



*Hotel Kesselspitze 5\*, Obertauern*



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

# BUSINESS RESULTS 1/1/2022 - 31/12/2022



## ABOUT VALAMAR

Valamar is Croatia's leading tourism company operating hotels, resorts and camping resorts in prime destinations – Istria, the islands of Krk, Rab and Hvar, Makarska, Dubrovnik, and Obertauern in Austria. With over 21,000 commercial keys, Valamar's 37 hotels and resorts and 15 camping resorts can welcome around 58,000 guests daily and provide perfect holidays for each guest. Valamar creates authentic guest experiences in partnership with its destinations, and with investments over HRK 6.4 billion in the last 19 years, Valamar is one of the top Croatian and regional investors in tourism.

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

Tourism portfolio of Valamar Group



## KEY MESSAGES

After two years of the pandemic crisis Valamar Riviera achieved a full business recovery in 2022, including the highest ever revenues in Group history. In parallel, a significant increase in costs was borne as a result of the energy and inflationary crisis. The realised operating income amounts to HRK 2.45 billion, which is an 11% increase compared to the pre-crisis year 2019. This is first of all due to an average price increase of 19.2% and high occupancy in the summer months, enabled primarily by sustained investments and quality upgrades across Valamar's portfolio. Operating costs in 2022 grew by 22.2% compared to 2019 primarily due to a significant increase in electricity costs of 169.0% (or HRK 100 million) and an increase in other operating costs influenced by inflation. Operating profit (adjusted EBITDA) amounts to HRK 775.8 million, which represents a 2.3% increase compared to 2019.

The biggest growth and the highest demand were recorded by premium hotels and campsites, which confirmed the resilience of investments in tourism products and services providing high added value to guests. Northern destinations recorded more demand and a higher recovery rate than those in southern Croatia, although the hotels in Dubrovnik exceeded the 2019 turnover level during the high season.

2022 saw the achievement of exceptional results in terms of quality and guest satisfaction. Successful employment and training for more than 7,700 employees in the companies under Valamar's management is another significant achievement in 2022, especially given significant challenges in the labour market. A series of development projects were prepared, and new service concepts, such as Places and Sunny hotels, were realised.

The planned investments in the portfolio under Valamar's management were successfully completed and positioned on the market, supported by a strong demand for high-quality products and services in all of Valamar's destinations. A new sustainability strategy and 2025 ESG goals were adopted, while good business results allowed Valamar to make additional investments in the Group's employee salaries and awards.

AFTER TWO YEARS  
OF THE PANDEMIC  
CRISIS, VALAMAR  
GROUP'S BUSINESS  
FULLY RECOVERED

ADJUSTED EBITDA  
AMOUNTS TO HRK  
776 MILLION AND  
IS 2.3% HIGHER  
THAN IN 2019;  
A SIGNIFICANT  
INCREASE IN COSTS  
DUE TO ENERGY  
AND INFLATIONARY  
CRISIS

## BUSINESS RESULTS

Thanks to invested properties, strong direct sales capabilities and an excellent service quality level, Valamar was able to take advantage of the significant increase in demand for travel and leisure following the easing of COVID-19 restrictions.

In 2022, Valamar Group realised 6.4 million overnights, i.e. 32.1% more than in 2021, and only 2.4% less than in 2019. Operating revenues increased by 11.0% compared to 2019. The increase in operating revenues was mainly driven by an increase in average prices, which are 19.2% higher compared to 2019 (and 11.6% higher compared to 2021). Revenues realized in the direct sales channel amount to more than HRK 1.2 billion, representing an increase of 57% compared to 2019. Direct sales thus achieved 62% of total board revenues compared to 45% in the same period of 2019, which further contributed to good business results. Northern destinations, especially Poreč, continue to enjoy higher demand than southern Croatia. In 2022, the group, allotment and MICE segments also began to recover, as well as the event industry.

Adjusted EBITDA amounting to HRK 775.8 million was realised in 2022, which represents a 2.3% increase compared to 2019. Adjusted EBITDA was also corrected (increased) for a one-off cost item of HRK 49 million. In accordance with the respective Supervisory Board's decision, this amount will be used to distribute company shares to the management and key employees of the Company as a reward for the extraordinary business results achieved in the three-year crisis period of 2020-2022. In order to additionally motivate key employees, the Supervisory Board adopted the RDP Programme (the Recovery & Development Programme), which encompasses more than 230 employees. These employees were especially committed to managing and developing business operations during the crisis to enable as fast a recovery of the business operations as possible. In view of the fact a full business recovery was achieved in 2022, the Supervisory Board passed the decision

to distribute company shares in 2023, and the provisions for this were made within the 2022 financial results. EBITDA (before correction for one-off items) amounts to HRK 727.9 million.

Adjusted EBITDA is by 2.3% higher than the one achieved in 2019. It was achieved despite a strong increase in electricity costs, additional investments in employees and a general increase in the prices of almost all inputs. For example, compared to 2019, electricity cost grew by HRK 100.0 million or 169.0%. A strong increase in costs was successfully neutralised by excellent sales results and high average prices. However, the increase in costs did impact margins. The EBITDA margin thus amounts to 31.6% and is by 2.7 percentage points lower than the EBITDA margin realised in 2019. Good business results of the Valamar Group enabled the payment of the reward for all employees in 2022 in the amount of up to HRK 12,000.

As at 31 December 2022, the net debt of the Group amounts to HRK 1.8 billion. In 2022, it was decreased by 7.4%, with cash and cash equivalents amounting to HRK 673 million. The net debt/adjusted EBITDA indicator was significantly improved and it amounts to 2.4. On 28 September 2022, Valamar paid a dividend amounting to HRK 1.2 per share, i.e. a total of HRK 146.3 million. In 2022, Imperial Riviera d.d. also paid a dividend to its shareholders in the total amount of HRK 79.6 million, of which HRK 36.8 to Valamar Riviera d.d.

## INVESTMENTS

The value of investments in hotels, resorts and campsites under the Valamar's management in 2021/2022 season amounted to approximately HRK 500 million. These investments represent an important driver for growth and positive expectations. Imperial Riviera's investment in Dalmacija [PLACESHOTEL] by Valamar in Makarska in the amount of HRK 67 million was one of the most significant investment projects in 2022. It enabled this hotel to become the second Valamar lifestyle hotel under the PLACES brand. The Helios Faros investments of approximately HRK 170 million were focused

TOTAL  
INVESTMENTS OF  
HRK 500 MILLION  
IN HOTELS,  
RESORTS AND  
CAMPS MANAGED  
BY VALAMAR  
COMPLETED

VALAMAR IS  
AMONG THE  
TOP 10 MOST  
DESIRABLE  
CROATIAN  
EMPLOYERS

on the construction of Valamar Amicor Green Resort and Aquamar pool complex on the island of Hvar. Valamar Amicor Green Resort is a new resort concept that follows the highest standards in green building, sustainable energy use and high energy efficiency level. Valamar Amicor Green Resort was opened in July this year. Investments also included the renovation and rebranding of Corinthia Hotel in Baška to the Sunny Plus brand, a certain offer improvement in Valamar Bellevue Hotel in Rabac, the construction of Padova beach on the island of Rab, and the continuation of investments in Istra Premium Camping Resort and Lanterna Premium Camping Resort. A new Valamar Staff Residence for accommodation of seasonal employees was opened in Dubrovnik, which is the fifth Valamar Staff Residence in our destinations. Our properties in Austria saw an investment of approximately HRK 20 million, of which the biggest was the investment in the Obertauern Hotel's swimming pool.

## HUMAN RESOURCES

According to the research conducted by the Moj posao (My Job) portal, Valamar is among the TOP 10 most desirable Croatian employers and has been the best rated employer in the tourism industry for five consecutive years. Valamar is also the largest employer in Croatian tourism, employing 7,700 employees this year, out of which 87% are domestic. In order to improve working conditions and retain local employees, more than EUR 15 million has been invested in salary increases and reward programmes this year. The salaries for professional positions, including chefs, waiters, specialist housekeepers and receptionists at Valamar have increased by an average of 14%, bringing their income this season to a monthly range of EUR 1,000 to 1,600 net. Valamar's minimum net salary guarantee for basic jobs such as housekeepers, assistant chefs, assistant waiters, kitchen workers, servers and others increased to a monthly amount of EUR 750 to 1,100 net. In addition to raising base wages, Valamar continues with its excellence rewarding programmes. In addition to investments in salaries and awards, over the last 5 years, HRK 140 million has been invested in constructing quality accommodations for seasonal employees.

## INTERNATIONALIZATION

Following the change in capital, ownership structure and the portfolio expansion in Obertauern, Austria in December 2021 to two properties, the Group no longer consolidates the results of the Austrian portfolio in which Valamar Riviera has a minority stake. In July 2022, the Austrian umbrella entity, Valamar A GmbH, finalized the acquisition of the third hotel in Obertauern - Hotel Kesselspitze. This is a 5\* hotel with 66 keys, which opened for the winter season 2022/2023 as Valamar Collection Kesselspitze Hotel.

Valamar currently manages two hotels in Obertauern (Valamar Obertauern Hotel and Valamar Collection Kesselspitze Hotel) while the third, Hotel Marietta, is leased to a third party until mid-2023. For the 2022/2023 season an investment of nearly 20 million HRK was directed toward Valamar hotels in Obertauern, mostly for the new pool in Valamar Obertauern Hotel. There are currently 84 Valamar employees employed in Valamar hotels in Obertauern, while around 160 employees are planned for next season.

## SUSTAINABILITY

Valamar presented our sustainability strategy and 2025 ESG goals at the end of June 2022, within the integrated report (available at the link: <https://valamar-riviera.com/media/451419/integrated-annual-report-and-sustainability-2021.pdf>). The strategic plan includes 12 key goals in the area of environment (E), society (S) and governance (G), which Valamar plans to realise until 2025 through 6 strategic initiatives. Among others, Valamar is to become a carbon neutral company in the next three years in scope 1 & 2 and invest more than 50 million euro in ESG projects and initiatives.

## NEW SUSTAINABILITY STRATEGY AND 2025 ESG GOALS

The integrated report for 2021, which includes a non-financial report, was compiled in line with the Global Reporting Initiative (GRI) Standards and the applicable EU taxonomy regulations. Valamar is the first hospitality company in Croatia that has integrated sustainable development goals in its business model and corporate governance, and has published clear sustainability goals in line with the ESG framework.

## OTHER

On 1 January 2023, the introduction of the euro and the entry of Croatia to the Schengen Area finally happened. They have already had a positive impact on Croatia's credit rating and will contribute to the perception of Croatia as a top European tourist destination.

A considerable part of our guests will no longer have to exchange currency during their stay in Croatia, which will save them cost and time. In some cases, a better understanding of prices will stimulate greater spending. Travellers coming from other Schengen countries will no longer have to stop at the state border now which will make the trips to and from our destinations faster and more comfortable.

However, very high inflationary pressures including enormous increases in energy prices, rising investments in payroll and employee programmes, price increases across all categories of goods and services as well as global geopolitical tensions negatively reflect on business performance of hospitality companies and represent risks for future business performance.

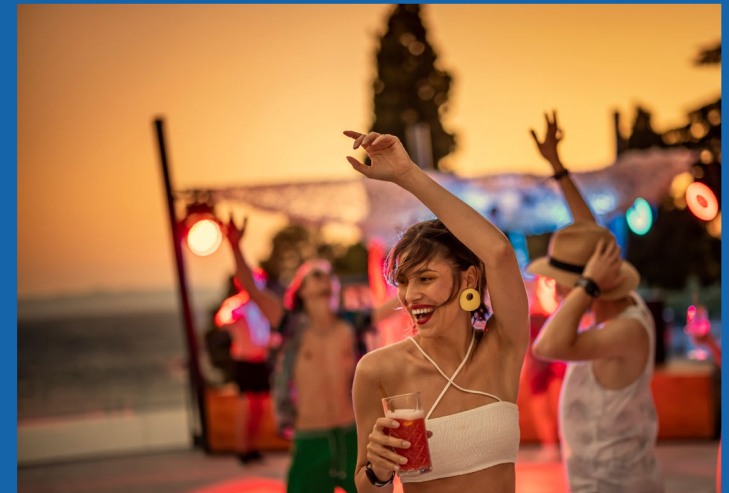
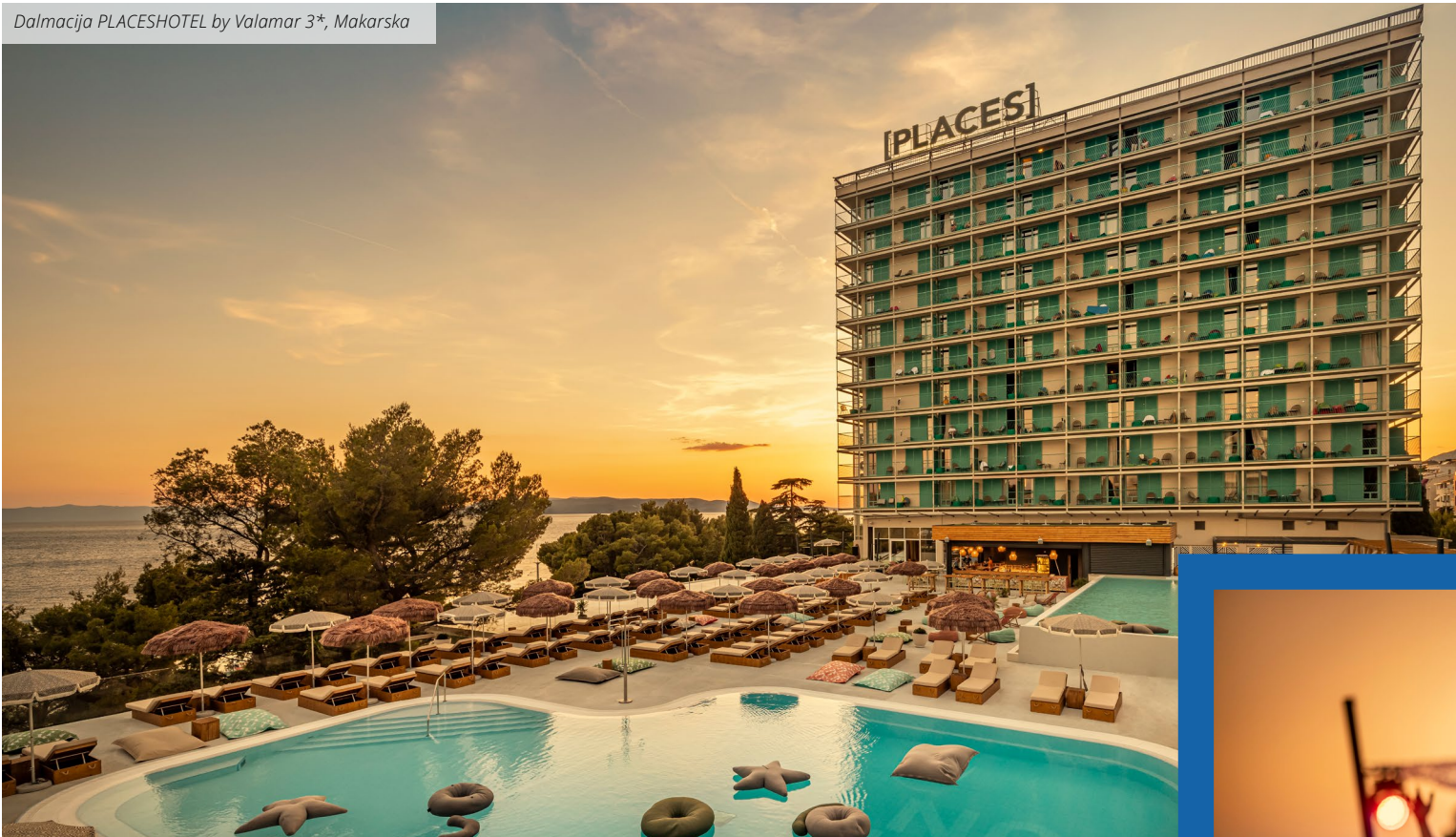
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Ježevac Premium Camping Resort 4\*, Krk Island



Dalmacija PLACESHOTEL by Valamar 3\*, Makarska



# Significant Business Events

## NORMALIZATION OF TOURISM BUSINESS

In 2022, COVID-19 pandemic significantly weakened both, globally and in Croatia. Related restrictions in Croatia have been lifted and everyday life and business are running almost completely normally, which allowed further normalization of tourism business. However, arrivals of guests from long-haul countries, especially Asian and American markets, have not yet recovered.

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

The health of our guests and their feeling of being safe in our properties is our utmost priority. In 2020 we introduced some key innovations, such as our V Health & Safety programme of comprehensive health, safety and ecology standards, an enhanced cleaning system 'CleanSpace – 100% privacy', the Online reception desk, the 'Bed & Brunch' hotel concept and the Valfresco Direkt online shopping and food delivery service. By introducing these services, Valamar has also strengthened the market position of small manufacturers and local family farms. In 2021 Valamar introduced the V-Care Guarantee concept, which enables the organization of all necessary health services during the guest's stay.

## VALAMAR AND PENSION FUNDS JOINT INVESTMENTS

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

FURTHER  
NORMALIZATION  
OF TOURISM  
BUSINESS DURING  
2022

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

increase is aimed at a further development of the portfolio in Dubrovnik, Makarska and on the island of Rab.

At the beginning of 2022, three hotels (Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar) in Dubrovnik were transferred from Valamar Riviera to Imperial Riviera. The acquisition value of cited hotels amounts to HRK 718 million. Financing for this transaction was secured largely by taking over Valamar Riviera's existing loan obligations by Imperial Riviera. These hotels in the area of Babin Kuk in Dubrovnik, together with the real estate contributed to Imperial in the process of the share capital increase represent strategically important asset and the backbone of future development. Imperial Riviera has thus become a multi-destination company present in Istria, Kvarner, Dalmatia and the city of Dubrovnik.

In accordance with a decision of the General Assembly of the company Helios Faros of 14 April 2022, Valamar Riviera and PBZ CO pension funds participated in the recapitalization of Helios Faros by a share capital increase totalling HRK 130 million, out of which Valamar Riviera paid in HRK 26 million.

## EXPANSION OF AUSTRIAN PORTFOLIO

Following a change in capital, ownership structure and expansion of the Austrian portfolio in Obertauern in December of 2021 to two properties, the Group no longer consolidates the results of the Austrian portfolio under Valamar A GmbH, where Valamar Riviera holds a minority share of 24.54%.

In June 2022 Valamar A was recapitalized to fund further expansion in Austria, in which Valamar Riviera participated with EUR 1.47 million. At the beginning of July Valamar A finalized the acquisition of the third hotel in Obertauern – Hotel Kesselspitze. Hotel Kesselspitze is a 5\* category hotel with 66 keys, a restaurant, a swimming pool and wellness facilities. It is situated in an excellent location with direct access to ski slopes. Respective management agreement was concluded mid of July 2022, whereby Valamar undertook the management of Hotel Kesselspitze, which has been repositioned in the Valamar Collection brand for the winter season 2022/2023.



This acquisition represents a new important step for Valamar in further internalization of business, with the aim of expanding the portfolio and managing hotels and resorts in the best winter holiday destinations, primarily in Austria and Italy.

## VALAMAR RIVIERA'S GENERAL ASSEMBLY

The General Assembly held two sessions in 2022, on 19 May and on 21 September.

Except for the regular decisions on the distribution of the profit realised in 2021, on giving the approval of actions to the members of the Management Board and Supervisory Board, and on appointing the auditors for 2022, the General Assembly, held on 19 May 2022, also passed the decision on amending a provision of the Articles of Association to increase the number of the Supervisory Board members from 7 to 9, and on electing two new female Supervisory Board members, Ms. Gudrun Kuffner and Ms. Petra Stolba.

Gudrun Kuffner graduated from the University of Vienna, Department of Economics and subsequently obtained her Master of International Affairs from the School of International and Public Affairs at Columbia University, New York. She has extensive business experience in performing leading functions in Austrian companies. Gudrun Kuffner is an independent member of the Supervisory Board and with her rich knowledge and expertise in the field of internal audit and finance, as well as a good knowledge of opportunities in the Company and in tourism, Ms. Kuffner will contribute to the work of the Supervisory Board.

Petra Stolba acquired valuable knowledge through her education at a technical High School followed by a certificate in Marketing and Sales at the Vienna University of Economics and Business and a diploma in business administration (specializing in tourism). In her work so far, she has gained extensive experience in the field of tourism and marketing and she is a member of Aiest, the International Organisation of Scientific Experts in Tourism. Since 2010, she has been a member of Future Mountain, the Alliance for Promoting the Development of Alpine Winter and Summer

## ACQUISITION OF THE THIRD HOTEL IN OBERTAUERN - HOTEL KESSELSPIITZE

## DIVIDEND OF HRK 1.2 PER SHARE PAID OUT TO SHAREHOLDERS

Tourism and has been appointed SDG Ambassador for Tourism. Petra Stolba is an independent member of the Supervisory Board and she will contribute with her vast experience and expertise in the field of tourism and marketing, to the work of the Supervisory Board.

On 21 September 2022, the General Assembly passed the Decision on the payment of dividends in the amount of HRK 1.20 per share, i.e. HRK 146.3 million in total, which represented a dividend yield of 3.6%. The dividends were paid out from the retained earnings realised in 2018 and 2019.

## LEADING MARKET POSITION AND RECOGNITIONS

In 2022, Valamar Group succeeded in maintaining its leading market position. This is the result of the recognised and successful Valamar's business philosophy, i.e. business success formula comprised of corporate social responsibility and continuous investment in further development.

Five Valamar's campsites are the winners of the ADAC Superplatz 2022. At the 16th Congress of Croatian Camping, three campsites received the Naj kamp Adria 2022 award based on the choice of Slovenian guests, and 11 campsites received a special quality recognition as Croatia's Best Campsites 2023, which is given by the Camping Association of Croatia. In addition to that, four Valamar's campsites received the ANWB Top Camping award, which is given by the renowned Dutch car club ANWB.

The world organisation World Luxury Hotel Awards gave awards to the most luxurious hotels. The Dubrovnik President Valamar Collection Hotel 5\* was recognised as the best Croatian Luxury Beach Resort, Isabella Valamar Collection Island Resort 4\*/5\* received the best European Luxury Island Resort award, and Marea Valamar Collection Suites 5\* won the best Luxury Family Hotel award for southern Europe.

As many as three Valamar's hotels received the world's most prestigious tourism industry award – World Travel Award. One more time, Valamar Riviera Hotel & Residence 4\* in Poreč was awarded as Croatia's Leading Boutique Hotel, while Valamar Padova Hotel 4\* on the island of Rab was recognised as Croatia's Leading Seafront Hotel. The Dubrovnik President

Valamar Collection Hotel 5\* again received the title of the Leading Hotel in Croatia.

At Days of Croatian Tourism 2022, Valamar Riviera won several awards and received special recognition for its excellence in the implementation of sustainable tourism principles. Valamar Tamaris Resort received the Croatian Tourist Flower quality award for the Family Vacation Hotel category, while Istra Premium Camping Resort by Valamar was awarded as the Campsite of the Year and the best in the Large Campsite category. Our sustainability results have been noticed globally – the Financial Times has recognised Valamar as one of the European climate leaders for 2022. On the list of European climate leaders, chosen this year among a total of 4,000 companies from 33 European countries, Valamar entered as one of only six European companies from the hospitality sector and one of two Croatian companies.

VALAMAR WAS  
AWARDED  
NUMEROUS  
RECOGNITIONS IN  
2022

Moreover, in 2022, Valamar Riviera and E.ON Croatia won the 2022 national environmental award Green Prix in the Decarbonise the Community category. This award is given to natural and legal persons whose project activities contributed to achieving the climate goals in the wider community.

Valamar Riviera also received the 2022 Charter for Quality Improvement in the Croatian Economy, which is awarded by the Croatian Society for Quality (HDK).

Istra Premium Camping Resort 5\*, Poreč



# Results of the Group


## QUARTERLY FINANCIAL STATEMENTS

The Management Board of the Company presents the quarterly unaudited financial statements for the fourth quarter of 2022 (the period 1 January 2022 – 31 December 2022 is also included).

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

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

The investments in the company Helios Faros d.d. and Valamar A GmbH are reported according to the equity method since Valamar Riviera d.d. does not exercise control but a significant influence over them.

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



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

	2019	2021	2022	22/19	22/21
Total revenues	2,218,828,166	1,679,909,675	2,501,173,072	12.7%	48.9%
Operating income	2,207,678,790	1,644,008,023	2,451,235,943	11.0%	49.1%
Sales revenues	2,139,319,744	1,605,127,860	2,407,150,006	12.5%	50.0%
Board revenues (accommodation and board revenues) <sup>2</sup>	1,779,214,546	1,344,329,298	1,991,786,473	11.9%	48.2%
Operating costs <sup>3</sup>	1,385,486,291	938,294,335	1,692,900,701	22.2%	80.4%
EBITDA <sup>4</sup>	768,955,392	645,980,279	727,931,724	-5.3%	12.7%
Extraordinary operations result and one-off items <sup>5</sup>	10,853,838	-27,545,361	-47,849,103	-540.8%	73.7%
Adjusted EBITDA <sup>6</sup>	758,101,554	673,525,640	775,780,827	2.3%	15.2%
EBIT	293,853,214	136,974,626	229,968,226	-21.7%	67.9%
Adjusted EBIT <sup>6</sup>	282,999,376	164,519,987	277,817,329	-1.8%	68.9%
EBT	232,471,771	101,475,233	201,871,429	-13.2%	98.9%
Net profit	305,851,680	108,707,246	160,391,185	-47.6%	47.5%
EBT margin	10.5%	6.2%	8.2%	-2.3%	2.1pp
EBITDA margin	34.8%	39.3%	29.7%	-5.1%	-9.6pp
Adjusted EBITDA margin <sup>6</sup>	34.3%	41.0%	31.6%	-2.7%	-9.3pp
	<b>31/12/2019</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>22/19</b>	<b>22/21</b>
Net debt <sup>7</sup>	2,195,286,284	1,973,103,640	1,827,335,355	-16.8%	-7.4%
Net debt / Adjusted EBITDA	2.9	2.9	2.4	-18.8%	-19.6%
Cash and cash equivalents	550,142,638	1,115,257,824	672,827,699	22.3%	-39.7%
Capital investments (details in chapter "2020 Investments")	954,590,000	115,355,120	317,285,761	-66.8%	175.1%
ROE <sup>8</sup>	8.8%	3.2%	4.4%	-4.4%	1.3pp
Adjusted ROCE <sup>9</sup>	5.2%	3.1%	5.3%	0.1%	2.2pp
Market capitalization <sup>10</sup>	4,728,031,913	4,158,908,886	3,843,840,031	-18.7%	-7.6%
EV <sup>11</sup>	7,654,341,409	7,175,077,019	6,684,180,084	-12.7%	-6.8%
EPS <sup>12</sup>	2.32	0.86	1.21	-47.8%	41.4%
DPS <sup>13</sup>	1.0	0.0	1.2	20.0%	-

## KEY BUSINESS INDICATORS<sup>14</sup>

	2019	2021	2022	22/19	22/21
Number of accommodation units (capacity)	20,430	20,159	20,093	-1.6%	-0.3%
Number of beds	56,591	56,157	56,142	-0.8%	0.0%
Full occupancy days	132	95	126	-4.5%	32.6%
Annual occupancy (%)	36	26	35	-2.8%	34.6%
Accommodation units sold	2,695,268	1,905,663	2,531,572	-6.1%	32.8%
Overnights	6,517,796	4,811,722	6,358,158	-2.4%	32.1%
ARR <sup>15</sup> (in HRK)	660	705	787	19.2%	11.6%
RevPAR <sup>16</sup> (in HRK)	87,088	66,686	99,128	13.8%	48.6%

- Classified according to the Annual Financial Statement (GFI POD-RDG). EBIT, EBITDA and their adjusted values and respective margins are recorded on the basis of operating income.
- In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry). Non-commercial properties/data excluded.
- Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.
- EBITDA (eng. earnings before interest, taxes, depreciation and amortization) is calculated as: operating income - total operating costs + depreciation and amortisation + value adjustments.
- Adjustments were made for (i) extraordinary income (in the amount of HRK 28.5 million in 2022, and HRK 30.2 million in 2021), (ii) extraordinary expenses (in the amount of HRK 74.2 million in 2022 (of which HRK 49 million refers to RDP), and HRK 55.8 million in 2021), and (iii) termination benefit costs (in the amount of HRK 2.2 million in 2022, and HRK 1.8 million in 2021).
- Adjusted by the result of extraordinary operations and one-off items.
- Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other + other liabilities according to IFRS 16 (leases) - cash and cash equivalents - long-term and short-term investments in securities - current loans given, deposits, etc.
- ROE refers to return on equity; calculated as: profit for the period / (capital and reserves).
- Adjusted ROCE refers to return on capital employed; calculated as: adjusted EBIT / (capital and reserves at the end of the period + noncurrent and current liabilities to banks and other financial institutions + other liabilities according to IFRS 16 (leases) - cash and cash equivalents - long-term and short-term investments in securities - loans given, deposits, etc.).
- Market capitalization is calculated as the total number of shares multiplied by the last share price on 31/12 of a particular year.
- EV refers to enterprise value; calculated as market capitalization + net debt + minority interest.
- EPS refers to earnings per share calculated on the basis of net profit attributable to the owners of the parent company. Weighted average number of shares in 2022: 121,887,907. Weighted average number of shares in 2021: 121,887,907.
- DPS refers to dividends per share.
- Data for Helios Faros and Valamar Obertauern (after 29 November 2021) are not included. Non-commercial properties/data excluded.
- Average rate is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).
- Revenue per accommodation unit is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

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

	2019	2021	2022	22/19	22/21
Total revenues	299,291,393	223,268,051	332,091,196	11.0%	48.7%
Operating income	297,787,485	218,496,549	325,460,835	9.3%	49.0%
Sales revenues	288,566,729	213,329,189	319,607,361	10.8%	49.8%
Board revenues (accommodation and board revenues) <sup>2</sup>	239,993,167	178,667,810	264,457,810	10.2%	48.0%
Operating costs <sup>3</sup>	186,884,288	124,703,816	224,773,497	20.3%	80.2%
EBITDA <sup>4</sup>	103,722,196	85,853,877	96,650,536	-6.8%	12.6%
Extraordinary operations result and one-off items <sup>5</sup>	1,464,043	-3,660,911	-6,353,125	-533.9%	73.5%
Adjusted EBITDA <sup>6</sup>	102,258,153	89,514,787	103,003,661	0.7%	15.1%
EBIT	39,637,021	18,204,585	30,533,842	-23.0%	67.7%
Adjusted EBIT <sup>6</sup>	38,172,977	21,865,495	36,886,967	-3.4%	68.7%
EBT	31,357,453	13,486,545	26,803,313	-14.5%	98.7%
Net profit	41,255,459	14,447,714	21,295,808	-48.4%	47.4%
EBT margin	10.5%	6.2%	8.2%	-2.3%	2.1pp
EBITDA margin	34.8%	39.3%	29.7%	-5.1%	-9.6pp
Adjusted EBITDA margin <sup>6</sup>	34.3%	41.0%	31.6%	-2.7%	-9.3pp
	<b>31/12/2019</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>22/19</b>	<b>22/21</b>
Net debt <sup>7</sup>	294,963,075	262,479,442	242,529,080	-17.8%	-7.6%
Net debt / Adjusted EBITDA	2.9	2.9	2.4	-18.8%	-19.6%
Cash and cash equivalents	73,918,270	148,361,316	89,299,582	20.8%	-39.8%
Capital investments (details in chapter "2020 Investments")	128,761,918	15,331,249	42,127,356	-67.3%	174.8%
ROE <sup>8</sup>	8.8%	3.2%	4.3%	-4.5%	1.2pp
Adjusted ROCE <sup>9</sup>	5.2%	3.1%	5.3%	0.1%	2.2pp
Market capitalization <sup>10</sup>	635,267,866	553,254,306	510,165,244	-19.7%	-7.8%
EV <sup>11</sup>	1,028,452,688	954,491,278	887,143,153	-13.7%	-7.1%
EPS <sup>12</sup>	0.31	0.11	0.16	-48.6%	41.2%
DPS <sup>13</sup>	0.13	0.00	0.16	18.1%	-

## KEY BUSINESS INDICATORS<sup>14</sup>

	2019	2021	2022	22/19	22/21
Number of accommodation units (capacity)	20,430	20,159	20,093	-1.6%	-0.3%
Number of beds	56,591	56,157	56,142	-0.8%	0.0%
Full occupancy days	132	95	126	-4.5%	32.6%
Annual occupancy (%)	36	26	35	-2.8%	34.6%
Accommodation units sold	2,695,268	1,905,663	2,531,572	-6.1%	32.8%
Overnights	6,517,796	4,811,722	6,358,158	-2.4%	32.1%
ARR <sup>15</sup> (in EUR)	89	94	104	17.4%	11.5%
RevPAR <sup>16</sup> (in EUR)	11,747	8,863	13,162	12.0%	48.5%

1 Classified according to the Annual Financial Statement (GFI POD-RDG). EBIT, EBITDA and their adjusted values and respective margins are recorded on the basis of operating income. For P&L items, the average exchange rate HRK/EUR for the period was used, and for the balance sheet items the last daily exchange rate in the period.

2 In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry). Non-commercial properties/data excluded.

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

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

5 Adjustments were made for (i) extraordinary income (in the amount of EUR 3.8 million in 2022, and EUR 4.0 million in 2021), (ii) extraordinary expenses (in the amount of EUR 9.9 million in 2022 (of which EUR 6.5 million refers to RDP), and EUR 7.4 million in 2021), and (iii) termination benefit costs (in the amount of EUR 0.3 million in 2022, and EUR 0.2 million in 2021).

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

7 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.

8 ROE refers to return on equity; calculated as: profit for the period / (capital and reserves).

9 Adjusted ROCE refers to return on capital employed; calculated as: adjusted EBIT / (capital and reserves at the end of the period + noncurrent and current liabilities to banks and other financial institutions + other liabilities according to IFRS 16 (leases) - cash and cash equivalents - long-term and short-term investments in securities - loans given, deposits, etc.).

10 Market capitalization is calculated as the total number of shares multiplied by the last share price on 31/12 of a particular year.

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

12 EPS refers to earnings per share calculated on the basis of net profit attributable to the owners of the parent company. Weighted average number of shares in 2022: 121,887,907. Weighted average number of shares in 2021: 121,887,907.

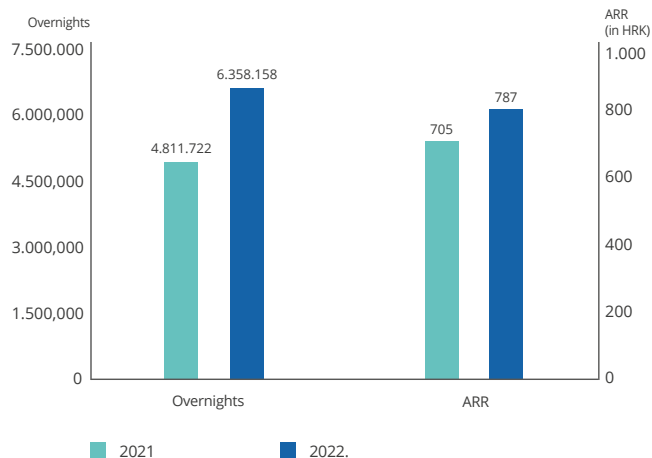
13 DPS refers to dividends per share.

14 Data for Helios Faros and Valamar Obertauern (after 29 November 2021) are not included. Non-commercial properties/data excluded.

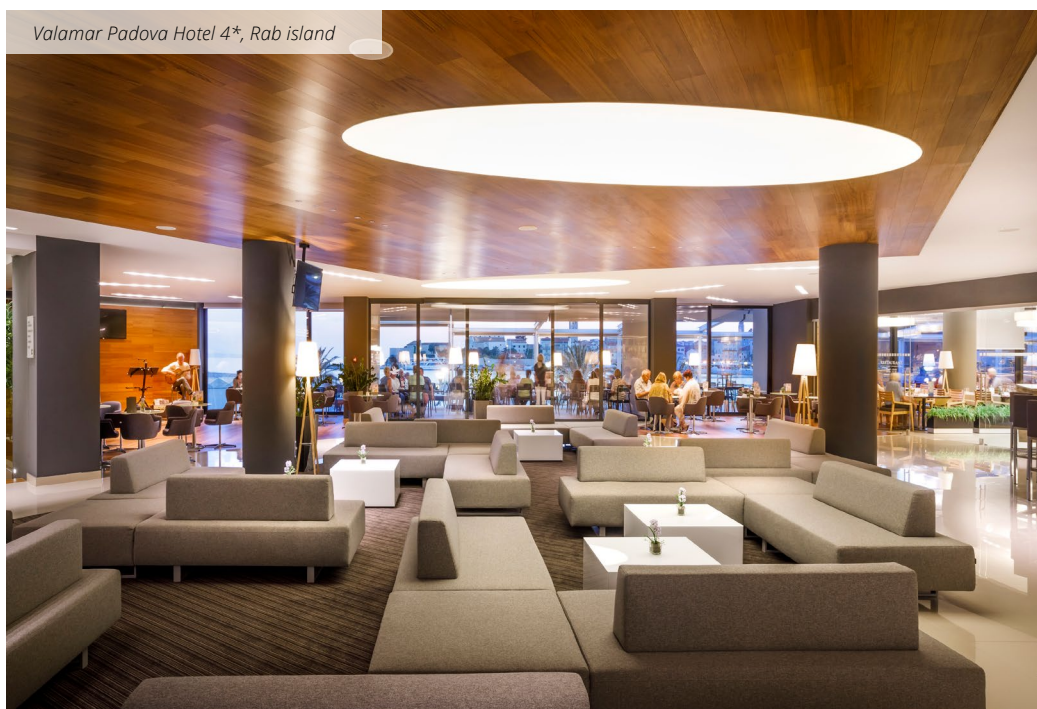
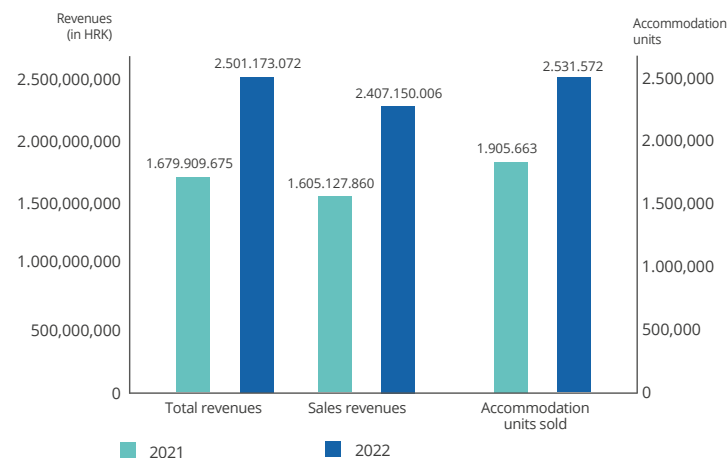
15 Average rate is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

16 Revenue per accommodation unit is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

## Overnights and ARR



## Revenues and accommodation units sold



Both overnights and revenues are significantly higher than in 2021. Four Group's hotels and two campsites were open during the whole of the first quarter, while additional five hotels opened during February and March. The second quarter saw the opening of all other commercial properties. New Valamar Amicor Green Resort on the island of Hvar was opened mid of July after works had finished.

The beginning of the year was marked by excellent trends in accommodation reservations. However, these trends slowed down after the commencement of the war in Ukraine at the end of February. This situation had lasted for approximately a month. Immediately after that, reservations quite recovered and the markets started again showing a positive sentiment and a strong desire to travel. Preseason saw an almost complete recovery of operations, while the results of some business segments for the high season were even better than those in 2019. The postseason was marked by the earlier closing of a large part of the facilities due to very high electricity costs and the preservation of profitability.

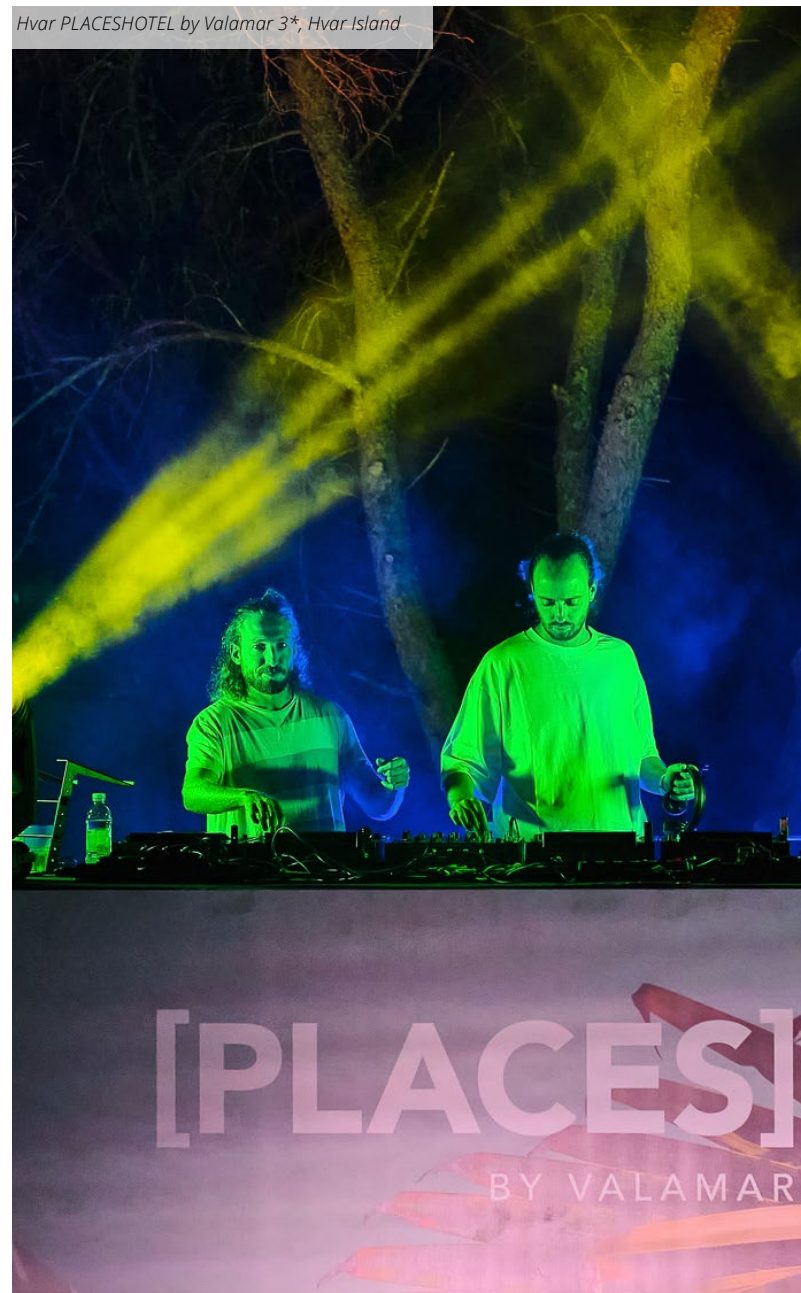
## REVENUES

In 2022, the total revenues amounted to HRK 2,501.2 million, which is an increase of 48.9% (HRK 821.3 million). The realized total revenues have been influenced by:

a) increase in sales revenues by 50.0% (HRK 802.0 million) to the amount of HRK 2,407.2 million. This amount primarily consists of board revenues due to a significant improvement in tourist flows following a significantly smaller impact of the COVID-19 pandemic in 2022. There was no significant change in the revenue structure: the sales revenues on the domestic market amount to HRK 250.1 million and make up 10.4% of sales revenues (vs. 10.8% in 2021). Compared to 2021, they are by HRK 76.5 million higher. With an 89.6% share in sales revenues (vs. 89.2% for the 2021), the sales revenues on foreign markets amount to HRK 2,157.1 million and are by HRK 725.6 million higher.

b) rise in other operating revenues of 13.3% to HRK 43.7 million compared to 2021, mainly due to higher income from the sale of long-term assets.

c) financial income amounts to HRK 49.9 million and is by 41.3% higher than those realized in 2021 as a result of the increase in unrealized gains on financial assets (positive fair value of interest rate swaps).





**TOTAL OPERATING EXPENSES OF VALAMAR GROUP<sup>17</sup>**

(in HRK)	2021	2022	2022/2021
Operating costs <sup>18</sup>	938,294,335	1,692,900,701	80.4%
Total operating expenses	1,507,033,397	2,221,267,717	47.4%
Material costs	458,262,170	778,110,109	69.8%
Staff cost	353,175,910	690,477,834	95.5%
Depreciation and amortisation	507,335,969	497,694,931	-1.9%
Other costs	134,450,892	224,620,163	67.1%
Provisions and value adjustments	41,982,841	20,217,068	-51.8%
Other operating expenses	11,825,615	10,147,612	-14.2%

**TOTAL OPERATING EXPENSES**

The total operating expenses amount to HRK 2,221.3 million and are by 47.4% higher than last year:

a) material costs amount to HRK 778.1 million and are by 69.8% higher as a result of increased raw material costs, electricity, maintenance, promotional costs and other direct costs in accordance with the increased volume of operations

Electricity costs in 2022 amount to HRK 159.2 million and they are HRK 100.0 million higher compared to 2019. The unit price of electricity for Valamar in 2019 was approximately at the same level as in 2021, while in 2022 a new contract for the purchase of electricity was signed for the period from June 1, 2022 to May 31, 2023 with an increase in the price of electricity per kWh of 220% compared to the previous period.

In September the Government of Croatia announced various support measures for the economy aimed at price control of key energy and food goods. For Valamar, as a large company, electricity price is capped at 230 euro per MWh. It is slightly below our contracted price for the period 1 June 2022 – 31 May 2023. The Government measures are in effect from 1 October 2022 until 31 March 2023. In 2022, the Group recognized subsidies for electricity in the amount of HRK 3.0 million.

b) staff costs have increased by 95.5% and amount to HRK 690.5 million. This has also been caused by the increased volume of operations and the need for workforce, as well as due to abolishing of the COVID grants for employee cost subsidies (which in 2021 amounted HRK 102.1 million for the Group and HRK 84.6 million for the Company and were booked as a decrease in labor costs).

c) depreciation amounts to HRK 497.7 million, which represents a 1.9% decrease

d) other costs have increased by 67.0% to the amount of HRK 224.6 million. The increase is mainly driven by increased employee transportation and accommodation reimbursements, expenses for work through the agency, employee awards, utilities charges and travel expenses reimbursements

e) other business expenses amount to HRK 10.1 million, which represents a 14.9% decrease.

<sup>17</sup> Classified according to Annual Financial Statements standard (GFI POD-RDG).

<sup>18</sup> Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

## EBITDA AND PROFIT FOR THE PERIOD

Operating income increased by 49.1% compared to 2021. Adjusted EBITDA amounts to HRK 775.8 million and is 15.2% higher than in 2021. Increased costs, especially electricity, labour and foodstuffs, as well as the absence of COVID grants, had an impact on EBITDA.

By comparing these financial results to the pre-crisis year, i.e. 2019, which had roughly an equal number of overnights, it is evident that our costs have significantly increased (explained in more detail on the previous page). However, due to a significant increase in the average prices of the Group, the adjusted EBITDA for 2022 amounts to HRK 775.8 million, which is a 2.3% increase compared to 2019.

Following 1.9% lower depreciation costs and a somewhat better net financial result (a detailed explanation follows in the section below), earnings before tax (EBT) amount to HRK 201.9 million. This is an improvement of 98.9% compared to the last year.

The Group reported income tax in the amount of HRK 41.5 million. With respect to previously recognized deferred tax assets based on tax losses and tax incentives, for the Company and the Group in 2022, there is no obligation to pay income tax. The aforementioned income tax includes the amount of HRK 3.7 million in accordance with the Act on Additional Profit Tax, which is entirely related to Imperial Riviera d.d. The Group's net profit for 2022 amounts to HRK 160.4 million.

Valamar Carolina Hotel & Villas 4\*, Krk Island



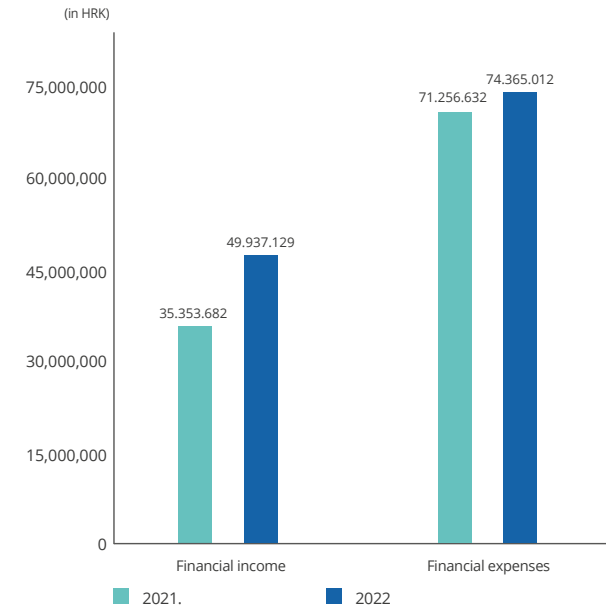
## RESULT FROM FINANCIAL ACTIVITIES

The result from financial activities 2022 amounts to HRK -24.4 million and is HRK 11.5 million improved compared to the 2021 when it amounted to HRK -35.9 million.

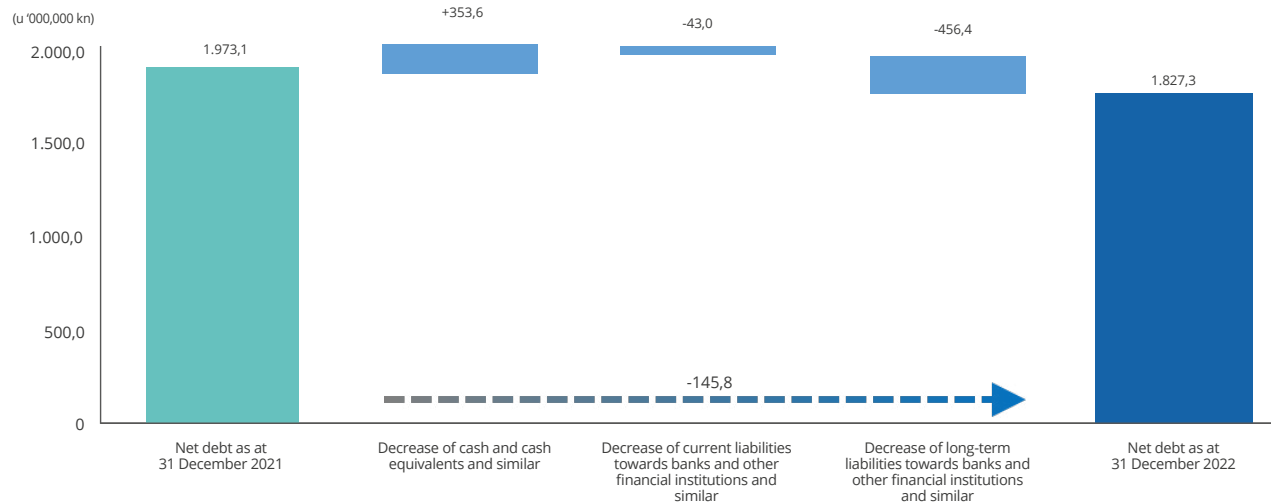
The increase in unrealised gains from financial assets, amounting to HRK 34.5 million, had the biggest impact on the improvement of the net financial result. This was mostly related to positive fair value of interest rate swaps caused by an increase in the reference interest rates on the financial market. Additionally, lower interest expenses on loans in the amount of HRK 6.7 million have also had an impact on the improvement in the net financial result (lower loan obligations).

At the same time, net exchange rate differences had the biggest negative impact, decreasing thus the financial result by HRK 13.4 million net. This was mainly due to an increase in negative exchange rate differences of almost HRK 7.2 million, while positive exchange rate differences were decreased by HRK 6.2 million. Also, other financial income in 2022 is HRK 13.7 million lower than in 2021, mostly due to the absence of the one-time effect of income from the deconsolidation of Austrian companies that was reported in 2021.

## Financial income and expenses



## Net debt <sup>19</sup>



<sup>19</sup> Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other + other liabilities according to IFRS 16 (leases) – cash and cash equivalents – long-term and short-term investments in securities – current loans given, deposits, etc.

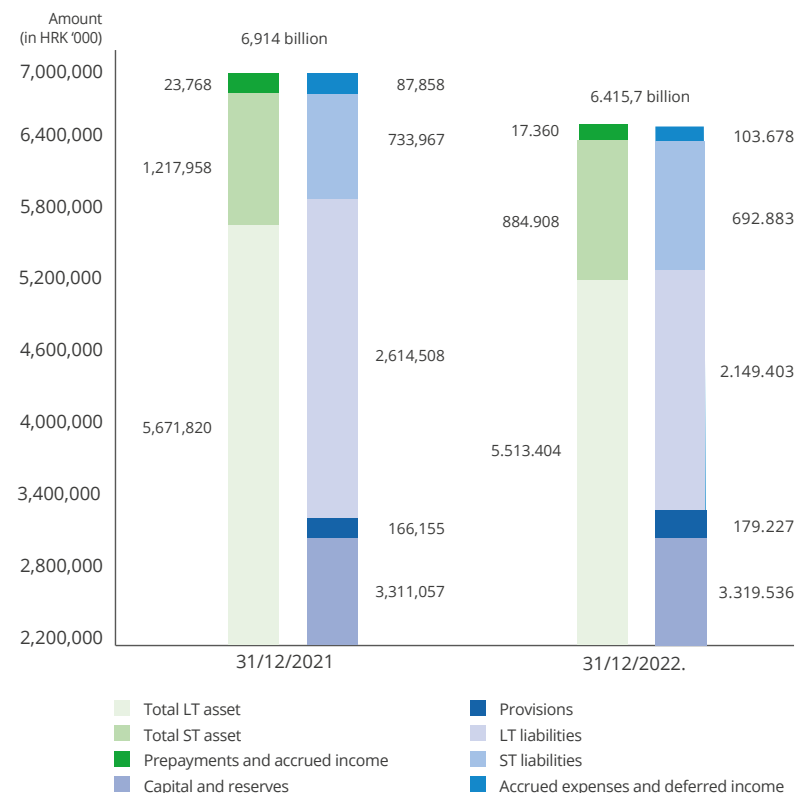
## ASSETS AND LIABILITIES

As at 31 December 2022, the total Group's assets decreased by 7.1% compared to 31 December 2021, and it amounts to HRK 6,419.8 million. The total share capital and reserves amount to HRK 3,323.7 million and are at the same level as at the end of 2022.

The total long-term and short-term liabilities to banks and other financial institutions as at 31 December 2022 amount to HRK 2,604.4 million. They are lower by 16.3% compared to 31 December 2021 as a result of Group's deleveraging.

A large part of the credit portfolio (89.7%) consists of long-term loans with contracted fixed interest rates and loans protected by derivative instruments (IRS) for the purpose of hedging against interest rate risk.

## Assets and liabilities



As at 31 December 2022, the Group's cash balance amounted to HRK 672.8 million (decrease of 39.7% compared to 31 December 2021), which together with i) contracted credit lines, ii) valuable tourism assets and iii) a strong operational business model make the Group's balance sheet position stable.



## HOTEL AND CAMPING RESORTS OVERVIEW<sup>20</sup>

HOTELS AND RESORTS OVERVIEW		LOCATION	KEYS	CAMPING RESORTS OVERVIEW		LOCATION	KEYS
<b>Hotels and Resorts</b>			<b>9.077</b>	<b>Camping Resorts</b>			<b>11.651</b>
<b>VALAMAR COLLECTION</b>			<b>1.328</b>	<b>CAMPING ADRIATIC BY VALAMAR - PREMIUM RESORTS</b>			<b>5.435</b>
Marea Valamar Collection Suites	5*	Poreč	108	Istra Premium Camping Resort	5*	Poreč	928
Imperial Valamar Collection Hotel	4*	Island Rab	136	Lanterna Premium Camping Resort	4*	Poreč	2.959
Dubrovnik President Valamar Collection Hotel	5*	Dubrovnik	292	Krk Premium Camping Resort	5*	Island Krk	500
Isabella Valamar Collection Island Resort	4* / 5*	Poreč	334	Ježevac Premium Camping Resort	4*	Island Krk	632
Girandella Valamar Collection Resort	4* / 5*	Rabac	391	Padova Premium Camping Resort	4*	Island Rab	416
Kesselspitze Valamar Collection Hotel	5*	Austria	67				
<b>VALAMAR HOTELS &amp; RESORTS</b>			<b>3.512</b>	<b>CAMPING ADRIATIC BY VALAMAR - RESORTS</b>			<b>4.556</b>
Valamar Riviera Hotel & Residence	4*	Poreč	132	Orsera Camping Resort	3*	Poreč	592
Valamar Tamaris Resort	4*	Poreč	507	Solaris Camping Resort	3*	Poreč	1.824
Valamar Parentino Hotel	4*	Poreč	329	Marina Camping Resort	4*	Rabac	329
Valamar Bellevue Resort	4*	Rabac	372	Baška Beach Camping Resort	4*	Island Krk	593
Valamar Diamant Hotel & Residence	3*/4*	Poreč	372	Bunculuka Camping Resort	4*	Island Krk	408
Valamar Sanfior Hotel & Casa	4*	Rabac	242	San Marino Camping Resort	4*	Island Rab	810
Valamar Atrium Baška Residence & Villa Adria	4* / 5*	Island Krk	92				
Valamar Carolina Hotel & Villas	4*	Island Rab	176	<b>CAMPING ADRIATIC BY VALAMAR - SUNNY</b>			<b>1.660</b>
Valamar Padova Hotel	4*	Island Rab	175	Brioni Sunny Camping	2*	Pula	740
Valamar Meteor Hotel	4*	Makarska	268	Tunarica Sunny Camping	2*	Rabac	160
Valamar Argosy Hotel	4*	Dubrovnik	308	Škriła Sunny Camping	3*	Island Krk	342
Valamar Lacroma Dubrovnik Hotel	4*	Dubrovnik	401	Solitude Sunny Camping	3*	Dubrovnik	418
Valamar Obertauern Hotel	4*	Austria	82				
Valamar Amicor Green Resort	4*	Island Hvar	56				
<b>[PLACES] by Valamar</b>			<b>369</b>				
Hvar [PLACESHOTEL] by Valamar	3*	Island Hvar	179				
Dalmacija [PLACESHOTEL] by Valamar	3*	Makarska	190				
<b>SUNNY BY VALAMAR</b>			<b>3.868</b>				
Lanterna Sunny Resort by Valamar	2*	Poreč	606				
San Marino Sunny Resort by Valamar	3*	Island Rab	457				
Rivijera Sunny Resort by Valamar	2*	Makarska	258				
Arkada Sunny Hotel by Valamar	2*	Island Hvar	251				
Tirena Sunny Hotel by Valamar	3*	Dubrovnik	208				
Club Dubrovnik Sunny Hotel	3*	Dubrovnik	338				
Eva Sunny Hotel & Residence	2* / 3*	Island Rab	284				
Crystal Sunny Hotel by Valamar	4*	Poreč	223				
Rubin Sunny Hotel by Valamar	3*	Poreč	253				
Allegro Sunny Hotel & Residence by Valamar	3*	Rabac	180				
Miramar Sunny Hotel & Residence by Valamar	3*	Rabac	178				
Corinthia Baška Sunny Hotel by Valamar	3*	Island Krk	353				
Zvonimir Sunny Hotel by Valamar	4*	Island Krk	85				
Koralj Sunny Hotel by Valamar	3*	Island Krk	194				
<b>NEW ACQUISITION'S</b>			<b>129</b>				
Hotel Marietta	4*	Austria	129				

<sup>20</sup> Hotel Marietta in Obertauern, Austria, acquired by Valamar A GmbH in December 2021 and leased to a third party until mid-2023. It is not currently under the management of Valamar Riviera. Hotel Kesselspitze in Obertauern was acquired by Valamar A GmbH at the beginning of July 2022 and is under the management of Valamar Riviera.

Dubrovnik President Valamar Collection Hotel 5\*, Dubrovnik



# Results of the Company

At the beginning of 2022 three hotels in Dubrovnik (Valamar Lacroma Dubrovnik Hotel, Club Dubrovnik Sunny Hotel by Valamar and Tirena Sunny Hotel by Valamar) were sold to the company Imperial Riviera d.d. Consequently, Valamar Riviera d.d. generated net revenues, i.e. profit from the assets' sale in the amount of HRK 471.9 million shown in the item Other operating revenues with entrepreneurs within the group. This transaction had a significant impact on the Company's separate financial reports, while it had no impact on the Group's financial reports as it was an intragroup transaction.

In 2022, total revenues amounted to HRK 2,495.4 million, which is an increase of 47.5% or HRK 803.9 million compared to 2021. The increase in total revenues is due to the above-mentioned revenues from the assets' sale and higher sales revenues from the core hospitality business.

Sales revenues amounted to HRK 1,917.3 million, increasing by 40.9% compared to the same period last year. The increase is a result of significant improvements in tourism flows following the considerably lower impact of the COVID-19 pandemic in 2022. Domestic sales revenues were HRK 268.4 million and represented 14.0% of total sales revenues (13.3% in 2021). Foreign sales revenues amount to HRK 1,648.9 million with a share of 86.0% in total revenues (86.7% in 2021).

Material costs amount to HRK 627.3 million and are up by 58.4% as a result of increased raw material costs, electricity, maintenance costs, promotional costs and other direct costs in line with the increased volume of operations. Staff costs amount to HRK 557.6 million and are up by 85.1% compared to last year, also due to increased business volume and the need for labor, as well as due to the abolition of COVID grants related to employee cost subsidies. Depreciation amounts to HRK 369.4 million and is down by 7.1% compared to last year, mainly due to the above-mentioned transfer of assets. Value adjustments and provisions amount to HRK 19.1 million and are 50.2% lower than last year.

The net financial result in 2022 amounts to HRK 13.9 million and is HRK 57.8 million higher compared to 2021 (when it amounted to HRK -43.9 million). The biggest contributor to this increase was the dividend income

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

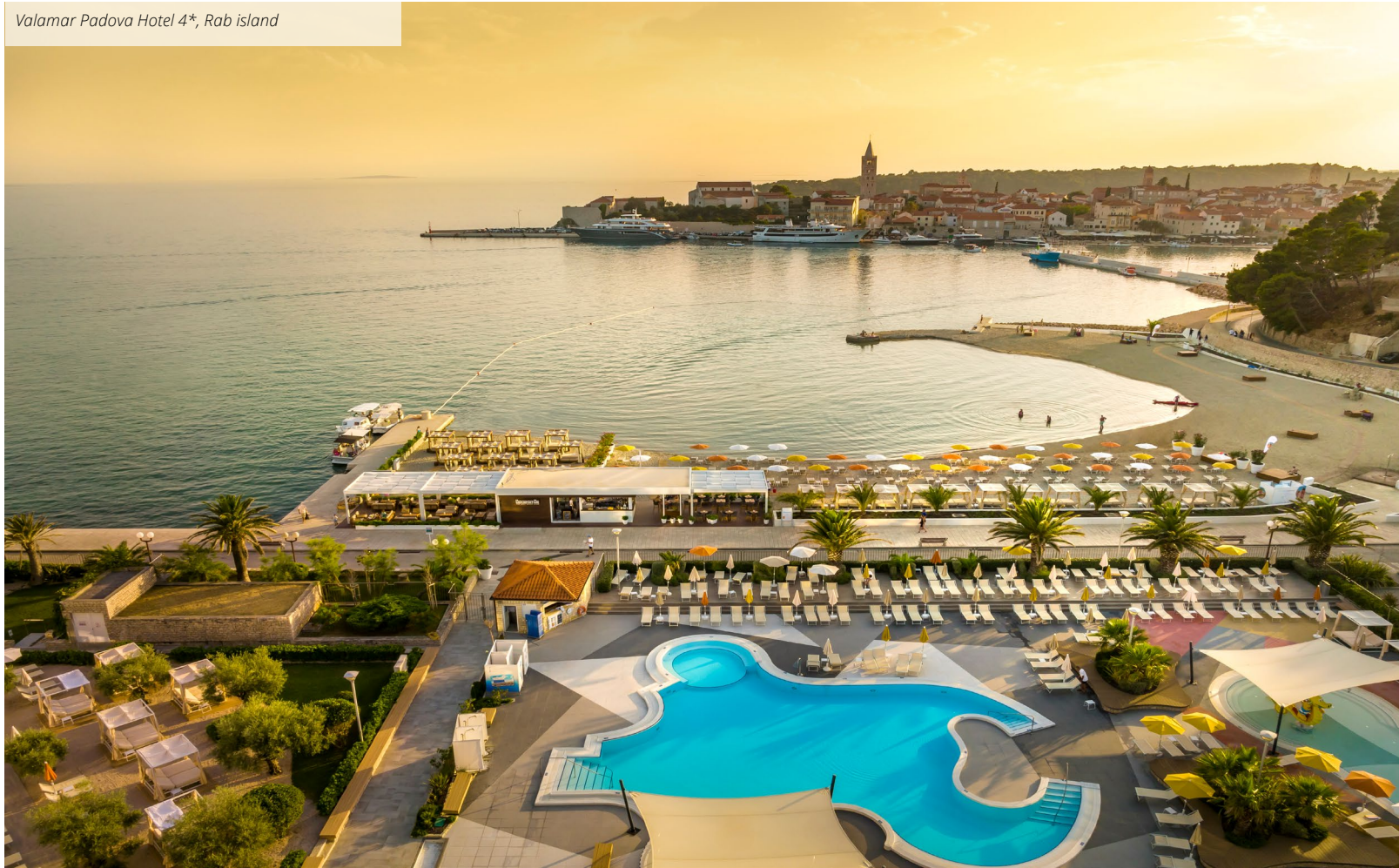
STRONG CASH  
POSITION OF THE  
COMPANY AS AT  
31 DECEMBER  
2022 OF HRK 447  
MILLION

from Imperial Riviera d.d. amounting to HRK 36.8 million, which was not the case in 2021. In addition, the increase in unrealised gains on financial assets (based on the fair value of interest rate swaps), amounting to HRK 18.5 million net, had an impact on the improvement in the net financial result. On the other hand, the decrease in positive and the increase in negative exchange rate differences had the biggest impact on the decrease in the net financial result, amounting to HRK 12.6 million net. This was primarily related to unrealised exchange rate differences on long-term loans.

Following considerably increased volume of operations compared to 2021 and the previously mentioned profit from the sale of assets in the amount of HRK 471.9 million, an EBITDA amounting to HRK 1,028.1 million has been realised. This is an increase of HRK 213.8 million compared to 2021 when an EBITDA of HRK 814.3 million was achieved. Following 8.7% lower depreciation costs and the better net financial result as described above, the earnings before tax (EBT) amount to HRK 672.3 million. This is an improvement of HRK 301.2 million compared to the same period last year. The Company has reported income tax in the amount of HRK 115.7 million. With respect to previously recognized deferred tax assets based on tax losses and tax incentives, for the Company in 2022, there is no obligation to pay income tax. The net profit 2022 amounts to HRK 556.6 million.

As at 31 December 2022, the total Company's assets amounted to HRK 5,223.2 million a decrease by 10.4% compared to 31 December 2021, primarily as a result of selling three hotels to Imperial Riviera and dividend payment. The total share capital and reserves amount to HRK 3,075.0 million, up by 17.4% as a result of the realized net profit. As at 31 December 2022, the cash balance of the Company amounts to HRK 446.6 million, which represents a decrease of 23.3% compared to 31 December 2021.

Valamar Padova Hotel 4\*, Rab island



# Investment cycle 2021/22



## VALAMAR RIVIERA

In the 2021/22 investment cycle Valamar Riviera realized investments in the amount of HRK 189 million.

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

By continuing investments in Istra Premium Camping Resort, one of the best campsites in the Mediterranean, the premium segment accommodation is additionally upgraded and its quality improved. A further upgrade of its products and services includes an additional expansion of the interior of the Grano Duro restaurant which offers a wide selection of Italian cuisine specialties. The Bokoon tavern, which offers authentic traditional Istrian dishes, and which has been recognized and favored by both tourists and the local population, will undergo various improvements. Investments also include the opening of the new Fonte restaurant with a covered terrace, a new multifunctional sports court, additional interactive content for children, an additional beach on the northern side, improvement of accommodation, and upgrade of the Sunset & A Zone pitches as well as the expansion of the Orlandin zone with 33 new mobile houses, ten of which luxurious premium villas with a private swimming pool.

Istra Premium Camping Resort 5\*, Poreč



The investments in Lanterna Premium Camping Resort ensure a quality level upgrade for all facilities in this campsite as well as additional horticultural landscaping and a general service improvement. The Punto Blue zone was finalized – a completely new, exclusive, and sustainable premium zone consisting of 30 elegant premium camping homes and two swimming pools with a spectacular view of Tar Bay and the city of Novigrad. Solar collectors were placed at the top of the new roof covers, charging stations for electric cars were installed, and two sanitary facilities were completely reconstructed. The Valamar Bellevue Hotel by the sea has proven to be the perfect choice for families due to its numerous kid facilities. Investments enabled the achievement of its repositioning, including F&B upgrade and rebranding, the implementation of the Maro Smart Play, and an upgrade of 26 family accommodation units. The Sunny Plus concept was implemented in the Allegro Sunny Hotel to be able to offer our guests an even more fulfilling experience. It includes a digital library, the Chill & Play zone, and the Valfresco food display cabinet available 24/7. Also, the quality of the restaurant, sunbathing area, and swimming pool has been improved.

Besides investing in hotels and campsites, Valamar has been actively investing in maintenance, furniture as well as in IT maintenance and equipment. Within other investments, Valamar is also investing in the digitalization and business transformation for the new growth period and in the implementation of digital and innovative projects. Investments also includes an upgrade of the beaches in its destinations, brand implementation and updating of the Valamar's web for the year 2022.

## IMPERIAL RIVIERA

Imperial Riviera d.d. 2021/22 investment cycle amounted to HRK 125 million.

An investment amounting to HRK 67.1 million in the existing Dalmacija Sunny Hotel by Valamar in the destination of Makarska is completed, which was repositioned to Dalmacija [PLACESHOTEL] by Valamar. This investment includes the reconstruction of the existing and the construction of a new swimming pool, the arrangement of sundecks

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

ALL  
INVESTMENTS  
COMPLETED  
ACCORDING TO  
PLAN

and a new swimming pool bar, the renovation of 190 accommodation units and other joint spaces at the level of lifestyle design with an emphasis on digitalization and quality, as well as the renovation of bathrooms. The renovation of the existing main restaurant, which makes part of the Lobby zone (Flexi board concept), is also underway. The ground floor and Lobby have been designed as one unit, thematically separated by zones (Lobby Bar/Reception, Digital Library, Pop Up Store, and Game Room). The existing Wellness is branded into Places Spa. The idea behind this new concept is to be able to offer to our guests, via the new [PLACES] hotel concept, a wider range of services as well as the possibility to truly get to know the local Mediterranean lifestyle of this destination. The works on the hotel renovation were finalized and executed according to the planned dynamics. The hotel was opened in mid-May. The beach restaurant below the Dalmacija [PLACESHOTEL] by Valamar, currently named Il Golfo, is being repositioned. The key interventions are the renovation and arrangement of the terrasse, new bar and counter, the arrangement of the interior and kitchen, furnishing with new seating furniture and beach amenities, and installing sunshades. Additional investment in the Valamar Meteor Hotel was also finalized, including new sundecks with attractions for kids in front of the Mediterraneo restaurant where the works will be realized in autumn and will be finished by the end of the year, while on the Lobby terrace a sundeck has been added. Likewise, there was an upgrade of the existing family rooms, restaurant, swimming pool and sundeck, sports facilities and animation, which were all completed.

In the destination of Rab, the construction and furnishing of the Padova I beach has been completed, as well as the construction and furnishing of the associated hospitality facility called The Beat Beach Club and the sanitary facilities. The purpose of this investment is to increase service quality and expand business activities on the future Padova beach. The northern Valamar Padova Sandy Beach and the southern entrance is being branded and marked, and new signaling is installed on the promenade and the beach.

Besides investing in facilities, Imperial Riviera d.d. has been actively investing in maintenance, furniture, IT maintenance and equipment as well as in energy efficiency increase projects.

Tirena Sunny Hotel by Valamar 3\*, Dubrovnik



# Investment cycle 2022/23

The continuous success and growth of Valamar Riviera rest on investing in products, employees and tourist destinations. Through its commitment to reducing carbon footprint and its continued renewable energy investments, Valamar Riviera always takes care to ensure sustainable and socially responsible development. Along with enriching our tourist offer, we have developed Valamar service concepts to reach current market demands and guest expectations. We have thus respectively adjusted our planned portfolio development towards high added value offer and services, focused on the premium resorts and campsites segment, to the decreased investment intensity in the past couple of years. Simultaneously, we have prepared new growth and development projects for the future. In accordance with the harmonisation of our planned portfolio and development with the current tourist flows and a proactive approach to cash flow management and financing, we have primarily focused our investments in the 2022/2023 cycle on finalising the commenced projects and realising new investments. These investments are aimed at enhancing quality and guest satisfaction.

The approved investments for the 2022/2023 cycle at Valamar Group amount to a total of EUR 58 million. The Group has continued aligning its products and developing digitalisation projects to boost its service quality and improve guests' safety for the upcoming tourist season. These investments mostly relate to financing the improvement and quality upgrade of Istra Premium Camping Resort, the repositioning of the Valamar Tirena Hotel to the VHR 4\* category, the building of the Maro World in Babin Kuk and the repositioning of the Club Dubrovnik Sunny Hotel to the Sunny Plus concept.

Besides investing in hotels and campsites, Valamar has also been actively investing in digitalisation and innovation for the new growth period.

*Istra Premium Camping Resort 5\*, Poreč*



## VALAMAR RIVIERA

The planned investments of Valamar Riviera for the 2022/2023 cycle amount to EUR 26.0 million. Besides continuing to invest in energy efficiency and digitalisation projects, these investments mostly relate to the projects of quality upgrade and improvement of Istra Premium Camping Resort 5\*, a further upgrade and improvement of the Corinthia Sunny Plus Hotel by Valamar 3\*, projects of investing in the maintenance of properties and guest facilities and in accommodation of seasonal employees in all destinations.

The biggest individual capital investment in 2022/2023, amounting to EUR 7.5 million, relates to Istra Premium Camping Resort, the best Family Camping Resort in Croatia and one of the best campsites in the Mediterranean. This investment is focused on additional quality upgrades and premium segment improvements. It includes an expansion of the Orlandin zone (10 new mobile houses), an expansion of the C zone including 18 new villas with a swimming pool, a new restaurant called Tuna Bay Grill, the finalisation of the Fonte restaurant, an upgrade of the supermarket and outdoor wellness, and an expansion of the parking lot and charging stations. The C zone will be expanded to an area of 9,200 m<sup>2</sup> that will accommodate 18 brand new villas with a private swimming pool. Besides a private pool with heated water and an outdoor shower, each villa will consist of a bedroom with a double bed, a children's room with two beds, a bathroom with a shower, and a covered terrace. These investments will also ensure an additional quality upgrade of all campsite facilities and an overall service uplift.

Valamar Riviera is continually focused on green projects, sustainability and energy efficiency. In this investment cycle, Valamar Riviera has invested in sustainability projects almost 10% of its total current investment plan. We have upgraded our bio-waste and recycling units, reconstructed our solar panels, installed electric vehicle chargers, and planted new trees and greenery in all of our destinations. We have made an additional investment of EUR 4 million in digitalisation and innovation projects that serve to continually improve our service quality.

IN THE 2022/23  
CYCLE,  
VALAMAR  
RIVIERA'S  
INVESTMENTS  
ARE PLANNED  
IN THE AMOUNT  
OF 26 MILLION,  
AND IMPERIAL  
RIVIERA'S 32  
MILLION

EMPHASIS  
ON GROUP'S  
INVESTMENTS  
IN THE  
DESTINATION  
OF DUBROVNIK

Besides environmental protection and energy efficiency, we pay particular attention to investing in the maintenance of all of our destinations. We do so by investing in the regular maintenance of properties and guest facilities and by investing in safety. Taking into account the 2022/2023 investment cycle only, Valamar Riviera has invested in maintenance more than EUR 9 million. We have made additional investments amounting to more than EUR half a million in the upgrade of beaches and over EUR 400 thousand in the improvement of guests' safety.

## IMPERIAL RIVIERA

The company Imperial Riviera d.d. has commenced its 2022/2023 investment cycle, and plans to invest EUR 31.6 million. The most important investments relate to the Dubrovnik destination, i.e. to the Valamar Tirena Hotel, Valamar Lacroma Hotel, Club Dubrovnik Sunny Hotel, and to the ancillary properties of Exodus and Popiva, i.e. the future Maro World.

The investment in the Valamar Tirena Hotel has begun. This project is aimed at refurbishing this hotel to make quality upgrades and modernise the hotel premises, renovate old equipment parts and update the working processes. These investments will also be utilised to upgrade this hotel to the four-star quality level, i.e. to reposition it to Valamar Hotels & Resorts 4\*. All of 208 accommodation units and all public area hallways are being fully renovated, and the entire outdoor hardware is being replaced. New glass balcony fences are being installed to meet the safety requirements. The reorganisation of the kitchen on the ground floor in accordance with the provisions of the HACCAP standard is also planned. The cafeteria and the backdoor space will be arranged as well. This investment will also include a redesign of the main roof cover, a remodelling of the hotel entrance and of all public areas, of the lobby and the reception. The planned investment amounts to EUR 13.6 million.

The investment in the Valamar Lacroma Hotel has commenced as well. This investment covers quality upgrades and a redesign of the hotel's interior, including accommodation units, public areas with an emphasis on the F&B segment, the indoor swimming pool and wellness zone, a new outdoor Mezzino bar, and the swimming pool complex with water slides and the accompanying sun deck. The investment in the accommodation units includes a redesign of their interior with fully new furnishings, fitted and moveable furniture and hotel equipment. The planned investment amounts to EUR 4.7 million.

The investment in the Club Dubrovnik Sunny Hotel has begun too, including a complete remodelling of 102 accommodation units. Everything except bathrooms in 199 accommodation units is also being remodelled, which includes new floor coverings, beds, furniture and lighting. The hotel's entrance and driveway are being remodelled as well, along with the interior redesign of the reception, lobby and the entire restaurant. A new water slide is being installed in the outdoor swimming pool zone, and the procurement of the new equipment for the sun deck and the swimming pool zone is underway. This investment will reposition this hotel to the Club Dubrovnik Sunny Hotel by Valamar. The planned investment amounts to EUR 3.1 million.

The investment relating to two existing properties, Popiva and Exodus, has also begun. After it is finalised, this area will become a large children's complex with various facilities for all ages under the name of Maro World. The investment will include a complete reconstruction of the property and the construction and refurbishing of new facilities within and outside the properties. Maro World is designed to be a large theme playground at the disposal of all children in Imperial Riviera properties. The planned investment amounts to EUR 3.8 million.

Except for investing in properties, Imperial Riviera d.d. actively invests in maintenance, furniture, IT equipment, and energy efficiency increase projects.

Additional infrastructural solutions are also planned within investments in software integrations, WiFi projects, video surveillance and smart rooms.

The preparation of the project documentation for San Marino Sunny Resort by Valamar, San Marino Premium Camping Resort by Valamar, and Valamar Collection Suha Punta Resort is underway. The zoning plan documentation for the realisation of future investments is being actively prepared as well.

Activities for future developmental projects in all of the Company's destinations are also underway. These projects are aimed at increasing service quality and energy efficiency, about which concrete investment decisions are yet to be made.



*Valamar Lacroma Dubrovnik Hotel 4\*, Dubrovnik*

Valamar Amicor Green Resort 4\*, Hvar island



# ESG & Human resources

## ESG STRATEGY AND GOALS

At the end of June 2022, Valamar presented a new sustainability strategy and ESG targets by 2025 in an integrated report (available at the link: <https://valamar-riviera.com/pdfjs/viewer.html?file=/media/451419/integrated-annual-report-and-sustainability-2021.pdf> ). It is a strategic plan that combines 12 key environmental (E), social (S) and governance (G) goals that Valamar plans to achieve through 6 strategic initiatives by 2025. The 2021 Integrated Report, which also includes a non-financial report is in accordance with the Standards of the Global Reporting Initiative (GRI) as well as the applicable regulations related to the EU taxonomy. Valamar is the first tourism company in Croatia to integrate sustainable development into business and development management and to announce sustainability goals according to the ESG framework.

The comprehensive sustainability strategy focuses on six strategic initiatives to achieve the ESG targets by 2025 and position Valamar as a sustainability leader among European hotel and tourism companies. The ESG strategy includes Valamar's entire value chain from suppliers, employees and operations, to guests and destinations. Valamar is committed to sustainable use of natural resources and a positive impact on the destinations and society in which it operates.

As the leading tourism company in Croatia, Valamar has invested almost 65 million euros in various sustainability and social responsibility programs since 2015. These programs include investments in renewable energy and energy efficiency, tourism infrastructure, as well as numerous programs for employees, social and philanthropic programs. Valamar presented a new sustainability strategy and ESG goals by 2025. Valamar Riviera plans to become a carbon neutral company in the first and second scope in the next three years and will invest EUR 50 million in destination development and sustainability projects.

ESG STRATEGIC PLAN INCLUDES 12 KEY GOALS IN THE AREA OF ENVIRONMENT (E), SOCIETY (S) AND GOVERNANCE (G) TO BE REALIZED UNTIL 2025

FINANCIAL TIMES LISTED VALAMAR AS ONE OF THE CLIMATE LEADERS IN EUROPE FOR 2022

## 2025 ESG GOALS

### 1. CARBON NEUTRALITY BY 2025 (first and second scope)

Valamar will continue to reduce its greenhouse gas emissions and achieve carbon neutrality at company and portfolio level owned and operated by 2025.

### 2. 15% OF SOLAR ELECTRICITY

Valamar will significantly increase the share of electricity from renewable sources, i.e. solar energy produced at Valamar properties, and will continue to invest in renewable energy sources through long-term partnerships.

### 3. HIGHEST SEA WATER QUALITY IN ALL VALAMAR DESTINATIONS

Valamar will continue to protect and manage the quality of the sea in all its destinations measured by the Blue Flag, the world-famous label that ensures the ecological management of beaches and marinas.

### 4. REFORESTATION AND 80,000 TREES

Valamar is committed to reforestation and sustainable management of 80,000 trees and hundreds of hectares of greenery in and around Valamar's properties, especially on the Adriatic coast.

### 5. WASTE RECYCLING RATE BETTER THAN EU AVERAGE

Valamar will continue to achieve higher recycling rates than the EU average.

### 6. LOW WATER WITHDRAWAL

Valamar will keep the water withdrawal intensity below 0.55 m<sup>3</sup> per occupied room and focus on the use of treated wastewater and optimization of water consumption.

### 7. ZERO SINGLE-USE PLASTIC

Valamar strives to replace or dispose of single-use plastic packaging in its properties.

### 8. 70% OF DOMESTIC EMPLOYEES

Valamar employs and retains local employees. The company provides



## ESG ACHIEVEMENTS 2022

<b>ENVIRONMENT</b>	ZelEn CERTIFICATE FOR USING ELECTRICITY ENERGY FROM RENEWABLE SOURCES	70% DECREASE IN CO2E INTENSITY (VS.2015 BASELINE)	FINANCIAL TIMES CLIMATE LEADER COMPANY (TOP 30 IN EUROPE)	INSTALLED SOLAR POWER PLANTS FOR 6% OF TOTAL ANNUAL ELECTRICITY CONSUMPTION	GREEN PRIX NATIONAL AWARD FOR DECARBONISATION	3.100 TREES PLANTED THROUGH GUEST DONATIONS IN CROATIA & 274 TREES PLANTED IN VALAMAR
<b>SOCIETY</b>	EUR 10 MILLION INVESTED INTO OUR DESTINATIONS AND SOCIAL IMPACT SINCE 2015	TOP EMPLOYER IN CROATIAN TOURISM	MAJORITY OF FOOD & BEVERAGE LOCALLY PRODUCED	FOCUS ON DOMESTIC EMPLOYEES	NATIONAL AWARDS FOR SUSTAINABILITY FROM MINISTRY OF TOURISM	REDUCTION IN FOOD WASTE THROUGH BIOCOMPOST
<b>GOVERNANCE</b>	DEVELOPED ESG STRATEGY WITH FORMULATED ESG TARGETS	CHARTER FOR IMPROVING QUALITY IN THE CROATIAN ECONOMY 1ST PLACE	26 HOTELS WITH TRAVELIFE CERTIFICATE & 6 CAMPSITES WITH EU ECOLABEL CERTIFICATE	VALAMAR PROPERTIES ISO 14001 & ISO 50001 CERTIFIED	15 BLUE FLAG CERTIFIED BEACHES	VALAMAR AMICOR GREEN RESORT 1ST ECO RESORT

numerous opportunities for personal and professional development of employees through education and training programs.

#### 9. LOCAL FOOD SHARE 80%

Valamar has a high share of domestic production and local products in the food and beverage segment. By promoting indigenous products, Valamar provides authentic experiences and develops long-term partnerships with local producers.

#### 10. EUR 50 MILLION INVESTED IN ESG

Valamar will continue to invest in carbon neutrality, biodiversity, employees, destination development, tourism infrastructure and local communities for the benefit of all stakeholders.

#### 11. RESPONSIBLE SUPPLIERS' VALUE SHARE 80%

In order to have a greater positive impact on the environment and the destinations in which it operates, Valamar engages and motivates its strategic suppliers to transition towards sustainable business practices.

#### 12. 100% OF PROPERTIES WITH SUSTAINABILITY CERTIFICATES

Valamar's commitment to sustainability is recognized by professional organizations and a large number of Valamar properties hold these certificates.

During 2022, Valamar has taken certain steps towards achieving the set goals. Fifteen blue flags are found in Valamar destinations, and 78% of food and beverages are locally produced. Valamar will plant almost three thousand new trees in Split-Dalmatia and Karlovac County by mid-December. In 2022, 100% of Valamar's properties earned ISO 14001 and 50001 certificate, and 34 properties have sustainability certificates.

IN 2022, VALAMAR SIGNIFICANTLY INCREASED SALARIES AND REWARDS FOR ALL OF ITS EMPLOYEES. AS THE FIRST TOURISM COMPANY IN CROATIA, IT STARTED THE PROCESS OF ALIGNING SALARIES WITH THE LEVEL OF SALARIES IN THE EUROPEAN TOURISM INDUSTRY.

## CLIMATE CHANGE MITIGATION

In the period from 2015 to 2022, Valamar reduced its carbon footprint by 70%. In 2022, more than 80% of electricity comes from renewable sources, and Valamar properties have installed solar power plants, which provide 6% of the total annual consumption.

The results were also observed globally, and the Financial Times recognized Valamar as one of the climate leaders in Europe for 2022. In 2022, Valamar Riviera and E.ON Croatia received the National Environmental Award 2022 – Green Prix in the category 'Decarbonize the community', which represents an award for natural and legal persons who contributed to the achievement of climate goals in the wider community through their project activities in the period from 2021 to 2022. At the Days of Croatian Tourism in October 2022, Valamar was awarded a special Recognition for excellence in the application of the principle of sustainable tourism.

Find more information about Valamar Riviera's ESG goals and initiatives on <https://esg.valamar-riviera.com/>.

Valamar will publish its integrated report for 2022 within the legal timeframe, in the first half of 2023, and the report will be available at the link: <https://valamar-riviera.com/en/media/integrated-annual-reports/>.

## VALAMAR RIVIERA AND IMPERIAL RIVIERA ENVIRONMENTAL AND SUSTAINABLE CERTIFICATES IN YEAR 2022

Valamar's commitment to sustainability has been confirmed by certification bodies and organizations that have awarded numerous sustainability certificates and labels to Valamar Group companies and tourist accommodation facilities.

Sustainability certificates are independent confirmation that Valamar operates in accordance with high standards of environmental protection

and social responsibility, i.e. that we take care about ecology, health and safety, labour and human rights, as well as the local community when making business decisions and during operations.

Below are presented the certificates and labels of sustainability pillars that are awarded to Valamar.




**ISO 14001 Environmental Management System**  
Certified all tourist accommodations of Valamar Riviera & Imperial Riviera



**Travelife Sustainable Hotel Certificate**  
Certified 26 hotels and resorts of Valamar Riviera & Imperial Riviera



**BLUE FLAG**  
Environmental program for beaches protection  
Awarded to 15 of our beaches



**EU Ecolabel - Environmental label**  
Awarded to 6 Valamar Riviera campsites



**Sustainable Hotel Certificate - UPUHH**  
Certificated 7 hotels of Valamar Riviera & Imperial Riviera



**ISO 5001 Energy Management System**  
Certified all tourist accommodations of Valamar Riviera & Imperial Riviera



**ConsumlessMed**  
Sustainable label  
Awarded to 9 hotels of Valamar Riviera in Istria

## HUMAN RESOURCES

Valamar is one of the largest employers in Croatia. In the peak of the season on 31 July 2022 Valamar Group employed a total of 7,447 employees, of which 2,416 were permanent.

As at 31 December 2022, the Group had a total of 3,222 employees, of which 2,370 were permanent, and the Company had 2,457 employees, out of which 1,849 were permanent.

The Company and the Group have been systematically and continuously investing in the development of their human resources through a comprehensive strategic approach to human resources management. This includes a transparent recruitment process, clear goals, measuring employee performance and investing in employee development and careers, and encouraging two-way communication.

Despite the crisis which had marked the two preceding years, in 2022, Valamar significantly increased salaries and rewards for all of its employees. As the first tourism company in Croatia, it started the process of aligning salaries with the level of salaries in the European tourism industry. Salaries for professional occupations were raised by an average of 14%, and in 2022 they amounted to 1,000 to 1,600 euros per month net. A guarantee was introduced that, starting from the 2022 season, guaranteed employees a minimum net income of 750 to 1,100 euros for the full amount of hours worked. More than 15 million euros were invested in salary increases and reward programs for 7,000 employees. Aiming to ensure a year-round income to as many employees as possible, this year Valamar offered 200 new permanent contracts. Its additional portfolio expansion in Austria has increased the number of employees to whom Valamar is able to offer the opportunity to work in its winter destinations.

Except for the increase in salaries, several initiatives have been launched to improve the working conditions in tourism and align the jobs at Valmar to new trends and requirements. The 'Live the Destination' programme thus offers other benefits such as discounts

at more than three hundred points of sale and flexible forms of work to best support the life-work balance.

In the last 5 years, HRK 140 million has been invested in the construction of quality accommodation for seasonal employees under the name of Valamar House. This investment enabled the opening of five such staff residences for seasonal employees, two of which in Poreč, one on the island of Krk, one in Rabac and one in Dubrovnik. Year after year, Valamar has been investing in that project. This concept of ensuring modern and quality accommodation and meals for seasonal employees during their stay in the destination where they work has been continuously improving. The goal of the Valamar House concept is to provide seasonal employees with excellent accommodation and meals in all of Valamar's destinations. The modern Valamar Houses offer single and double bedrooms, free internet, relaxation areas and quality meals.

Besides its numerous reward programmes, at the end of each year, Valamar additionally recognises and rewards its employees for their extraordinary achievements in the current year. In 2022, 450 employees who had demonstrated excellence in various categories, either individually or as a team, were rewarded. Rewards were given e.g. to employees who had achieved extraordinary results with their teams and in their properties, to managers whose teams had the biggest employee satisfaction and to Valamar ambassadors who had achieved excellent results in the state and world competitions.

Valamar has developed numerous programmes for the education and development of its employees at all jobs, including Valamar Excellence, an umbrella life-long learning programme. In 2022, this programme enabled employees to gain top knowledge about business operations in tourism and hospitality, i.e. Valamar Educations (V-Professional programmes) and Valamar Trainings (V-Academy, V-Lead, V-Start and V-Intern programmes).

Being continuously dedicated to providing top service, Valamar held its UP!lifting workshops in 2022 as well. These workshops aim to create a top service excellence culture and motivate employees to dedicate their potential to uplifting service excellence.

NUMEROUS  
PROGRAMS  
FOR EMPLOYEE  
EDUCATION  
AND  
DEVELOPMENT  
HAVE BEEN  
DEVELOPED

Valamar has been included in the Programme of Supporting the Education of Professionals in Hospitality and Tourism, implemented by the Ministry of Tourism and Sports, from its very beginning. Through this Programme, Valamar has been co-financing the scholarships for pupils of vocational tourism schools. Valamar is the largest scholarship provider in Croatia, and it provides scholarships for 111 pupils in the school year 2022/2023.

As an employer, Valamar is included in a series of other activities to increase pupils' motivation for tourism jobs, such as holding presentations to pupils and presenting tourism jobs and career development. Valamar actively participates in increasing the quality of tourism education. Valamar's specialists and mentors hold lectures in schools, and pupils visit Valamar's hotels and campsites and thus become acquainted with the actual requirements of the job.

Valamar also participates as a partner to three regional tourism competence centres and, together with the academic community, develops new curricula and job standards.

Besides salary level and other benefits offered, as the best rated employer in the tourism industry for five consecutive years, Valamar recognises the importance of harmonious relations at the workplace, job security and employer's social responsibility as crucial factors in the choice of employer. Employees themselves have also recognised Valamar's employee care. In the regular survey of the corporate culture and atmosphere carried out in 2022, employees highlighted precisely Valamar's corporate culture and atmosphere as its greatest values.

Bunculuka Camping Resort 4\*, Krk island



# The Risks of the Company and the Group

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

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

## 5

### KEY STEPS IN RISK MANAGEMENT PROCESS

There are five key steps in a risk management process:

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

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

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



## FINANCIAL RISKS

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

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

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

### 1) Foreign exchange risk

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

accordance with the current state and future assessment of the Company's and the Group's foreign exchange position, expectations of movements in the value of the kuna/euro currency pair as well as other intercurrent relationships among world currencies.

### 2) Interest rate risk

Variable rate loans expose the Company and Group to cash flow interest rate risk. Actively, the Company and Group resort to derivative instruments in order to hedge cash flow and interest rate by applying interest rate swaps. The economic effect of such swaps is the conversion of variable interest rate loans into fixed interest rate loans for a precommitted hedged part of the loan principal. Therefore, a major part of the loan portfolio is comprised of long-term fixed interest loans or, respectively, loans hedged by a derivative instruments (IRS). The Company and Group have interest-bearing assets (cash assets and deposits) so their revenue and cash flow depend on changes in market interest rates. This becomes evident especially during the season when the Company and Group have significant cash surpluses at their disposal. The Company and the Group expect a limited impact from the increased interest rate volatility consequent to the recent coronavirus pandemic, since a large portion of the Group's loan portfolio (89.7%) is made up of long-term fixed-rate loans, i.e. loans protected by derivative instruments (IRS).

### 3) Credit risk

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

### 4) Price risk

The Company and Group hold equity securities and are exposed to equity price

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

#### 5) Liquidity risk

The Company and Group have a sound liquidity risk management. Sufficient funds for meeting liabilities are available at any given moment through adequate amounts from contracted credit lines and by ensuring credit line availability in the future. Liquidity risk is managed by generating strong positive net operating cash flows, while capital investments are financed by credit lines. Credit lines for 2020 and 2021 have been contracted with reputable financial institutions, while credit repayments in general are in line with the period of significant cash inflows from operating activities. The repayment of the major credit lines coincides with periods of strong cash inflows from operations. The Company and Group monitor the level of available funds through daily cash and debt reports. Long-term cash flow forecasts as well as annual (monthly) forecasts are based on the set budget. After meeting the needs of working capital management the surplus is deposited in the treasury. From there the funds are invested in current accounts, time deposits, money market deposit accounts and marketable securities. Only instruments with suitable maturities and sufficient liquidity are selected, according to the forecast needs for liquid funds.

#### 6) Share-related risks

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

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

COVID-19 pandemic and related movement restrictions as well as supply

disruptions, along with strong rising energy prices and the war in Ukraine, have induced global inflation and rising prices at the end of 2021 and throughout 2022.

The Croatian Bureau of Statistics (DZS) announced in January 2023 that, measured by the consumer price index, the prices of goods and services for personal consumption in December 2022 compared to December 2021, i.e. at the annual level, increased by 13.1% on average.

According to Croatian National Bank's (HNB) press release from December 2022, the faster increase in prices in 2022 is largely the result of surges in the prices of energy products and food and industrial raw materials in the world market. The faster increase in inflation was also driven by the strong demand for services following the lifting of pandemic containment measures, amid the lack of qualified labour force and the rise in wages in the hotels and restaurants sector. By contrast, inflation growth was somewhat mitigated by the restriction on the prices of some energy products and basic food products. Considerably higher inflation in Croatia compared to that in the euro area stems from a sharp increase in the non-resident demand for tourist services, stronger economic recovery, lower competition in the domestic market and differences in the consumer basket structure with a larger share of food and accommodation services in 2022. HNB expects that the inflation in Croatia will slow down in 2023.

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



## BUSINESS RISK

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

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

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

When considering risks related to the tourism and hospitality industry, in previous years, the Croatian economy has been afflicted by the consequences of a global financial crisis and economic standstill. In this period, the tourism and hospitality industry has been among the rare growing industries in Croatia. Moreover, the marked seasonality of this industry leads to insufficient use of the Company and Group's resources. After joining the European Union, the Croatian market became part of a large European market, while safety risks decreased after joining the NATO. Good management of human resources is vital for the future growth of the Company and Group. Risks related to shortages of specific skills, expertise and jobs are connected with the opening and expansion of the 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 economic and financial crisis which reduce the purchasing power

of the travelling-prone population;

- Security and political issues related to global terrorism threats;
- Security and political instability in the immediate environment of the neighbouring countries.
- geopolitical risks connected with the Russian invasion of Ukraine in February 2022.

Environmental risks can also have an adverse effect on the Company and Group's business results, primarily in terms of customer satisfaction with the whole experience while staying at one of Valamar's properties and this can affect the number of arrivals. The possible risks can include: sea pollution (caused by oil or chemical spillage), but also long-term water quality reduction and coast pollution due to inadequate waste disposal and waste water treatment as well as extensive use of agricultural fertilizers. Other environmental conditions typical for climate changes such as long drought periods or long rainy periods can directly influence the guests' length of stay in the hotels and campsites as well as increasing the operating costs. A number of other natural disasters and calamities (earthquakes, fires, floods and rainstorms), air pollution caused by toxic gas emissions from industrial plants and vehicles, as well as excessive urbanization and the introduction of plant and animal invasive species should also be taken into consideration. Likewise, disease outbreaks and pandemics can adversely affect Valamar's business results. In order to minimize their impact, Valamar is actively tracking pandemic and health risk levels worldwide, especially on its source markets, and taking proactive steps in their management. The COVID-19 pandemic is a recent example of the operational and financial disruption to the global economy, especially tourism flows, since almost all global destinations were blocked by travel restrictions. The emergence of exceptional circumstances in the Republic of Croatia and the introduction of extraordinary measures to prohibit gatherings, movements and the operation of restaurants and shops, all with the primary objective of protecting the population from the risk of contagion, resulted in the expected consequential and immediate disruption of the Company's and the Group's operations, cancellation of accommodation and other contracted services by partner agencies and guests.

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

## REGULATORY RISKS

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

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

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

Valamar Collection Imperial Hotel 4\*, Rab island



# Corporate Governance

The Company and the Group continuously strive to develop and operate according to good 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 Corporate Governance Code (Compliance questionnaire for 2021 is available at <https://valamar-riviera.com/media/451413/compliance-questionnaire-2021-pdf.pdf>).

The Company complies with and implements the prescribed corporate governance measures, as reported in more detail in the annual questionnaire published on the Zagreb Stock Exchange and Valamar Riviera websites as prescribed. The Company adopted its Code of Business Conduct and policies that make an integral part of this Code, whereby it aligned its internal corporate governance rules with the Zagreb Stock Exchange Corporate Governance Code. The Code of Business Conduct is available at the Company's corporate website (<https://valamar-riviera.com/media/467902/code-of-business-conduct-valamar-riviera-dd.pdf>).

To ensure a safe consumer environment and enable a reliable and transparent introduction of the euro in the Republic of Croatia, on 19 October 2022, the Company joined the Code of Ethics – Euro – an initiative of the Ministry of Economy and Sustainable Development.

The major direct Company's shareholders according to the Central Depository and Clearing Company data and the shareholders whom are Company'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 shares; the Deputy Chairman of the Supervisory Board, Mr. Franz Lanschuetzer, holds 4,443,000 shares; the Deputy Chairman of the Supervisory Board, Mr. Mladen Markoč, holds 30,618 shares; the Member of the Supervisory Board Mr. Georg Eltz holds a total of 6,630,511 shares, of which directly 20,463 shares, and indirectly through a stake in company Satis d.o.o. 6,610,048 shares; the Member of the Supervisory Board Mr. Boris Galić holds a total of 10,000 shares,

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

the President of the Management Board, Mr. Željko Kukurin, holds 139,360 A shares; the Member of the Management Board Mr. Marko Čizmek holds 68,251 shares and the Member of the Management Board Ms. Ivana Budin Arhanić holds 35,529 shares .

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

The Companies Act and the Company 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 2022 the Company wasn't involved in treasury shares acquisition neither disposal of its own shares.

In accordance with the decision of the Supervisory Board, the Company's shares amounting to HRK 49 million will be awarded to the management and key employees for exceptional business results achieved in the three-year crisis period 2020-2022. (i.e. during the COVID-19 pandemic and geopolitical tensions). Namely, in order to additionally motivate key employees, the Supervisory Board adopted the RDP Programme (the Recovery & Development Programme), which encompasses more than 230 employees. These employees were especially committed to managing and developing business operations during the crisis to enable as fast a recovery of the business operations as possible. In view of the fact a full business recovery was achieved in 2022, the Supervisory Board passed the decision to distribute company shares in 2023, and the provisions for this were made within the 2022 financial results.

### THE COMPANY'S CORPORATE BODIES ARE:

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

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

Cadum, Vlastimir Ivančić, Lea Sošić, Roberto Gobo, Ivan Polak, Karmela Višković, Denis Prevolšek, Marko Vusić and Vlatka Kocijan.

Supervisory Board: Mr. Gustav Wurmböck, president, Mr. Franz Lanschützer and Mr. Mladen Markoč, deputy presidents and members: Mrs. Gudrun Kuffner, Mrs. Peter Stolba, 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, Mr. Boris Galić and from 29 June 2022 Mrs. Gudrun Kuffner.

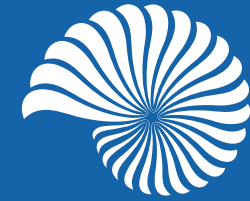
Investment Committee: Mr. Franz Lanschützer - Chairman and members: Mr. Georg Eltz and Mr. Gustav Wurmböck.

Committee on Digitization and Sustainability: Mr Daniel Goldscheider, Chairman and members: Mr Franz Lanschützer, Mr Gustav Wurmböck and from 29 June 2022 Mrs. Petar Stolba.

At its session, held on 6 December 2022 and effective as of 1 January 2023, the Supervisory Board appointed Mr. Daniel Goldscheider as a new member of its Presidium and Ms. Gudrun Kuffner as a new member of its Investment Committee.

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 (from 1 January 2022 to 31 December 2026), and only one member of the Supervisory Board, employee representative, has an employment contract for an indefinite period.

Valamar Amicor Green Resort, Hvar island



# Related-party Transactions & Branch Offices

## RELATED-PARTY TRANSACTIONS

Transactions between related parties within the Group are conducted under standard commercial terms and conditions and at current market prices.

In the year of 2022, HRK 572.8 million of sale of goods and services from transactions with related parties was generated (EO 2021: HRK 321.5 million) for the Company and HRK 14.2 million (EO 2021: HRK 8.6 million) for the Group. Expenses amounted to HRK 11.8 million (EO 2021: HRK 4.5 million) for the Company and HRK 1.5 million for the Group (EO 2021: HRK 719 thousand).

As of 31 December 2022, receivables and liabilities toward related parties are as follows: company's receivables amount to HRK 23.8 million (vs. HRK 27.0 million EO 2021), and Group's receivables amount to HRK 8,0 million (vs. HRK 7.3 million EO 2021). Company's liabilities amount to HRK 318 thousand (vs. HRK 131 thousand EO 2021), and Group's liabilities amount to HRK 97 thousand (vs. HRK 63 thousand EO 2021).

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

TRANSACTIONS  
WITH RELATED  
PARTIES  
UNDER USUAL  
COMMERCIAL  
TERMS AND  
CONDITIONS

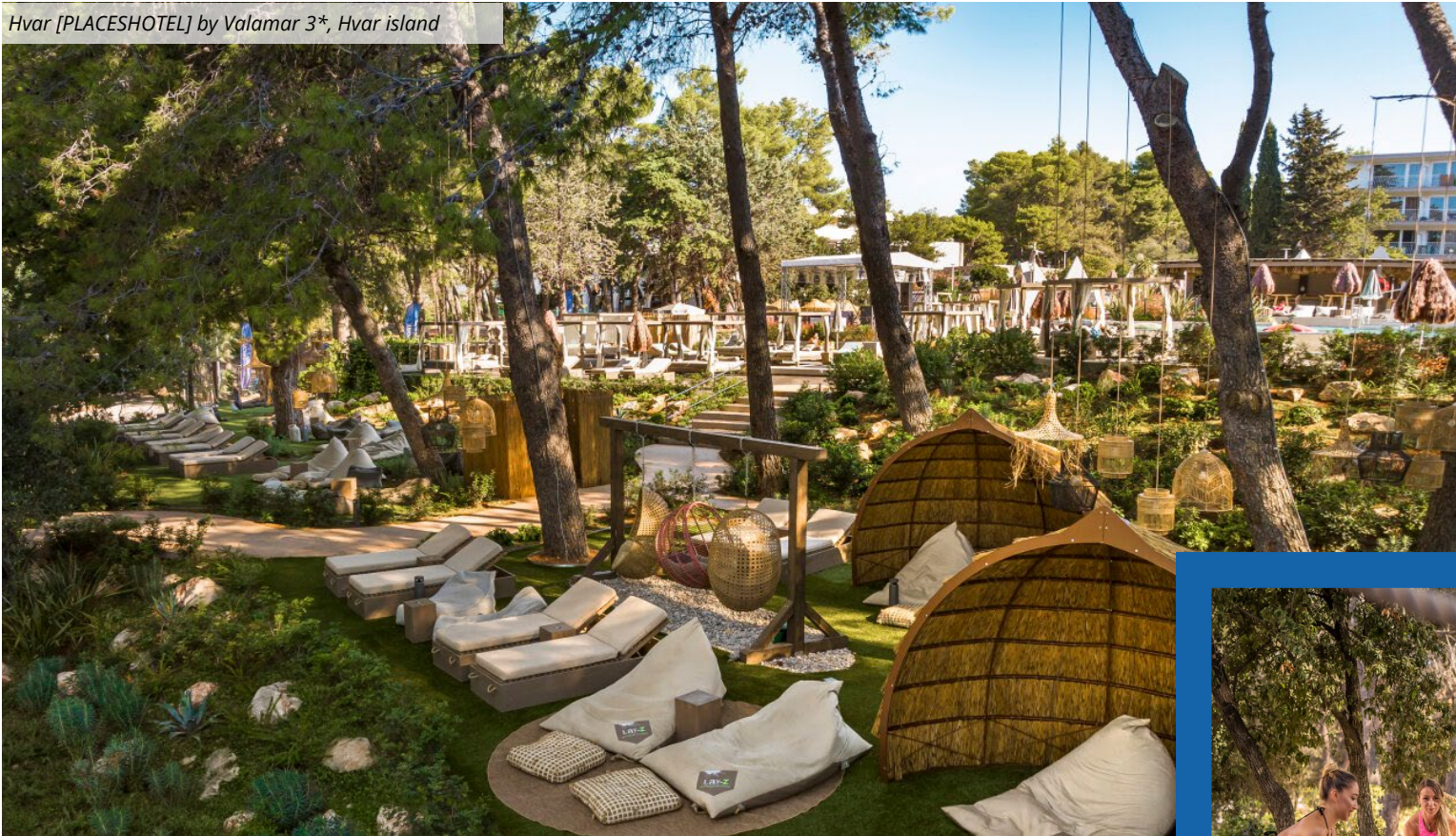
## BRANCH OFFICES OF THE COMPANY

The Company has several branch offices, where it performs its business activities outside of its headquarters: Branch Office for Tourism RABAC, with the seat in Rabac, Slobode 80; Branch Office for Tourism ZLATNI OTOK, with the seat in Krk, Vršanska 8; Branch Office for Tourism DUBROVNIK-BABIN KUK, with the seat in Dubrovnik, Vatroslava Lisinskog 15a; Branch Office for Business and Administration Consulting ZAGREB, with the seat in Zagreb, Miramarska cesta 24; Branch Office for Tourism BRIONI, with the seat in Pula, Puntičela 155 and from 28 June 2022, the Austria Branch Office, with headquarters in Austria, Obertauern, Gamsleitenstrasse 6.

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

Except for the branch offices with the registered seat in Croatia and Austria, the Company also established offices on the island of Rab, in Makarska, in Stari Grad on the island of Hvar and in Obertauern in Austria to increase the efficiency and streamline the management of operations of the companies Imperial Riviera d.d., Helios Faros d.d., Valamar Obertauern GmbH, and, as of 12 July 2022 of the company Kesselspitze GmbH & Co KG, all in line with the provisions of the concluded hotel management contracts.

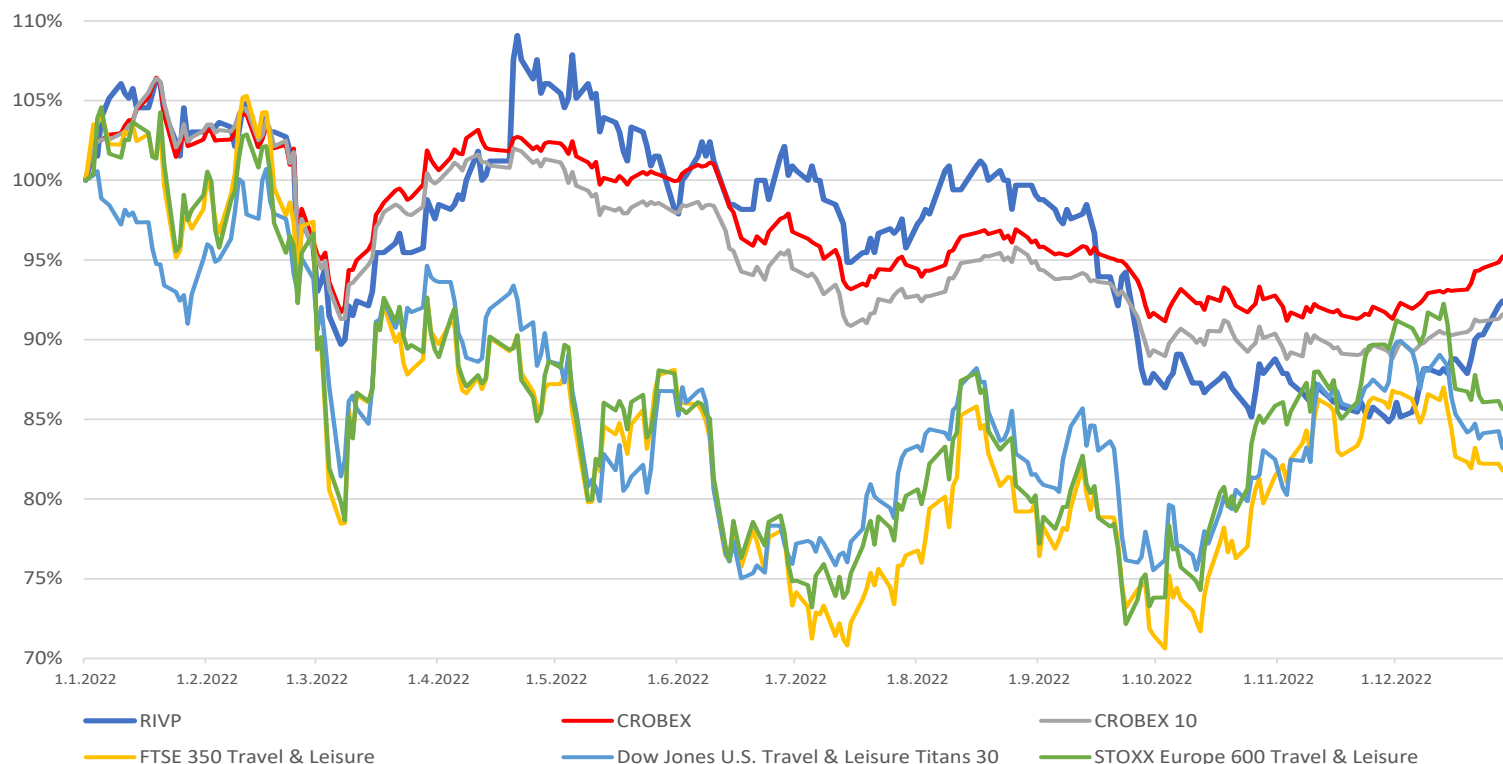
Hvar [PLACESHOTEL] by Valamar 3\*, Hvar island



# Valamar Share



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



During 2022, the highest achieved share price in regular trading on the regulated market was HRK 36.00, and the lowest HRK 28.00. On 31 December 2022 the price was HRK 30.50 which represents a decrease of 7.6% compared to the last price in 2021. With a total turnover of HRK 163.4 million<sup>21</sup> Valamar Riviera share was the third share on the Zagreb Stock Exchange in terms of turnover during 2022.

In addition to the Zagreb Stock Exchange index, the joint stock index of the Zagreb and Ljubljana stock exchanges ADRIAprime, the stock is also a component of the Vienna Stock Exchange index (CROX<sup>22</sup> and SETX<sup>23</sup>) and the Warsaw Stock Exchange (CEEplus<sup>24</sup>), the SEE Link regional platform index (SEELinX and

SEELinX EWI)<sup>25</sup> 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 1 January 2022 to 31 December 2022. As of 31 December 2022 the Company holds 4,139,635 treasury shares, which is 3.28% of the share capital.

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

21 Block transactions are excluded from the calculation.  
 22 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.  
 23 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).  
 24 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.  
 25 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.

strive to contribute to further growth in value for all stakeholders with the intention of recognizing the Company's share as one of the leaders on the Croatian capital market and one of the leaders in the CEE region. Analytical coverage of Valamar Riviera is provided by: 1) ERSTE bank d.d., Zagreb; 2) Interkapital vrijednosni papiri d.o.o., Zagreb; 3) Raiffeisenbank Austria d.d., Zagreb; 4) Zagrebačka banka d.d., Zagreb.

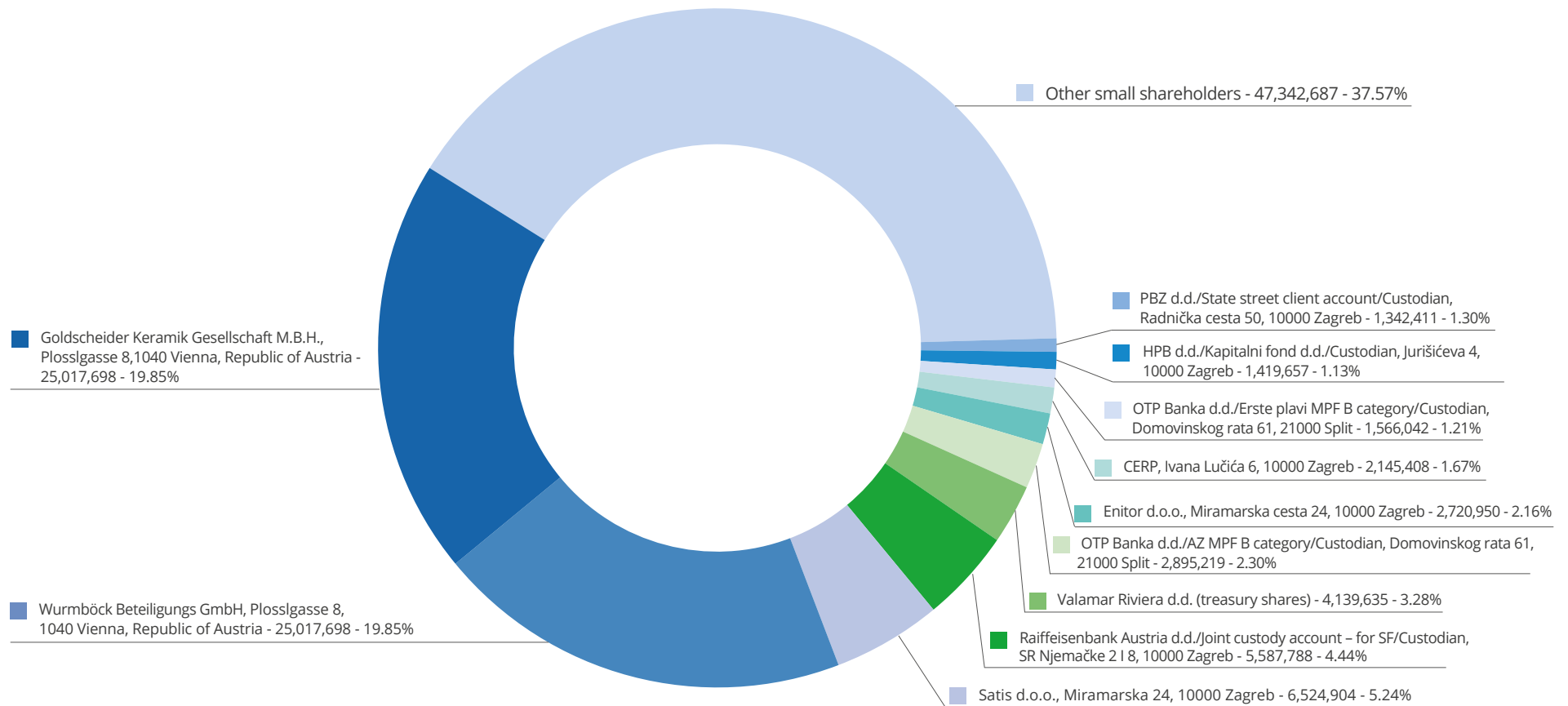
3<sup>rd</sup>

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

Lanterna Premium Camping Resort 4\*, Poreč



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

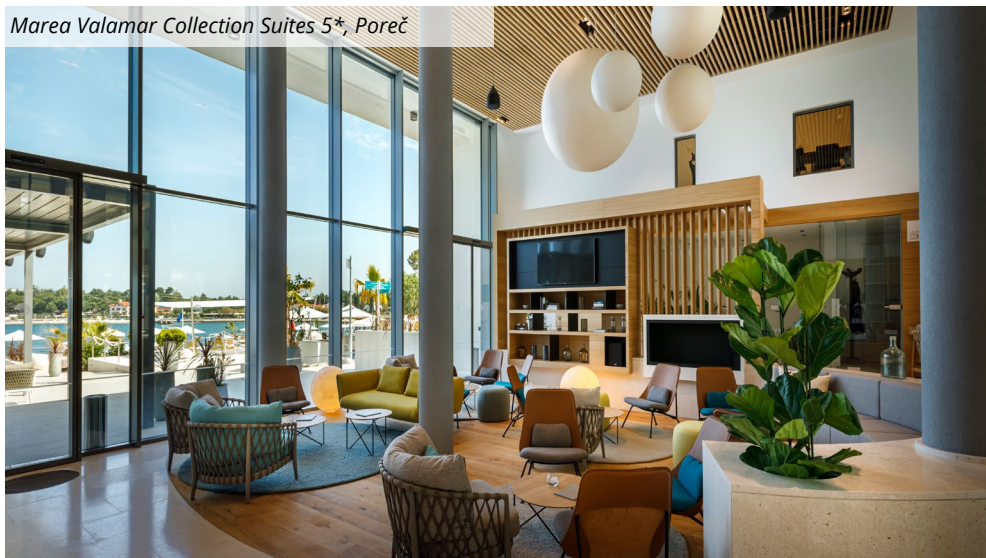



Hotel Kesselspitze 5\*, Obertauern



# Additional Information

Marea Valamar Collection Suites 5\*, Poreč



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

## ADDITIONAL INFORMATION

In the course of the fourth quarter of 2022 (including the period 1 January 2022 – 31 December 2022), the Company's Management Board performed the actions provided by law and the Articles of Association and regarding the management and representation of the Company and planned a business policy that was implemented with prudent care. The Company's Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth. The quarterly separate and consolidated financial statements for the fourth quarter of 2022 (including the period 1 January 2022 to 31 December 2022) were adopted by the by the Management Board on 16 February 2023.

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

Management Board of the Company

**Željko Kukurin**  
Management Board  
President

A blue ink signature of Željko Kukurin, written in a cursive style.

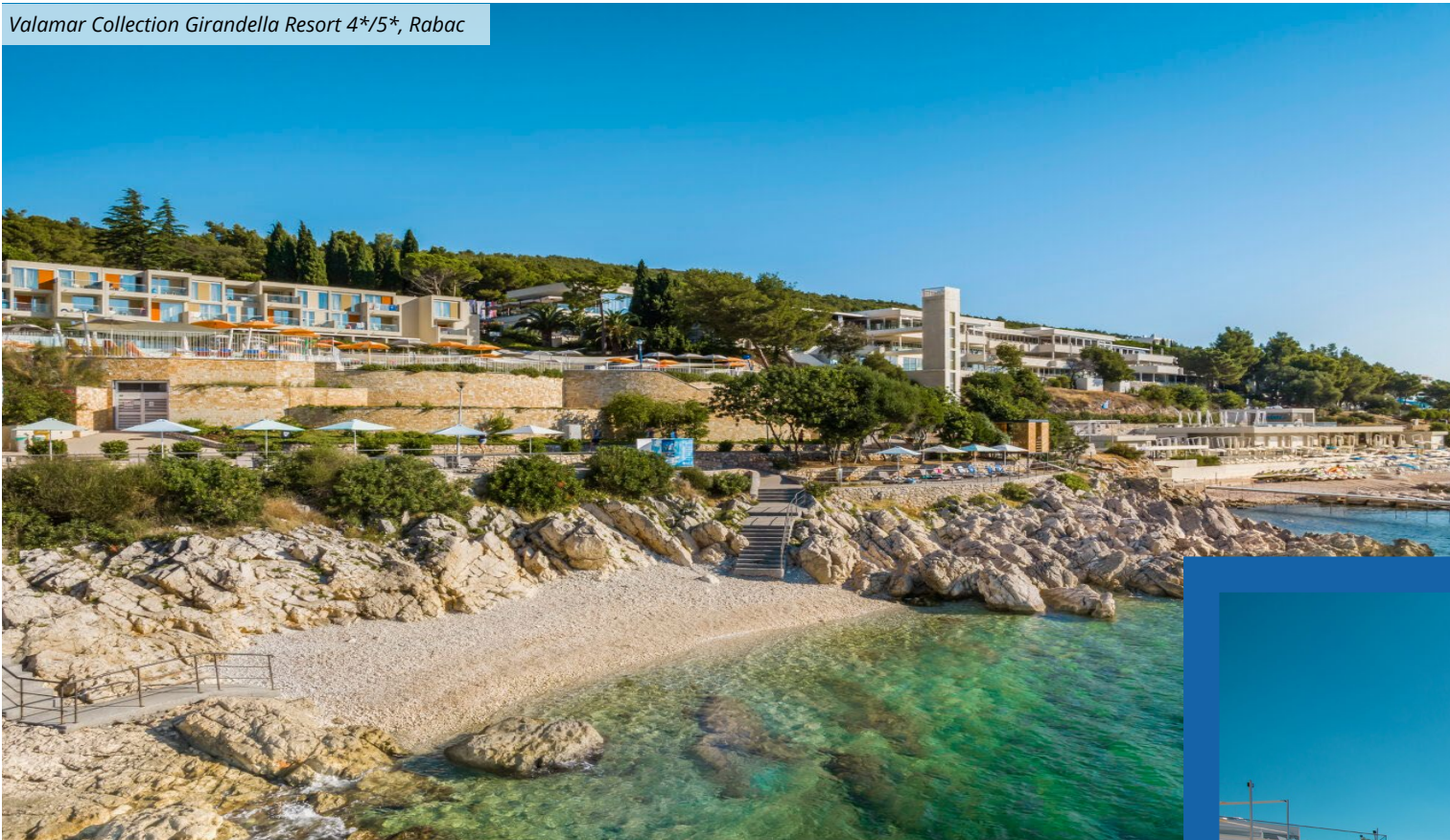
**Marko Čížmek**  
Management Board  
Member

A blue ink signature of Marko Čížmek, written in a cursive style.

**Ivana Budin Arhanić**  
Manag  
Mem

A blue ink signature of Ivana Budin Arhanić, written in a cursive style.

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



**Disclaimer**

This report may contain certain outlook based on currently available facts, findings and circumstances and estimates in this regard. Our outlook is based including, but not limited on a) results achieved in 2022; b) operating results achieved by 24 February 2023; c) current booking status; d) 2023 year end business results forecast; e) the absence of further significant negative effects of the risks to which the Company and the Group are exposed.

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

- Cancellation of all measures to support the economy as a protection against the increase in the prices of energy products adopted for the period from 1 October 2022 – 31 March 2023;
- Macro-economic trends in the Republic of Croatia and in the source markets, including currency exchange rates fluctuations and prices of goods and services, deflation and inflation, unemployment, trends in the gross domestic product and industrial production, as well as other trends having a direct or indirect impact on the purchasing power of Valamar Riviera's guests;
- Economic conditions, security and political conditions, trends and events in the capital markets of the Republic of Croatia and Valamar Riviera's source markets;
- Spending and disposable income of guests, as well as guests' preferences, trust in and satisfaction with Valamar Riviera's products and services;
- Trends in the number of overnights, bookings, and average daily rates of accommodation at Valamar Riviera's properties;
- Change in market interest rates and the price of equity securities, and other financial risks to which Valamar Riviera is exposed;
- Labor force availability and costs, transport, energy, and utilities costs, selling prices of fuel and other goods and services, as well as supply chain disruptions;

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

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

# RESPONSIBILITY FOR THE QUARTERLY FINANCIAL STATEMENTS

In Poreč, 28 February 2023

In accordance with provisions of Law on Capital Market, Marko Čížmek, Management board member responsible for finance, treasury and IT business as well as relations with institutional investors and Vedrana Ambrosi Barbalić, 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:

- the annual consolidated and unconsolidated financial statements for 2022, including the quarterly reports for the four quarters of 2022, are prepared in accordance with applicable standards of financial reporting and give true and fair view of the assets and liabilities, profit and loss, financial position and operations of the Company and the companies included in consolidation (Group);
- Report of the Company's Management board for the period from 1 January to 31 December 2022, including the period from 1 October to 31 December 2022, contains the true presentation of development, results and position of the Company and companies included in the consolidation, with description of significant risks and uncertainties which the Company and companies included in consolidation are exposed.



**Marko Čížmek**  
Management Board Member



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





## Reporting period: from 01.01.2022 to 31.12.2022

### Quarterly financial statements

Year:	<u>2022</u>	
Quarter:	<u>4</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>3227</u>	
Consolidated report:	<u>KD</u>	(KN-not consolidated/KD-consolidated)
Audited:	<u>RN</u>	(RN-not audited/RD-audited)
Names of subsidiaries (according to IFRS):	Registered office:	MB:
<u>Palme Turizam d.o.o.</u>	<u>Dubrovnik</u>	<u>2006103</u>
<u>Magične stijene d.o.o.</u>	<u>Dubrovnik</u>	<u>2315211</u>
<u>Bugenvilia d.o.o.</u>	<u>Dubrovnik</u>	<u>2006120</u>
<u>Imperial Riviera d.d.</u>	<u>Rab</u>	<u>3044572</u>
<u>Valamar Obertauern GmbH</u>	<u>Obertauern</u>	<u>195893 D</u>
<u>Valamar A GmbH</u>	<u>Tamsweg/Vienna</u>	<u>486431 S</u>
Bookkeeping firm:	<u>No</u>	
Contact person:	<u>Sopta Anka</u>	
	(only name and surname of the contact person)	
Telephone:	<u>052 408 188</u>	
E-mail address:	<u>anka.sopta@riviera.hr</u>	
Audit firm:		
	(name of the audit firm)	
Certified auditor:		
	(name and surname)	

(authorized representative's signature)

**BALANCE SHEET** (balance as at 31.12.2022)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in HRK	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	<b>5.671.819.566</b>	<b>5.517.536.368</b>
<b>I. INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	<b>39.086.495</b>	<b>40.610.545</b>
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	30.356.827	30.538.552
3 Goodwill	006	6.567.609	6.567.609
4 Advance payments for purchase of intangible assets	007		183.088
5 Intangible assets in preparation	008	2.162.059	3.321.296
6 Other intangible assets	009		
<b>II. TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>5.221.568.500</b>	<b>5.049.346.343</b>
1 Land	011	980.924.514	979.825.072
2 Buildings	012	3.363.126.345	3.212.460.124
3 Plants and equipment	013	432.241.488	411.847.356
4 Tools, working inventory and transportation assets	014	100.025.874	98.135.847
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	42.528	2.586.845
7 Tangible assets in preparation	017	288.533.889	293.758.226
8 Other tangible assets	018	53.493.881	47.830.741
9 Investments property	019	3.179.981	2.902.132
<b>III. FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>82.071.741</b>	<b>144.327.678</b>
1 Investments in holdings (shares) of undertakings within the group	021		
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits etc given to undertakings in a Group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	76.533.067	109.936.373
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026		3.120.329
7 Investments in securities	027	220.812	193.984
8 Loans, deposits, etc. given	028	5.177.862	4.194.812
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	140.000	26.882.180
<b>IV. RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
<b>V. DEFERRED TAX ASSETS</b>	<b>036</b>	<b>329.092.830</b>	<b>283.251.802</b>
<b>C) CURENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>1.217.957.755</b>	<b>884.907.966</b>
<b>I. INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>26.310.071</b>	<b>41.427.453</b>
1 Raw materials	039	25.050.909	39.853.612
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	1.230.618	1.537.997
5 Advance payments for inventories	043	28.544	35.844
6 Fixed assets held for sale	044		
7 Biological asset	045		
<b>II. RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>38.388.235</b>	<b>35.926.443</b>
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interest	048	7.293.712	8.023.863
3 Customer receivables	049	17.995.662	17.394.293
4 Receivables from employees and members of the undertaking	050	738.835	354.617
5 Receivables from government and other institutions	051	9.116.616	7.561.871
6 Other receivables	052	3.243.410	2.591.799
<b>III. SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>38.001.625</b>	<b>134.726.371</b>
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057		
5 Investment in other securities of companies linked by virtue of participating interest	058		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	38.001.625	126.835.722
9 Other financial assets	062		7.890.649
<b>IV. CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>1.115.257.824</b>	<b>672.827.699</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>23.768.145</b>	<b>17.360.249</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>6.913.545.466</b>	<b>6.419.804.583</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>54.173.148</b>	<b>54.125.549</b>

**BALANCE SHEET** (balance as at 31.12.2022) (continued)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in HRK	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+083+086+089)	<b>067</b>	<b>3.311.057.807</b>	<b>3.323.668.033</b>
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>1.672.021.210</b>	<b>1.672.021.210</b>
<b>II. CAPITAL RESERVES</b>	<b>069</b>	<b>5.223.432</b>	<b>5.223.432</b>
<b>III. RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)	<b>070</b>	<b>98.247.550</b>	<b>134.531.678</b>
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury share	072	136.815.284	136.815.284
3 Treasury shares and holdings (deductible item)	073	-124.418.267	-124.418.267
4 Statutory reserves	074		
5 Other reserves	075	2.249.472	38.533.600
<b>IV. REVALUATION RESERVES</b>	<b>076</b>		
<b>V. FAIR VALUE RESERVES AND OTHER</b> (ADP 078 to 082)	<b>077</b>	<b>81.109</b>	<b>59.111</b>
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	81.109	59.111
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
<b>VI. RETAINED PROFIT OR LOSS BROUGHT FORWARD</b> (ADP 084-085)	<b>083</b>	<b>388.045.406</b>	<b>351.143.413</b>
1 Retained profit	084	388.045.406	351.143.413
2 Loss brought forward	085		
<b>VII. PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 087-088)	<b>086</b>	<b>104.374.607</b>	<b>147.684.491</b>
1 Profit for the business year	087	104.374.607	147.684.491
2 Loss for the business year	088		
<b>VIII. MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>	<b>1.043.064.493</b>	<b>1.013.004.698</b>
<b>B) PROVISIONS</b> (ADP 091 to 096)	<b>090</b>	<b>166.154.627</b>	<b>179.226.601</b>
1 Provisions for pensions, termination benefits and similar obligations	091	29.827.505	26.257.320
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	50.117.237	50.234.566
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	86.209.885	102.734.715
<b>C) LONG-TERM LIABILITIES</b> (ADP 098 to 108)	<b>097</b>	<b>2.614.508.279</b>	<b>2.149.372.240</b>
1 Liabilities towards undertakings within the group	098		
2 Liabilities for loans, deposits, etc. to companies within the group	099		
3 Liabilities towards companies linked by virtue of participating interest	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities towards banks and other financial institutions	103	2.547.107.295	2.083.504.270
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	15.636.060	18.475.881
11 Deferred tax liability	108	51.764.924	47.392.089
<b>D) SHORT-TERM LIABILITIES</b> (ADP 110 to 123)	<b>109</b>	<b>733.966.582</b>	<b>692.914.015</b>
1 Liabilities towards undertakings within the group	110		
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112	39.205	18.253
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities towards banks and other financial institutions	115	565.523.996	520.907.308
7 Liabilities for advance payments	116	40.344.672	34.146.166
8 Liabilities towards suppliers	117	67.470.609	79.611.333
9 Liabilities for securities	118		
10 Liabilities towards employees	119	28.794.007	31.940.470
11 Taxes, contributions and similar liabilities	120	16.508.477	13.334.998
12 Liabilities arising from the share in the result	121	379.676	379.676
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	14.905.940	12.575.811
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>87.858.171</b>	<b>74.623.694</b>
<b>F) TOTAL - LIABILITIES</b> (ADP 067+090+097+109+124)	<b>125</b>	<b>6.913.545.466</b>	<b>6.419.804.583</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>54.173.148</b>	<b>54.125.549</b>

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2022 to 31.12.2022)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME</b> (ADP 002 to 006)	<b>001</b>	<b>1.644.008.023</b>	<b>106.152.995</b>	<b>2.451.235.943</b>	<b>130.876.034</b>
1 Income from sales with undertakings within the group	002				
2 Income from sales (outside group)	003	1.605.127.860	91.199.674	2.407.150.006	109.165.963
3 Income from the use of own products, goods and services	004	325.986	90.163	419.405	144.669
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	38.554.177	14.863.158	43.666.532	21.565.402
<b>II. OPERATING EXPENSES</b> (ADP 008+009+013+017+018+019+022+029)	<b>007</b>	<b>1.507.033.397</b>	<b>404.969.976</b>	<b>2.221.267.717</b>	<b>483.844.230</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	458.262.170	81.928.193	778.110.109	93.580.817
a) Costs of raw material	010	252.132.447	31.728.573	493.439.270	40.044.697
b) Costs of goods sold	011	10.440.758	2.015.041	16.760.506	2.450.857
c) Other external costs	012	195.688.965	48.184.579	267.910.333	51.085.263
3 Staff costs (ADP 014 to 016)	013	353.175.910	112.381.447	690.477.834	163.349.839
a) Net salaries and wages	014	218.086.856	72.009.948	447.103.825	114.003.897
b) Tax and contributions from salaries expenses	015	88.789.363	25.390.341	160.388.972	34.614.147
c) Contributions on salaries	016	46.299.691	14.981.158	82.985.037	14.731.795
4 Depreciation	017	507.335.969	124.816.968	497.694.931	129.331.701
5. Other expenses	018	134.450.892	38.525.655	224.620.163	73.146.623
6. Value adjustments (ADP 020+021)	019	1.669.684	1.650.614	268.567	268.567
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	1.669.684	1.650.614	268.567	268.567
7 Provisions (ADP 023 to 028)	022	40.313.157	40.313.157	19.948.501	19.875.572
a) Provisions for pensions, termination benefits and similar obligations	023	9.404.520	9.404.520	2.944.626	2.871.697
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025	2.744.361	2.744.361	1.234.743	1.234.743
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028	28.164.276	28.164.276	15.769.132	15.769.132
8 Other operating expenses	029	11.825.615	5.353.942	10.147.612	4.291.111
<b>III. FINANCIAL INCOME</b> (ADP 031 to 040)	<b>030</b>	<b>35.353.682</b>	<b>19.194.706</b>	<b>49.937.129</b>	<b>4.305.776</b>
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	307.295	162.426	248.244	170.859
8 Exchange rate differences and other financial income	038	11.680.384	2.833.314	5.492.167	1.610.179
9 Unrealised gains (income) from financial assets	039	4.503.563	1.539.991	39.015.165	2.199.741
10 Other financial income	040	18.862.440	14.658.975	5.181.553	324.997
<b>IV. FINANCIAL EXPENDITURE</b> (ADP 042 to 048)	<b>041</b>	<b>71.256.632</b>	<b>29.345.325</b>	<b>74.365.012</b>	<b>22.212.725</b>
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	66.258.463	17.904.865	59.509.318	17.066.061
4 Exchange rate differences and other expenses	045		9.113.295	7.235.259	2.568.187
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	4.998.169	2.327.165	7.620.435	2.578.477
<b>V. SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>049</b>	<b>547.970</b>	<b>165.010</b>		
<b>VI. SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>				
<b>VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>	<b>144.413</b>	<b>144.413</b>	<b>3.668.914</b>	<b>2.664.728</b>
<b>VIII. SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>				
<b>IX. TOTAL INCOME</b> (ADP 001+030+049 +050)	<b>053</b>	<b>1.679.909.675</b>	<b>125.512.711</b>	<b>2.501.173.072</b>	<b>135.181.810</b>
<b>X. TOTAL EXPENDITURE</b> (ADP 007+041+051+052)	<b>054</b>	<b>1.578.434.442</b>	<b>434.459.714</b>	<b>2.299.301.643</b>	<b>508.721.683</b>
<b>XI. PRE-TAX PROFIT OR LOSS</b> (ADP 053-054)	<b>055</b>	<b>101.475.233</b>	<b>-308.947.003</b>	<b>201.871.429</b>	<b>-373.539.873</b>
1 Pre-tax profit (ADP 053-054)	056	101.475.233		201.871.429	
2 Pre-tax loss (ADP 054-053)	057		-308.947.003		-373.539.873
<b>XII. INCOME TAX</b>	<b>058</b>	<b>-7.232.013</b>	<b>-59.313.290</b>	<b>41.480.244</b>	<b>-66.587.746</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b> (ADP 055-059)	<b>059</b>	<b>108.707.246</b>	<b>-249.633.713</b>	<b>160.391.185</b>	<b>-306.952.127</b>
1 Profit for the period (ADP 055-059)	060	108.707.246		160.391.185	
2 Loss for the period (ADP 059-055)	061		-249.633.713		-306.952.127

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2022 to 31.12.2022) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV. PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b> <b>062</b>					
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
<b>XV. INCOME TAX OF DISCONTINUED OPERATIONS</b> <b>065</b>					
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI. PRE-TAX PROFIT OR LOSS (ADP 055+062)</b> <b>068</b>					
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
<b>XVII. INCOME TAX (ADP 058+065)</b> <b>071</b>					
<b>XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b> <b>072</b>					
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b> <b>075 108.707.246 -249.633.713 160.391.185 -306.952.127</b>					
1 Attributable to owners of the parent	076	104.374.607	-217.494.776	147.684.491	-266.361.234
2 Attributable to minority (non-controlling) interest	077	4.332.639	-32.138.937	12.706.694	-40.590.893
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD</b> <b>078 108.707.246 -249.633.713 160.391.185 -306.952.127</b>					
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080 to 087)</b> <b>079 97.850 -55.289 -26.827 -23.064</b>					
<b>III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)</b> <b>080 97.850 -55.289 -26.827 -23.064</b>					
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	97.850	-55.289	-26.827	-23.064
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	17.613	-9.952	-4.829	-4.151
<b>IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)</b> <b>087</b>					
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				
<b>V. NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)</b> <b>097 80.237 -45.337 -21.998 -18.913</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b> <b>098 108.787.483 -249.679.050 160.369.187 -306.971.040</b>					
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VII. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b> <b>099 108.787.483 -249.679.050 160.369.187 -306.971.040</b>					
1 Attributable to owners of the parent	100	104.454.844	-217.540.113	147.662.493	-266.380.147
2 Attributable to minority (non-controlling) interest	101	4.332.639	-32.138.937	12.706.694	-40.590.893

**STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2022 to 31.12.2022)**  
**Submitter: Valamar Riviera d.d.**

Item	in HRK		
	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1 Pre-tax profit	001	101.475.233	201.871.429
2 Adjustments (ADP 003 to 010)	002	577.223.786	568.887.636
a) Depreciation	003	507.335.969	497.694.931
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	2.071.836	-12.027.479
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	-13.315.806	
d) Interest and dividend income	006	-86.145	-90.476
e) Interest expenses	007	71.256.632	64.103.572
f) Provisions	008	25.063.623	11.151.772
g) Exchange rate differences (unrealised)	009	-8.096.392	7.235.259
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-7.005.931	820.057
<b>I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)</b>	<b>011</b>	<b>678.699.019</b>	<b>770.759.065</b>
3 Changes in the working capital (ADP 013 to 016)	012	1.277.569	10.030.246
a) Increase or decrease in short-term liabilities	013	-22.602.337	18.855.342
b) Increase or decrease in short-term receivables	014	20.098.142	6.292.286
c) Increase or decrease in inventories	015	3.781.764	-15.117.382
d) Other increase or decrease in the working capital	016		
<b>II. Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>679.976.588</b>	<b>780.789.311</b>
4 Interest paid	018	-70.643.388	-86.500.245
5 Income tax paid	019	705.192	-6.143
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>610.038.392</b>	<b>694.282.923</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	3.783.014	17.861.776
2 Cash receipts from sales of financial instruments	022		300.024
3 Interest received	023	98.094	81.804
4 Dividends received	024	3.709	8.640
5 Cash receipts from repayment of loans and deposit	025	224.099	177.893
6 Other cash receipts from investment activities	026		
<b>III. Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>4.108.916</b>	<b>18.430.137</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-115.355.120	-317.285.761
2 Cash payments for the acquisition of financial instruments	029		-1.445.856
3 Cash payments for loans and deposits for the period	030	-42.722.870	-88.996.079
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-3.203.421	-41.103.759
<b>IV. Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-161.281.411</b>	<b>-448.831.455</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>	<b>034</b>	<b>-157.172.495</b>	<b>-430.401.318</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1 Cash receipts from the increase of initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	379.850.628	60.173.752
4 Other cash receipts from financing activities	038	338.676.960	2.739.417
<b>V. Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>718.527.588</b>	<b>62.913.169</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-718.135.038	-575.535.803
2 Dividends paid	041		-189.031.977
3 Cash payments for finance lease	042	-76.794	-38.050
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-3.856.729	-4.619.069
<b>VI. Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-722.068.561</b>	<b>-769.224.899</b>
<b>C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)</b>	<b>046</b>	<b>-3.540.973</b>	<b>-706.311.730</b>
1 Unrealised exchange rate differences in cash and cash equivalents	047		
<b>D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>449.324.924</b>	<b>-442.430.125</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>049</b>	<b>665.932.900</b>	<b>1.115.257.824</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)</b>	<b>050</b>	<b>1.115.257.824</b>	<b>672.827.699</b>



## NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

**Valamar Riviera d.d.**

Personal identification

number OIB: **36201212847**

Reporting period:

**01.01.2022 to 31.12.2022**

Notes to financial statements for quarterly periods include:

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



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

(drawn up for quarterly reporting periods)

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

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

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document „Business results 1/1/2022 – 31/12/2022“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

**Reporting period: from 01.01.2022 to 31.12.2022****Quarterly financial statements**

Year:	<u>2022</u>	
Quarter:	<u>4</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>2460</u>	
Consolidated report:	<u>KN</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></u>	<u></u>	<u></u>
<u></u>	<u></u>	<u></u>
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<u></u>	<u></u>	<u></u>
<u></u>	<u></u>	<u></u>
<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)	



(authorized representative's signature)



L.S.

**BALANCE SHEET** (balance as at 31.12.2022)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in HRK	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS</b> (ADP 003+010+020+031+036)	<b>002</b>	<b>5.152.301.804</b>	<b>4.681.079.535</b>
<b>I. INTANGIBLE ASSETS</b> (ADP 004 to 009)	<b>003</b>	<b>34.640.301</b>	<b>36.660.787</b>
1 Research and Development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	26.854.197	26.829.540
3 Goodwill	006	6.567.609	6.567.609
4 Advance payments for purchase of intangible assets	007		183.088
5 Intangible assets in preparation	008	1.218.495	3.080.550
6 Other intangible assets	009		
<b>II. TANGIBLE ASSETS</b> (ADP 011 to 019)	<b>010</b>	<b>3.936.984.239</b>	<b>3.525.519.338</b>
1 Land	011	593.370.669	533.663.478
2 Buildings	012	2.593.423.408	2.304.216.155
3 Plants and equipment	013	355.975.206	316.513.500
4 Tools, working inventory and transportation assets	014	72.736.320	66.182.224
5 Biological asset	015		
6 Advance payments for purchase of tangible assets	016	42.528	2.586.845
7 Tangible assets in preparation	017	267.938.392	256.325.036
8 Other tangible assets	018	50.317.735	43.129.968
9 Investments property	019	3.179.981	2.902.132
<b>III. FIXED FINANCIAL ASSETS</b> (ADP 021 to 030)	<b>020</b>	<b>1.017.453.237</b>	<b>1.068.140.025</b>
1 Investments in holdings (shares) of undertakings within the group	021	941.803.942	941.803.942
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits etc given to undertakings in a Group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	70.112.312	107.184.532
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026		3.120.329
7 Investments in securities	027	219.121	192.294
8 Loans, deposits, etc. given	028	5.177.862	4.194.812
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030	140.000	11.644.116
<b>IV. RECEIVABLES</b> (ADP 032 to 035)	<b>031</b>		
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
<b>V. DEFERRED TAX ASSETS</b>	<b>036</b>	<b>163.224.027</b>	<b>50.759.385</b>
<b>C) CURRENT ASSETS</b> (ADP 038+046+053+063)	<b>037</b>	<b>656.422.372</b>	<b>525.780.603</b>
<b>I. INVENTORIES</b> (ADP 039 to 045)	<b>038</b>	<b>23.619.254</b>	<b>32.338.973</b>
1 Raw materials	039	22.520.626	31.092.875
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	1.098.628	1.246.098
5 Advance payments for inventories	043		
6 Fixed assets held for sale	044		
7 Biological asset	045		
<b>II. RECEIVABLES</b> (ADP 047 to 052)	<b>046</b>	<b>50.219.276</b>	<b>39.546.531</b>
1 Receivables from undertakings within the group	047	19.738.193	15.745.709
2 Receivables from companies linked by virtue of participating interest	048	7.293.713	8.023.863
3 Customer receivables	049	16.667.610	12.310.275
4 Receivables from employees and members of the undertaking	050	625.968	294.087
5 Receivables from government and other institutions	051	3.070.818	2.035.828
6 Other receivables	052	2.822.974	1.136.769
<b>III. SHORT-TERM FINANCIAL ASSETS</b> (ADP 054 to 062)	<b>053</b>	<b>444.055</b>	<b>7.336.795</b>
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056	28.300	
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057		
5 Investment in other securities of companies linked by virtue of participating interest	058		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	415.755	256.122
9 Other financial assets	062		7.080.673
<b>IV. CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>582.139.787</b>	<b>446.558.304</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>21.272.442</b>	<b>16.349.109</b>
<b>E) TOTAL ASSETS</b> (ADP 001+002+037+064)	<b>065</b>	<b>5.829.996.618</b>	<b>5.223.209.247</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>54.173.148</b>	<b>54.125.549</b>

**BALANCE SHEET** (balance as at 31.12.2022) (continued)

Submitter: Valamar Riviera d.d.

Item 1	ADP code 2	in HRK	
		Last day of the preceding business year 3	At the reporting date of the current period 4
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES</b> (ADP 068 to 070+076+077+083+086+089)	<b>067</b>	<b>2.619.280.406</b>	<b>3.074.950.277</b>
<b>I. INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>1.672.021.210</b>	<b>1.672.021.210</b>
<b>II. CAPITAL RESERVES</b>	<b>069</b>	<b>5.710.563</b>	<b>5.710.563</b>
<b>III. RESERVES FROM PROFIT</b> (ADP 071+072-073+074+075)	<b>070</b>	<b>98.247.551</b>	<b>134.531.679</b>
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury share	072	136.815.284	136.815.284
3 Treasury shares and holdings (deductible item)	073	-124.418.266	-124.418.266
4 Statutory reserves	074		
5 Other reserves	075	2.249.472	38.533.600
<b>IV. REVALUATION RESERVES</b>	<b>076</b>		
<b>V. FAIR VALUE RESERVES AND OTHER</b> (ADP 078 to 082)	<b>077</b>	<b>81.109</b>	<b>59.111</b>
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	81.109	59.111
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
4 Other fair value reserves	081		
5 Exchange differences arising from the translation of foreign operations (consolidation)	082		
<b>VI. RETAINED PROFIT OR LOSS BROUGHT FORWARD</b> (ADP 084-085)	<b>083</b>	<b>538.614.167</b>	<b>701.943.373</b>
1 Retained profit	084	538.614.167	701.943.373
2 Loss brought forward	085		
<b>VII. PROFIT OR LOSS FOR THE BUSINESS YEAR</b> (ADP 087-088)	<b>086</b>	<b>304.605.806</b>	<b>560.684.341</b>
1 Profit for the business year	087	304.605.806	560.684.341
2 Loss for the business year	088		
<b>VIII. MINORITY (NON-CONTROLLING) INTEREST</b>	<b>089</b>		
<b>B) PROVISIONS</b> (ADP 091 to 096)	<b>090</b>	<b>134.552.238</b>	<b>147.878.611</b>
1 Provisions for pensions, termination benefits and similar obligations	091	24.962.956	21.600.419
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	28.843.417	28.715.050
4 Provisions for renewal of natural resources	094		
5 Provision for warranty obligations	095		
6 Other provisions	096	80.745.865	97.563.142
<b>C) LONG-TERM LIABILITIES</b> (ADP 098 to 108)	<b>097</b>	<b>2.331.903.180</b>	<b>1.418.778.030</b>
1 Liabilities towards undertakings within the group	098		
2 Liabilities for loans, deposits, etc. to companies within the group	099		
3 Liabilities towards companies linked by virtue of participating interest	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities towards banks and other financial institutions	103	2.303.872.723	1.389.452.135
7 Liabilities for advance payments	104		
8 Liabilities towards suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	15.575.274	17.745.142
11 Deferred tax liability	108	12.455.183	11.580.753
<b>D) SHORT-TERM LIABILITIES</b> (ADP 110 to 123)	<b>109</b>	<b>665.431.238</b>	<b>522.199.157</b>
1 Liabilities towards undertakings within the group	110	101.669	221.217
2 Liabilities for loans, deposits, etc. to companies within the group	111		
3 Liabilities towards companies linked by virtue of participating interest	112	7.389	18.253
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities towards banks and other financial institutions	115	523.630.896	385.187.718
7 Liabilities for advance payments	116	36.066.605	28.989.366
8 Liabilities towards suppliers	117	51.117.222	58.544.950
9 Liabilities for securities	118		
10 Liabilities towards employees	119	24.804.908	25.948.438
11 Taxes, contributions and similar liabilities	120	14.661.562	10.515.075
12 Liabilities arising from the share in the result	121		
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	15.040.987	12.774.140
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>78.829.556</b>	<b>59.403.172</b>
<b>F) TOTAL - LIABILITIES</b> (ADP 067+090+097+109+124)	<b>125</b>	<b>5.829.996.618</b>	<b>5.223.209.247</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>54.173.148</b>	<b>54.125.549</b>

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2022 to 31.12.2022)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME</b> (ADP 002 to 006)	<b>001</b>	<b>1.670.374.528</b>	<b>389.102.185</b>	<b>2.424.408.191</b>	<b>109.314.662</b>
1 Income from sales with undertakings within the group	002	31.631.791	17.213.975	80.615.533	17.876.651
2 Income from sales (outside group)	003	1.329.300.465	80.045.514	1.836.670.630	77.432.240
3 Income from the use of own products, goods and services	004	233.998	66.441	405.167	141.999
4 Other operating income with undertakings within the group	005	281.037.544	280.324.096	474.455.043	626.019
5 Other operating income (outside the group)	006	28.170.730	11.452.159	32.261.818	13.237.753
<b>II. OPERATING EXPENSES</b> (ADP 008+009+013+017+018+019+022+029)	<b>007</b>	<b>1.255.329.580</b>	<b>337.280.337</b>	<b>1.766.000.713</b>	<b>385.051.806</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	396.119.584	68.978.096	627.288.999	72.168.492
a) Costs of raw materials and consumables	010	211.804.737	25.125.021	380.236.141	28.232.255
b) Costs of goods sold	011	10.230.447	2.011.655	17.888.287	2.440.003
c) Other external costs	012	174.084.400	41.841.420	229.164.571	41.496.234
3 Staff costs (ADP 014 to 016)	013	301.251.199	95.900.703	557.626.443	136.218.865
a) Net salaries and wages	014	185.544.244	61.522.514	361.680.797	96.260.207
b) Tax and contributions from salary costs	015	76.418.573	21.737.684	129.990.926	28.319.880
c) Contributions on salaries	016	39.288.382	12.640.505	65.954.720	11.638.778
4 Depreciation	017	397.597.196	97.730.851	369.413.354	95.717.658
5. Other costs	018	113.160.696	32.560.076	185.195.783	59.587.338
6. Value adjustments (ADP 020+021)	019	1.646.054	1.626.984	247.576	247.576
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021	1.646.054	1.626.984	247.576	247.576
7 Provisions (ADP 023 to 028)	022	36.609.347	36.609.347	18.815.525	18.742.596
a) Provisions for pensions, termination benefits and similar obligations	023	9.293.175	9.293.175	2.929.400	2.856.471
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025	2.487.712	2.487.712	989.049	989.049
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028	24.828.460	24.828.460	14.897.076	14.897.076
8 Other operating expenses	029	8.945.504	3.874.280	7.413.033	2.369.281
<b>III. FINANCIAL INCOME</b> (ADP 031 to 040)	<b>030</b>	<b>21.059.327</b>	<b>5.574.209</b>	<b>70.947.352</b>	<b>3.002.771</b>
1 Income from investments in holdings (shares) of undertakings within the group	031			36.831.102	
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035			1.424.210	370.810
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	291.847	162.322	231.926	160.768
8 Exchange rate differences and other financial income	038	10.791.830	2.493.790	4.438.307	1.265.891
9 Unrealised gains (income) from financial assets	039	4.503.562	1.539.990	22.967.126	885.944
10 Other financial income	040	5.472.088	1.378.107	5.054.681	319.358
<b>IV. FINANCIAL EXPENDITURE</b> (ADP 042 to 048)	<b>041</b>	<b>64.980.124</b>	<b>27.359.466</b>	<b>57.075.448</b>	<b>15.653.042</b>
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	60.092.169	16.452.198	43.515.369	11.331.493
4 Exchange rate differences and other expenses	045		8.606.460	6.222.081	1.818.924
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	4.887.955	2.300.808	7.337.998	2.502.625
<b>V. SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>049</b>				
<b>VI. SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>				
<b>VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>				
<b>VIII. SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>				
<b>IX. TOTAL INCOME</b> (ADP 001+030+049 +050)	<b>053</b>	<b>1.691.433.855</b>	<b>394.676.394</b>	<b>2.495.355.543</b>	<b>112.317.433</b>
<b>X. TOTAL EXPENDITURE</b> (ADP 007+041+051+052)	<b>054</b>	<b>1.320.309.704</b>	<b>364.639.803</b>	<b>1.823.076.161</b>	<b>400.704.848</b>
<b>XI. PRE-TAX PROFIT OR LOSS</b> (ADP 053-054)	<b>055</b>	<b>371.124.151</b>	<b>30.036.591</b>	<b>672.279.382</b>	<b>-288.387.415</b>
1 Pre-tax profit (ADP 053-054)	056	371.124.151	30.036.591	672.279.382	
2 Pre-tax loss (ADP 054-053)	057				-288.387.415
<b>XII. INCOME TAX</b>	<b>058</b>	<b>66.518.345</b>	<b>20.037.355</b>	<b>111.595.041</b>	<b>-59.470.266</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b> (ADP 055-059)	<b>059</b>	<b>304.605.806</b>	<b>9.999.236</b>	<b>560.684.341</b>	<b>-228.917.149</b>
1 Profit for the period (ADP 055-059)	060	304.605.806	9.999.236	560.684.341	
2 Loss for the period (ADP 059-055)	061				-228.917.149

**STATEMENT OF PROFIT OR LOSS** (for the period 01.01.2022 to 31.12.2022) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV. PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b>	<b>062</b>				
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
<b>XV. INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>065</b>				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI. PRE-TAX PROFIT OR LOSS (ADP 055+062)</b>	<b>068</b>				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
<b>XVII. INCOME TAX (ADP 058+065)</b>	<b>071</b>				
<b>XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b>	<b>072</b>				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b>	<b>075</b>				
1 Attributable to owners of the parent	076				
2 Attributable to minority (non-controlling) interest	077				
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD</b>	<b>078</b>	<b>304.605.806</b>	<b>9.999.236</b>	<b>560.684.341</b>	<b>-228.917.149</b>
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)</b>	<b>079</b>	<b>97.850</b>	<b>-55.289</b>	<b>-26.827</b>	<b>-23.064</b>
<b>III. ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (ADP 081 to 085)</b>	<b>080</b>	<b>97.850</b>	<b>-55.289</b>	<b>-26.827</b>	<b>-23.064</b>
1 Changes in revaluation reserves of fixed tangible and intangible assets	081				
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	97.850	-55.289	-26.827	-23.064
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	17.613	-9.952	-4.829	-4.151
<b>IV. ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (ADP 088 to 095)</b>	<b>087</b>				
1 Exchange rate differences from translation of foreign operations	088				
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089				
3 Profit or loss arising from effective cash flow hedging	090				
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091				
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092				
6 Changes in fair value of the time value of option	093				
7 Changes in fair value of forward elements of forward contracts	094				
8 Other items that may be reclassified to profit or loss	095				
9 Income tax relating to items that may be reclassified to profit or loss	096				
<b>V. NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)</b>	<b>097</b>	<b>80.237</b>	<b>-45.337</b>	<b>-21.998</b>	<b>-18.913</b>
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b>	<b>098</b>	<b>304.686.043</b>	<b>9.953.899</b>	<b>560.662.343</b>	<b>-228.936.062</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VII. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b>	<b>099</b>				
1 Attributable to owners of the parent	100				
2 Attributable to minority (non-controlling) interest	101				

**STATEMENT OF CASH FLOWS - indirect method** (for the period 01.01.2022 to 31.12.2022)  
**Submitter: Valamar Riviera d.d.**

Item	in HRK		
	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1 Pre-tax profit	001	371.124.151	672.279.382
2 Adjustments (ADP 003 to 010)	002	190.749.080	-67.502.629
a) Depreciation	003	397.597.196	369.413.354
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-279.190.767	-478.649.784
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-70.802	-36.905.652
e) Interest expenses	007	64.980.125	47.827.185
f) Provisions	008	21.540.065	11.406.173
g) Exchange rate differences (unrealised)	009	-7.490.750	6.222.081
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-6.615.987	13.184.014
<b>I. Cash flow increase or decrease before changes in the working capital (ADP 001+002)</b>	<b>011</b>	<b>561.873.231</b>	<b>604.776.753</b>
3 Changes in the working capital (ADP 013 to 016)	012	-23.892.406	8.036.969
a) Increase or decrease in short-term liabilities	013	-28.430.139	3.439.327
b) Increase or decrease in short-term receivables	014	860.713	13.317.360
c) Increase or decrease in inventories	015	3.677.020	-8.719.718
d) Other increase or decrease in the working capital	016		
<b>II. Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>537.980.825</b>	<b>612.813.722</b>
4 Interest paid	018	-64.432.651	-70.461.419
5 Income tax paid	019		
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>473.548.174</b>	<b>542.352.303</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	3.647.864	51.088.729
2 Cash receipts from sales of financial instruments	022		300.024
3 Interest received	023	82.752	65.878
4 Dividends received	024	3.709	36.839.742
5 Cash receipts from repayment of loans and deposit	025	182.247	206.193
6 Other cash receipts from investment activities	026	1.110.110	
<b>III. Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>5.026.682</b>	<b>88.500.566</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-77.557.476	-195.657.809
2 Cash payments for the acquisition of financial instruments	029		-1.445.856
3 Cash payments for loans and deposits for the period	030	-5.137.000	-2.349
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		-41.103.759
<b>IV. Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-82.694.476</b>	<b>-238.209.773</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)</b>	<b>034</b>	<b>-77.667.794</b>	<b>-149.709.207</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1 Cash receipts from the increase of initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	344.850.628	60.173.752
4 Other cash receipts from financing activities	038	1.756.034	2.739.417
<b>V. Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>346.606.662</b>	<b>62.913.169</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-679.122.703	-439.471.201
2 Dividends paid	041		-146.265.488
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-4.197.790	-5.401.059
<b>VI. Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-683.320.493</b>	<b>-591.137.748</b>
<b>C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)</b>	<b>046</b>	<b>-336.713.831</b>	<b>-528.224.579</b>
1 Unrealised exchange rate differences in cash and cash equivalents	047		
<b>D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>59.166.549</b>	<b>-135.581.483</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>049</b>	<b>522.973.238</b>	<b>582.139.787</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)</b>	<b>050</b>	<b>582.139.787</b>	<b>446.558.304</b>

**STATEMENT OF CHANGES IN EQUITY** (for the period 01.01.2021 to 31.12.2021)  
**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 do 6 - 7 + 8 do 17)	19	20 (18+19)
<b>Previous period</b>																			
<b>1. Balance on the first day of the previous business year</b>	<b>01</b>	<b>1.672.021.210</b>	<b>5.710.563</b>	<b>83.601.061</b>	<b>136.815.284</b>	<b>124.418.266</b>		<b>2.249.472</b>		<b>872</b>					<b>917.793.503</b>	<b>-308.549.679</b>	<b>2.385.224.020</b>		<b>2.385.224.020</b>
2 Changes in accounting policies	02																		
3 Correction of errors	03																		
<b>4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)</b>	<b>04</b>	<b>1.672.021.210</b>	<b>5.710.563</b>	<b>83.601.061</b>	<b>136.815.284</b>	<b>124.418.266</b>		<b>2.249.472</b>		<b>872</b>					<b>917.793.503</b>	<b>-308.549.679</b>	<b>2.385.224.020</b>		<b>2.385.224.020</b>
5 Profit/loss of the period	05															304.605.806	304.605.806		304.605.806
6 Exchange rate differences from translation of foreign operations	06																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	07																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08									97.850							97.850		97.850
9 Profit or loss arising from effective cash flow hedge	09																		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10																		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11																		
12 Actuarial gains/losses on the defined benefit obligation	12																		
13 Other changes in equity unrelated to owners	13																		
14 Tax on transactions recognised directly in equity	14																-17.613		-17.613
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15																		
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																		
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																		
18 Redemption of treasury shares/holdings	18																		
19 Payments from members/shareholders	19																		
20 Payment of share in profit/dividend	20																		
21 Other distributions and payments to members/shareholders	21														1.756.034		1.756.034		1.756.034
22 Transfer to reserves according to the annual schedule	22														-380.935.370	308.549.679	-72.385.691		-72.385.691
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																		
<b>24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)</b>	<b>24</b>	<b>1.672.021.210</b>	<b>5.710.563</b>	<b>83.601.061</b>	<b>136.815.284</b>	<b>124.418.266</b>		<b>2.249.472</b>		<b>81.109</b>					<b>538.614.167</b>	<b>304.605.806</b>	<b>2.619.280.406</b>		<b>2.619.280.406</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I. OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)</b>	<b>25</b>									<b>80.237</b>							<b>80.237</b>		<b>80.237</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05 to 25)</b>	<b>26</b>									<b>80.237</b>						<b>304.605.806</b>	<b>304.686.043</b>		<b>304.686.043</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)</b>	<b>27</b>														<b>-379.179.336</b>	<b>308.549.679</b>	<b>-70.629.657</b>		<b>-70.629.657</b>
<b>Current period</b>																			
<b>1. Balance on the first day of the current business year</b>	<b>28</b>	<b>1.672.021.210</b>	<b>5.710.563</b>	<b>83.601.061</b>	<b>136.815.284</b>	<b>124.418.266</b>		<b>2.249.472</b>		<b>81.109</b>					<b>538.614.167</b>	<b>304.605.806</b>	<b>2.619.280.406</b>		<b>2.619.280.406</b>
2 Changes in accounting policies	29																		
3 Correction of errors	30																		
<b>4 Balance on the first day of the current business year (restated) (ADP 28 to 30)</b>	<b>31</b>	<b>1.672.021.210</b>	<b>5.710.563</b>	<b>83.601.061</b>	<b>136.815.284</b>	<b>124.418.266</b>		<b>2.249.472</b>		<b>81.109</b>					<b>538.614.167</b>	<b>304.605.806</b>	<b>2.619.280.406</b>		<b>2.619.280.406</b>
5 Profit/loss of the period	32															560.684.341	560.684.341		560.684.341
6 Exchange rate differences from translation of foreign operations	33																		
7 Changes in revaluation reserves of fixed tangible and intangible assets	34																		
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35									-26.827							-26.827		-26.827
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																4.829		4.829
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														-146.265.489		-146.265.489		-146.265.489
22 Carryforward per annual plane	49														2.739.417		41.273.017		41.273.017
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50														306.855.278	-304.605.806			
<b>24 Balance on the last day of the current business year reporting period (ADP 31 to 50)</b>	<b>51</b>	<b>1.672.021.210</b>	<b>5.710.563</b>	<b>83.601.061</b>	<b>136.815.284</b>	<b>124.418.266</b>		<b>38.533.600</b>		<b>59.111</b>					<b>701.943.373</b>	<b>560.684.341</b>	<b>3.074.950.277</b>		<b>3.074.950.277</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I. OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)</b>	<b>52</b>									<b>-21.998</b>							<b>-21.998</b>		<b>-21.998</b>
<b>II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)</b>	<b>53</b>									<b>-21.998</b>						<b>560.684.341</b>	<b>560.662.343</b>		<b>560.662.343</b>
<b>III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)</b>	<b>54</b>									<b>36.284.128</b>					<b>163.329.206</b>	<b>-304.605.806</b>	<b>-104.992.472</b>		<b>-104.992.472</b>



## NOTES TO FINANCIAL STATEMENTS - TFI

(drawn up for quarterly reporting periods)

Name of the issuer:

**Valamar Riviera d.d.**

Personal identification

number OIB: **36201212847**

Reporting period:

**01.01.2022 to 31.12.2022**

Notes to financial statements for quarterly periods include:

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

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

(drawn up for quarterly reporting periods)

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

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

Notes to financial statements for the three month period together with detailed information on financial performance and events relevant to understanding changes in financial statements are available in PDF document „Business results 1/1/2022 – 31/12/2022“ which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

### NOTE 1 – GENERAL INFORMATION

Valamar Riviera d.d., Poreč ("the Company") has been established and registered in accordance with Croatian laws and regulations. The Company is registered with the Commercial Court in Pazin. The principle activity of the Company is the provision of accommodation in hotels, resorts and campsites, food preparation and catering services as well as the preparation and serving of beverages. Company's business is of seasonal character. Company's registration number (MBS) is: 040020883, while the Company's personal identification number (OIB) is: 36201212847. The registered office of Valamar Riviera d.d. is in Poreč, Stancija Kaligari 1. Company's share capital amounts to HRK 1,672,021 thousand and comprises 126,027,542 ordinary shares with no prescribed nominal value. On June 28, 2022, a branch of the Company was established in Austria under the name Valamar Riviera d.d., Zweigniederlassung Austria.

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

- Palme turizam d.o.o., Dubrovnik, 100% ownership (subsidiary until 7 May 2021, date of merger into the Parent Company taking effect on 8 May 2021);
- Magične stijene d.o.o., Dubrovnik, 100% ownership;
- Bugenvilia d.o.o., Dubrovnik, 100% ownership;
- Imperial Riviera d.d., Rab, 46.27% ownership with the subsidiary Praona d.o.o., Makarska;
- Valamar A GmbH, Vienna, Austria, 100% ownership until 29 November 2021 and 24.54% ownership from 29 November 2021, with subsidiaries WBVR Beteiligungs GmbH, Vienna, Austria, Valamar Marietta GmbH, Klagenfurt am Wörthersee, Austria, ContiEstates AG, Zug, Switzerland until 28 September 2022 when it was merged with Valamar Marietta GmbH, Klagenfurt am Wörthersee, Austria, Kesselspitze GmbH, Obertauern, Austria and Kesselspitze GmbH & Co KG, Obertauern, Austria and
- Valamar Obertauern GmbH, Obertauern, 10% direct ownership and until 29 November 2021 90% indirect ownership (90% share owned by Valamar A GmbH). From 29 November 2021 22.08% indirect ownership.

The merger of Palme turizam d.o.o. into the Company was entered in the court register on 7 May 2021, pursuant to the Decision of the Commercial Court in Pazin No. Tt-21/2510-3. The legal effect of the merger started as of 8 May 2021. After the registration of the merger, Palme turizam d.o.o. ceased to exist and the Company became the universal legal successor of the merged company: all the assets, rights and liabilities of Palme turizam d.o.o. were transferred to the Company.

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

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

**NOTE 1 – GENERAL INFORMATION / CONTINUED**

(OIB): 15220336427, AZ Obvezni mirovinski fond kategorije B, personal identification number (OIB): 59318506371, AZ Profit otvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 22134623145, AZ Benefit otvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 56427866267, AZ A1 zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 64811569641, AZ Dalekovod zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 49118401443, AZ HKZP zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 25137661054, AZ Zagreb zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 01774504225, Auto Hrvatska zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 24189818978, AZ ZABA zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 11641097984, AZ Treći Horizont zatvoreni dobrovoljni mirovinski fond, personal identification number (OIB): 42239479988 (hereinafter: AZ). Upon the completion of the share capital increase, Valamar Riviera d.d. is the holder of 1,054,728 (46.27%) shares, while AZ holds 1,104,665 (48.46%) shares of Imperial Riviera d.d.

Pursuant to the Decision of Helios Faros's d.d. General Assembly from 14 April 2022, the share capital of Helios Faros d.d. was increased by issuing new shares with cash contributions by the two largest shareholders of Helios Faros d.d. namely PBZ Croatia osiguranje d.d. za upravljanje obveznim mirovinskim fondovima acting in its own name and on behalf of PBZ Croatia obvezni mirovinski fond kategorije A and PBZ Croatia obvezni mirovinski fond kategorije B for HRK 104,000,000.00 and Valamar Riviera d.d. for HRK 26,000,000.00.

In order to acquire the Kesselspitze Hotel in Obertauern, on 3 June 2022, the Agreement on the purchase and transfer of all business shares of the company Kesselspitze GmbH, Obertauern, Austria and the company Kesselspitze GmbH & Co KG, Obertauern, Austria, was concluded between the buyer Valamar A GmbH and the seller: Lürzer Obertauern GmbH & Co KG, Mr. Heribert Lürzer, Mr. Gerhard Lürzer and Mr. Harald Lürzer. The members of Valamar A GmbH paid the amount of EUR 6,000,000.00 into the capital reserves of Valamar A GmbH, in proportion to their business shares as follows, Valamar Riviera d.d. as the owner of a business share of EUR 35,000.00, which corresponds to 24.54% of the share capital of Valamar A GmbH, paid the amount of EUR 1,472,400.00, and Wurmböck Beteiligungs GmbH, as the owner of a business share of EUR 107,624.00, which corresponds to 75.46% of the share capital Valamar A GmbH paid the amount of EUR 4,527,600.00.

According to the decision adopted by the General Assembly held on 21 September 2022, the Company paid out a dividend of HRK 1.20 per share, which amounted in total to HRK 146,265 thousand.

The consolidated and unconsolidated financial statements for the fourth quarter period ended 31 December 2022 were approved by the Management Board on 16 February 2023. The consolidated and unconsolidated financial statements for the fourth quarter period ended 31 December 2022, have not been audited.

## NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The Company's and Group's financial statements for the fourth quarter period ended 31 December 2022 have been prepared in accordance with International Accounting Standard (IAS) 34 – *Interim Financial Reporting*. The financial statements have been prepared under the historical cost method, except for the financial assets at fair value through profit or loss and financial assets.

The consolidated and unconsolidated financial statements for the fourth quarter period do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's and Group's annual financial statements as at 31 December 2022 which are available on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Group's web pages.

### 2.2 Going concern

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

### 2.3 Critical accounting estimates

There were no changes in critical accounting estimates used for preparation of financial statements for the fourth quarter period ended 31 December 2022 comparing to those used for the preparation of the annual financial statements for the year ended 31 December 2021.

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

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

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.

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 2021 and 2022 the Company and the Group were not able to determine the object of the lease and the value of the lease.

Considering that no regulation on prices has been passed by the end of 2022, nor has a waiver of obligations been enacted by law, as a precautionary principle, the Company and the Group reserved the cost of lease for tourist land for the period from the entry into force of the ZNGZ, i.e. from 1 May, 2020 to the end of 2022 on the basis of the calculation of compensation under the old regulations in the amount of HRK 39,726 thousand for the Company and HRK 40,598 thousand for the Group.

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

### 2.4 Significant accounting policies

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

### NOTE 3 – FAIR VALUE ESTIMATION

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

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

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

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

<b>GROUP</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
(in thousands of HRK)					
<b>As at 31 December 2021</b>					
<b>Assets measured at fair value</b>					
Financial assets - equity securities		391	-	-	391
<b>Total assets measured at fair value</b>		<b>391</b>	<b>-</b>	<b>-</b>	<b>391</b>
<b>Liabilities measured at fair value</b>					
Derivative financial instruments		-	7,749	-	7,749
<b>Total liabilities measured at fair value</b>		<b>-</b>	<b>7,749</b>	<b>-</b>	<b>7,749</b>
<b>As at 31 December 2022</b>					
<b>Assets measured at fair value</b>					
Financial assets - equity securities		364	-	-	364
Derivative financial instruments		-	34,633	-	34,633
<b>Total liabilities measured at fair value</b>		<b>364</b>	<b>34,633</b>	<b>-</b>	<b>34,997</b>

#### *Fair value hierarchy*

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

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

**NOTE 3 – FAIR VALUE ESTIMATION / CONTINUED****COMPANY**

(in thousands of HRK)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>As at 31 December 2021</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	359	-	-	359
<b>Total assets measured at fair value</b>	<b>359</b>	<b>-</b>	<b>-</b>	<b>359</b>
<b>Liabilities measured at fair value</b>				
Derivative financial instruments	-	7,749	-	7,749
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>7,749</b>	<b>-</b>	<b>7,749</b>
<b>As at 31 December 2022</b>				
<b>Assets measured at fair value</b>				
Financial assets - equity securities	332	-	-	332
Derivative financial instruments	-	18,585	-	18,585
<b>Ukupno obveze iskazane po fer vrijednosti</b>	<b>332</b>	<b>18,585</b>	<b>-</b>	<b>18,917</b>

## NOTE 4 - SEGMENT INFORMATION

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Group's Management (the chief operating decision-makers) who are responsible for allocating resources to the reportable segments and assessing its performance. The Group records operating revenues and expenses by types of services rendered in three basic segments: hotels and apartments, camping and other business segments. Revenue was divided between

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

The segment information related to reportable segments for the year ended 31 December 2021 is as follows:

<b>GROUP</b>				
(in thousands of HRK)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
Total sales	1,001,646	550,115	147,603	1,699,364
Inter-segment revenue	(1,382)	(28)	(92,826)	(94,236)
Revenue from external customers	<b>1,000,264</b>	<b>550,087</b>	<b>54,777</b>	<b>1,605,128</b>
Depreciation and amortisation	318,544	131,942	56,850	507,336
Net finance income/(expense)	(23,424)	(14,373)	1,895	(35,902)
Write-off of fixed assets	3,389	99	404	3,892
Profit/(loss) of segment	534,766	390,233	(211,953)	713,046

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 that ended being subsidiary from 29 November 2021.



**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

The segment information related to reportable segments for the year ended 31 December 2022 is as follows:

<b>GROUP</b>				
(in thousands of HRK)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
Total sales	1,604,266	723,523	261,353	2,589,141
Inter-segment revenue	(5,429)	(620)	(175,943)	(181,992)
Revenue from external customers	<b>1,598,837</b>	<b>722,903</b>	<b>85,410</b>	<b>2,407,150</b>
Depreciation and amortisation	310,469	131,940	55,286	497,695
Net finance income/(expense)	(45,103)	(13,875)	34,550	(24,428)
Write-off of fixed assets	2,443	551	775	3,769
Profit/(loss) of segment	723,550	462,826	(397,091)	789,285

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

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

<b>GROUP</b>				
(in thousands of HRK)	<b>Hotels and apartments</b>	<b>Camps</b>	<b>Other business segments</b>	<b>Total</b>
<b>As at 31 December 2021</b>				
Total assets	3,207,710	1,383,094	722,119	<b>5,312,923</b>
Total liabilities	1,977,090	934,627	473,878	<b>3,385,595</b>
<b>As at 31 December 2022</b>				
Total assets	3,460,679	1,345,378	352,048	<b>5,158,105</b>
Total liabilities	1,880,596	715,092	260,322	<b>2,856,010</b>

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

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

<b>GROUP</b>	<b>January - December 2021</b>	<b>January - December 2022</b>
(in thousands of HRK)		
<b>Revenue</b>		
Revenue from segments	1,699,364	2,589,142
Inter-segment revenue	(94,236)	(181,992)
<b>Total revenue</b>	<b>1,605,128</b>	<b>2,407,150</b>
<b>Profit</b>		
Profit from segments	713,046	789,285
Other unallocated expenses	(550,126)	(563,477)
Profit/(loss) from financial and extraordinary activities	(61,444)	(23,937)
<b>Total profit before tax</b>	<b>101,476</b>	<b>201,871</b>

**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 2021		As at 31 December 2022	
	Assets	Liabilities	Assets	Liabilities
<b>Segment assets/liabilities</b>	<b>5,312,923</b>	<b>3,385,595</b>	<b>5,158,105</b>	<b>2,856,010</b>
Hotels and apartments segment	3,207,710	1,977,090	3,460,679	1,880,596
Camps segment	1,383,094	934,627	1,345,378	715,092
Other business segment	722,119	473,878	352,048	260,322
<b>Unallocated</b>	<b>1,600,624</b>	<b>216,893</b>	<b>1,261,699</b>	<b>240,126</b>
Investments in associate	76,503	-	109,906	-
Other financial assets	391	-	364	-
Loans and deposits	43,179	-	134,151	-
Cash and cash equivalents	1,115,258	-	672,828	-
Income tax receivable	2	-	-	-
Other receivables	36,198	-	26,566	-
Deferred tax assets/liabilities	329,093	51,765	283,251	47,392
Other liabilities	-	80,551	-	99,732
Derivative financial assets/ liabilities	-	7,749	34,633	-
Provisions	-	76,828	-	93,002
<b>Total</b>	<b>6,913,547</b>	<b>3,602,488</b>	<b>6,419,804</b>	<b>3,096,136</b>

**NOTE 4 - SEGMENT INFORMATION / CONTINUED**

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

**GROUP**

(in thousands of HRK)	<b>January - December 2021</b>	<b>January - December 2022</b>
Revenue from sales to domestic customers	173,626	250,095
Revenue from sales to foreign customers	1,431,502	2,157,054
	<b>1,605,128</b>	<b>2,407,150</b>

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

(in thousands of HRK)	<b>GROUP</b>			
	<b>January - December 2021</b>	<b>%</b>	<b>January - December 2022</b>	<b>%</b>
EU members	1.274.469	89.03	1,828,261	84.76
Other	157.033	10.97	328,793	15.24
	<b>1.431.502</b>	<b>100.00</b>	<b>2,157,054</b>	<b>100.00</b>

**NOTE 5 - STAFF COSTS**

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

(in thousands of HRK)	GROUP		COMPANY	
	January - December 2021	January - December 2022	January - December 2021	January - December 2022
Net salaries	218,087	444,413	185,544	361,681
Tax and contributions from salary costs	88,659	161,730	76,288	129,991
Contributions on salaries	46,430	84,335	39,419	65,955
<b>Total /i/</b>	<b>353,176</b>	<b>690,478</b>	<b>301,251</b>	<b>557,626</b>

/i/ Total Covid-19 grants related to net salaries compensation with related tax and contribution write-offs due to revenue decline are in 2021 included in the staff cost of the Group in the amount of HRK 102.1 million and for the Company HRK 84.6 million. The Company adopted the Regulation on remuneration in Company shares – “Recovery & development program” in 2021, according to which key employees of the Company and the Group would be rewarded in Company shares. In 2022, the conditions for the recognition of the cost have been met, which amounts to HRK 44,550 thousand for the Company and HRK 49,000 thousand for the Group).

For the fourth quarter period ended 31 December 2022 Company's average number of employees is 3,793 (2021: 3,211), while the Group's average number of employees is 4,932 (2021: 3,900).

The Company capitalised net salaries cost in the amount of HRK 5.37 million (2021: HRK 4.82 million), cost of contributions and tax from salaries in the amount of HRK 2.16 million (2021: HRK 1.91 million) and cost of contributions on salaries in the amount of HRK 0.97 million (2021: HRK 0.87 million). The Group capitalised net salaries cost in the amount of HRK 6.67 million (2021: HRK 5.2 million), cost of contributions and tax from salaries in the amount of HRK 2.7 million (2021: HRK 2 million) and cost of contributions on salaries in the amount of HRK 1.3 million (2021: HRK 0.9 million).

**NOTE 6 - INCOME TAX**

Croatian tax legislation does not allow tax losses to be transferred among group companies. In accordance with the regulations of the Republic of Croatia, the Tax Authority may at any time inspect the Group Company's books and records within three years following the year in which the tax liability was reported, and may impose additional tax assessments and penalties. The Company has no cash outflows based on tax payments. Income tax is calculated using the legal income tax rate of 18% in the Republic of Croatia. The Law on Additional Income Tax, which prescribes additional income tax for 2022, has no effect on the increase in the Company's income tax liability, and the Group's tax liability has therefore increased by HRK 3,691 thousand. Established branch Valamar Riviera d.d., Zweigniederlassung Austria is an Austrian taxpayer with income tax rate of 25%.

Income tax comprise:

(in thousands of HRK)	GROUP		COMPANY	
	January - December 2021	January - December 2022	January - December 2021	January - December 2022
Current tax	22	7	-	-
Deferred tax	(7,254)	41,473	66,518	111,595
<b>Tax (income)/expense</b>	<b>(7,232)</b>	<b>41,480</b>	<b>66,518</b>	<b>111,595</b>

Movement overview of deferred tax assets and liabilities in 2022:

**DEFERRED TAX ASSET**

(in thousands of HRK)	GROUP	COMPANY
<b>As at 1 January 2022</b>	<b>329,093</b>	<b>163,224</b>
Adjustment of deferred tax assets in profit and loss related to inter-group transaction	80,345	-
Credited/(debited) to the income	(126,187)	(112,466)
<b>As at 31 December 2022</b>	<b>283,251</b>	<b>50,759</b>

**DEFERRED TAX LIABILITIES**

(in thousands of HRK)	GROUP	COMPANY
<b>As at 1 January 2022</b>	<b>51,765</b>	<b>12,455</b>
Credited/(debited) to the income	(4,368)	(869)
Credited/ (debited) to the other comprehensive income	(5)	(5)
<b>As at 31 December 2022</b>	<b>47,392</b>	<b>11,581</b>

## NOTE 7 – EARNINGS/(LOSS) PER SHARE

### Basic

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

### Diluted

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

### GROUP

	<u>January - December 2021</u>	<u>January - December 2022</u>
Profit/(loss) attributable to equity holders (in thousands of HRK)	104,375	147,684
Weighted average number of shares	121,887,907	121,887,907
<b>Basic/diluted earnings/(loss) per share (in HRK)</b>	<b>0.86</b>	<b>1.21</b>

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

During the year ended 31 December 2022, the Group acquired assets in the amount of HRK 317,286 thousand (2021: HRK 115,536 thousand), while the Company acquired assets in the amount of HRK 195,658 thousand (2021: HRK 77,557 thousand).

During the year ended 31 December 2022, the Group disposed the assets with a net book value of HRK 2,659 thousand (2021: HRK 2,470 thousand), resulting in a net gain on disposal of HRK 15,796 thousand (2021: HRK 1,313 thousand).

During the year ended 31 December 2022, the Company disposed the assets with a net book value of HRK 250,473 thousand (2021: HRK 75,280 thousand), resulting in a net gain on disposal of HRK 480,399 thousand (2021: HRK 281,213 thousand).

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

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

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

(in thousands of HRK)	GROUP		COMPANY	
	Total liabilities on 31 December 2022	Maturity over 5 years	Total liabilities on 31 December 2022	Maturity over 5 years
Bank borrowings	2,604,412	864,110	1,774,640	603,248
Lease liabilities under IFRS 16	22,781	7,945	22,803	6,812
<b>Total</b>	<b>2,627,193</b>	<b>872,055</b>	<b>1,797,443</b>	<b>610,060</b>

As at 31 December 2022 non-current and current bank borrowings of the Group amounted HRK 2,604,412 thousand, all secured with a pledge over Group's property facilities and movable property.

As at 31 December 2022 non-current and current bank borrowings of the Company amounted HRK 1,774,640 thousand, all secured with a pledge over Company's property facilities and movable property.

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

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

**NOTE 10 – CONTINGENCIES AND COMMITMENTS**

The contracted capital commitments of the Company in respect to investments in tourism facilities at 31 December 2022 amount to HRK thousand 556,820 thousand (2021: HRK 544,910 thousand). The contracted capital commitments of the Group in respect to investments in tourism facilities at 31 December 2022 amount to HRK 669,589 thousand (2021: HRK 597,391 thousand).

The Company is the guarantor of the loans of related-party Valamar Obertauern GmbH. The estimated maximum amount of the guarantee that can be realized is HRK 46,193

thousand. The loan of the related-party is secured by mortgages on the real estate of Valamar Obertauern GmbH. The Company estimates the very low probability of incurring an actual obligation under the guarantee.

The Company is the guarantor of the loan of related-party Imperial Riviera d.d. in the amount HRK 452,070 thousand, and to secure the claim a pledge over Imperial Riviera's property facilities was established in the amount of the claim. The Company estimates the very low probability of incurring an actual obligation under the guarantee.



## NOTE 11 – ASSOCIATES

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

(in thousands of HRK)

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

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

## NOTE 12 – RELATED PARTY TRANSACTIONS

Related party transactions were as follows:

GROUP	2021	2022
(in thousands of HRK)		
<b>Sale of services</b>		
Other parties related to the owners and corporate governance bodies	1	1
Associate with participating interest	8,601	14,194
	<b>8,602</b>	<b>14,195</b>
<b>Purchase of services</b>		
Other parties related to the owners and corporate governance bodies	480	843
Associate with participating interest	239	703
	<b>719</b>	<b>1,546</b>
<b>Trade and other receivable</b>		
Associate with participating interest	7,294	8,024
	<b>7,294</b>	<b>8,024</b>
<b>Liabilities</b>		
Other parties related to the owners and corporate governance bodies	23	79
Associate with participating interest	39	18
	<b>63</b>	<b>97</b>

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

(in thousands of HRK)

	<b>2021</b>	<b>2022</b>
<b>Sale of services</b>		
Subsidiaries /i/	312,947	558,583
Associate with participating interest	8,601	14,194
Other parties related to the owners and corporate governance bodies	1	1
	<b>321,549</b>	<b>572,778</b>
<b>Purchase of services</b>		
Subsidiaries	3,830	10,426
Associate with participating interest	239	703
Other parties related to the owners and corporate governance bodies	430	707
	<b>4,499</b>	<b>11,836</b>
<b>Dividend income</b>		
Subsidiaries	-	36,831
	<b>-</b>	<b>36,831</b>
<b>Trade and other receivable</b>		
Subsidiaries	19,712	15,746
Associate with participating interest	7,294	8,024
	<b>27,006</b>	<b>23,770</b>
<b>Other receivables</b>		
Subsidiaries	26	-
	<b>26</b>	<b>-</b>
<b>Trade and other payables</b>		
Subsidiaries	70	221
Associate with participating interest	39	18
Other parties related to the owners and corporate governance bodies	22	79
	<b>131</b>	<b>318</b>
<b>Loans given</b>		
Subsidiaries	28	-
	<b>28</b>	<b>-</b>

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

**NOTE 13 – SUBSEQUENT EVENTS**

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

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