317	-	1,086	-
Loans and deposits	702	-	599	-
Cash and cash equivalents	665,933	-	627,740	-
Income tax receivable	733	-	740	-
Other receivables	67,134	-	105,076	-
Deferred tax assets/liabilities	331,410	58,292	388,676	56,065
Other liabilities	-	65,206	-	131,210
Liabilities for investments in associate	-	13,994	-	5,244
Derivative financial assets/ liabilities	-	16,982	-	12,176
Provisions	-	57,420	-	51,426
Total	6,879,583	4,015,726	6,750,552	4,061,285

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

GROUP (in thousands of HRK)	January -June 2020	January -June 2021
Revenue from sales to domestic customers	19,877	55,327
Revenue from sales to foreign customers	89,372	193,707
	109,249	249,034

NOTE 4 - SEGMENT INFORMATION / CONTINUED

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

(in thousands of HRK)	GROUP			
	January -June 2020	%	January -June 2021	%
EU members	85,828	96.03	182,822	94.38
Other	3,544	3.97	10,885	5.62
	89,372	100.00	193,707	100.00

NOTE 5 - GOVERNMENT GRANTS

The total amount of government grants related to the impact of the pandemic during the half-year period ended 30 June 2021, amounting to HRK 90,277 thousand for the Group (half-year period 2020: HRK 60,174 thousand), and HRK 72,732 thousand for the Company (half-year period 2020: HRK 52,530 thousand).

NOTE 6 – STAFF COSTS

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

(in thousands of HRK)	GROUP		COMPANY	
	January – June 2020	January – June 2021	January – June 2020	January – June 2021
Staff costs for the period /i/	96,997	81,148	84,783	72,293
Net salaries	52,316	45,915	45,441	40,735
Tax and contributions from salary costs	29,983	24,690	26,194	22,097
Contributions on salaries	14,698	10,543	13,148	9,461
Capitalised salaries costs	3,728	4,130	3,004	3,716
Net salaries	2,365	2,615	1,919	2,355
Tax and contributions from salary costs	959	1,029	769	930
Contributions on salaries	404	486	316	431
Total staff costs	100,725	85,278	87,787	76,009

/i/ Total Covid-19 grants for the half-year period related to net salaries compensation are included in the staff cost of the Group in the amount of HRK 87,831 thousand (half-year period 2020: HRK 53,759 thousand) and for the Company HRK 72,732 thousand (half-year period 2020: HRK 46,385 thousand).

During the half-year period of 2021 Company's average number of employees is 2,359 (half-year period 2020: 2,230), while the Group's average number of employees is 2,836 (half-year period 2020: 2,582).

NOTE 7 - INCOME TAX

During the period in 2021 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 - June 2020	January - June 2021	January - June 2020	January - June 2021
Current tax	-	5	-	-
Deferred tax	(121,198)	(59,533)	(88,583)	(46,564)
Tax (income)/expense	(121,198)	(59,528)	(88,583)	(46,564)

Movement overview of deferred tax assets and liabilities in 2021:

DEFERRED TAX ASSET

(in thousands of HRK)	GROUP	COMPANY
As at 1 January 2021	331,410	214,471
Increase of tax assets - merger effect (Note 14)	-	16,141
Credited/(debited) to the income	57,296	46,129
Credited/ (debited) to the other comprehensive income	(30)	-
As at 30 June 2021	388,676	276,741

DEFERRED TAX LIABILITIES

(in thousands of HRK)	GROUP	COMPANY
As at 1 January 2021	58,292	13,307
Credited/(debited) to the income	(2,237)	(435)
Credited/ (debited) to the other comprehensive income	10	23
As at 30 June 2021	56,065	12,895

NOTE 8 – EARNINGS/(LOSS) PER SHARE

Basic

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

Diluted

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

GROUP

	January – June 2020	January – June 2021
Profit/(loss) attributable to equity holders (in thousands of HRK)	(298,753)	(158,114)
Weighted average number of shares	121.887.907	121.887.907
Basic/diluted earnings/(loss) per share (in HRK)	(2,45)	(1,30)

NOTE 9 – NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

During the half-year ended 30 June 2021, the Group acquired assets in the amount of HRK 48,342 thousand (half-year period 2020: HRK 468,123 thousand), while the Company acquired assets in the amount of HRK 30,718 thousand (half-year period 2020: HRK 365,734 thousand).

During the half-year ended 30 June 2021, the Group disposed the assets with a net book value of HRK 2,134 thousand (half-year period 2020: HRK 1,854 thousand), resulting in a net gain on disposal of HRK 950 thousand (half-year period 2020: HRK 1,467 thousand).

During the half-year ended 30 June 2021, the Company disposed the assets with a net book value of HRK 2,129 thousand (half-year period 2020: HRK 1,136 thousand), resulting in a net gain on disposal of HRK 920 thousand (half-year period 2020: HRK 1,886 thousand).

NOTE 10 – LIABILITIES FOR BORROWINGS AND LEASES UNDER IFRS 16

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

(in thousands of HRK)	GROUP		COMPANY	
	Total liabilities on 30 June 2021	Maturity over 5 years	Total liabilities on 30 June 2021	Maturity over 5 years
Bank borrowings	3,373,289	1,313,929	3,015,058	1,151,889
Lease liabilities under IFRS 16	9,488	2,400	10,221	2,299
Total	3,382,777	1,316,329	3,025,279	1,154,188

As at 30 June 2021 non-current and current bank borrowings of the Company amounted HRK 3,015,058 thousand of which HRK 2,945,390 thousand is secured with a pledge over property facilities and movable property, while the rest of HRK 69,669 thousand is secured with Company's promissory notes.

As at 30 June 2021 non-current and current bank borrowings of the Group amounted HRK 3,373,289 thousand of which HRK 3,295,995 thousand is secured with a pledge over property facilities and movable property, while the rest of HRK 77,294 thousand is secured primarily with Group's promissory notes.

NOTE 11 – CONTINGENCIES AND COMMITMENTS

The contracted capital commitments of the Company in respect to investments in tourism facilities as at 30 June 2021 amounted to HRK 518,976 thousand (30 June 2020: HRK 535,243 thousand), while for the Group amounted to HRK 527,278 thousand (30 June 2020: HRK 589,653 thousand).

Non-current part of borrowings - waivers after balance sheet date 31 December 2020

As at 31 December 2020 in current borrowings is presented the part of non-current borrowings in the amount of HRK 185,009 thousand for which the Company and the Group received waiver for 2020 after balance sheet date, in accordance with IAS 1. Due to that, in the reports for 2021 current borrowings are presented as a part of non-current borrowings.

The company is a loan guarantor to subsidiary Valamar Obertauern GmbH. The maximum estimated amount of the guarantee that can be realized is HRK 50,377 thousand. The subsidiary loan is secured with a pledge over Valamar Obertauern GmbH property facilities. The Company estimates the minimum possibility of realization of the guarantee.

NOTE 12 – ASSOCIATES

The following table shows total capital and reserves and profit or loss for the last business year of associate as at 31 December 2020:

(in thousands of HRK)				
ASSOCIATE	Country	Ownership	Total capital and reserves	Profit/(loss) for the year
Helios Faros d.d., Hvar	Croatia	20.00%	222,671	(8,218)

NOTE 13 – RELATED PARTY TRANSACTIONS

Related party transactions were as follows:

GROUP	January – June 2020	January – June 2021
(in thousands of HRK)		
Sale of services		
Associate with participating interest	-	1,213
	-	1,213
Purchase of services		
Associate with participating interest	-	56
Other related parties to the owners and corporate governance bodies	69	211
	69	267
	As at 31 December 2020	As at 30 June 2021
Trade and other receivable		
Associate with participating interest	331	214
	331	214
Liabilities		
Associate with participating interest	-	41
Other related parties to the owners and corporate governance bodies	84	-
	84	41

NOTE 13 – RELATED PARTY TRANSACTIONS / CONTINUED

Related party transactions were as follows:

COMPANY	January – June 2020	January – June 2021
(in thousands of HRK)		
Sale of services		
Subsidiaries	5,548	4,418
Associate with participating interest	-	1,213
	5,548	5,631
Purchase of services		
Subsidiaries	464	469
Associate with participating interest	-	56
Other related parties to the owners and corporate governance bodies	69	211
	533	736
	As at 31 December 2020	As at 30 June 2021
Trade and other receivable		
Subsidiaries	161	2,124
Associate with participating interest	331	214
	492	2,338
Other receivables		
Subsidiaries	26	26
	26	26
Trade and other payables		
Subsidiaries	136	295
Associate with participating interest	-	41
Other related parties to the owners and corporate governance bodies	84	-
	220	336
Loans given		
Subsidiaries	28	28
	28	28

NOTE 14 – MERGER OF SUBSIDIARY

The merger of Palme turizam d.o.o. into the Company was entered in the court register on 7 May 2021. 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.

Statement of comprehensive income of the Group includes the results of the merged companies for the whole current year. Statement of comprehensive income of the Company includes the results of the merged companies from the merger date.

Assets and liabilities in 2021 at merger date are:

PALME TURIZAM D.O.O.

(in thousands of HRK)

7 May 2021

Assets

Property, plant and equipment	25,753
Deferred tax assets (Note 7)	16,141
Trade and other receivables	72
Cash and cash equivalents	1,110

Liabilities

Payables and other liabilities	(14)
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Net assets acquired

43,062

Less: elimination of the Company's share in subsidiary

(115,448)

Net effect on equity at merger

(72,386)

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