

# Stanovi Jadran

---

## MANAGEMENT REPORT

STANOVI JADRAN d.d. SPLIT

**01.01.2020. to 30.09.2020.**

Split, October 28<sup>th</sup>, 2020.

---

## **Introduction**

Stanovi Jadran PLC. continues its performance in 2020. despite the hurdles caused by COVID-19 pandemics with main aim to pay-out dividends to shareholders.

The main reason supporting good results is sale of stake in Winter ltd. in first quarter and sale of penthouse S3 in Šibenik in second quarter.

Company sold financial assets in Bosnia and Herzegovina where cumulative loss was made to increase liquidity.

At the same time, the construction site for the reconstruction of the Armerun Hotel in Šibenik is still active having dynamics slowdown due to measures set by Government in order to stop the expansion of COVID-19. Therefore, the opening of the Armerun Hotel is expected next year.

The Management Board of the Company is actively engaged in the sale of real estate that is not in focus or in line with the Company's development strategy. Accordingly, apartments in Šibenik and properties in Zagreb and Dubrovnik are listed for sale.

The Management strongly believes that it may sell some assets by the end of the year.

Kind regards,

STANOVI JADRAN plc.

## TABLE OF CONTENTS

<b><u>I. COMMENTS ON BUSINESS DOING .....</u></b>	<b><u>4</u></b>
<b><u>II. IMPORTANT BUSINESS EVENTS .....</u></b>	<b><u>5</u></b>
<b><u>III. EXPECTED BUSINESS DEVELOPEMENT .....</u></b>	<b><u>6</u></b>
<b><u>IV. R&amp;D ACTIVITIES .....</u></b>	<b><u>6</u></b>
<b><u>V. TREASURY SHARES INFORMATION.....</u></b>	<b><u>6</u></b>
<b><u>VI. BRANCH OFFICES .....</u></b>	<b><u>7</u></b>
<b><u>VII. IMPORTANT FINANCIAL INSTURMENTS .....</u></b>	<b><u>7</u></b>
<b><u>VIII. AIMS AND POLICY .....</u></b>	<b><u>7</u></b>
<b><u>IX. RISK EXPOSURE .....</u></b>	<b><u>8</u></b>
<b><u>X. MANAGEMENT STATEMENT .....</u></b>	<b><u>10</u></b>

## I. COMMENTS ON BUSINESS DOING

---

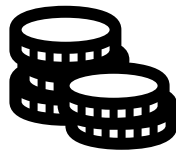
Stanovi Jadran plc. (the Company) sold 89% of its subsidiary Winter ltd. right before pandemic bursted with premium valuation. Furthermore, the penthouse in Šibenik has been sold and emty commercial spaces has been leased.

Due to tax legislation, the Company paid all necessary taxes to Bosnia & Herzegovina what affected liquidity but in the same time the tax payment will be recognized and accepted in Croatia due to double taxation contracts between Croatia and Bosnia & Herzegovina.

At the same time, material and staff costs have optimized.



**Sales revenue**  
13.923.342 HRK



**Material expenses**  
746.864 HRK



**Wages & salaries**  
555.264 HRK



**Net profit**  
6.684.161 HRK



**Assets**  
96.135.851 HRK

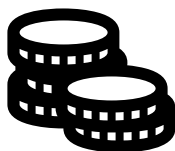


**Liabilities**  
19.936.581 HRK

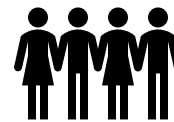
Stanovi Jadran plc. (the Group) achieved revenues decline since the subsidiary Winter ltd., which generated most of the Group's revenue, is no longer part of the Group. The Company's management believes that sale of subsidiary came at the right time since now the revenues from subsidiary would not be significantly higher, but the premium valuation would be lost. The sale of penthouse in Šibenik has been done to other subsidiary which would be sold by the end of the year to foreign buyer.



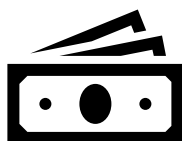
**Sales revenue**  
10.539.074 HRK



**Material expenses**  
770.085 HRK



**Wages & Salaries**  
555.264 HRK



**Net profit**  
3.320.985 HRK



**Assets**  
99.855.690 HRK



**Liabilities**  
25.716.380 HRK

## II. IMPORTANT BUSINESS EVENTS

---

Stanovi Jadran plc. concluded the sale of shares in the subsidiary Winter Ltd. and purchased securities in Bosnia and Herzegovina. The Company continued with investment activities in the Hotel "Armerun" in Šibenik and by the day of writing the report, most of outside work has been done. The Management of the Company believes that the opening of the hotel should be at the beginning of 2021 due to all the restrictions on movement caused by the COVID-19 pandemic and the financial crisis that is expected due to the shutdown of the economy globally.

Additionally, the Company sold a penthouse S3 in Šibenik and a 113 m<sup>2</sup> garage in Zagreb during the second quarter. Also, the Company sold almost all financial assets in Bosnia and Herzegovina in this quarter, except for the part of TLKM from which it exercised the right to dividend.

Due to the COVID-19 pandemic, the daily rental income of the Penthouse Vinci in the Center Ploka declined, as well as part of the rents to long-term tenants in such a way that the rent is calculated as a percentage of the income.

Nova Nekretnine ltd has started remodelling of the project due to new homogenization of cadastral plans in Dubrovnik and plans to start obtaining a building permit by the end of the year.

### III. EXPECTED BUSINESS DEVELOPEMENT

---

Due to the COVID-19 pandemic, the Management expects a decrease in sales revenue. Specifically, it is expected that the demand for daily rental properties will drop as well as revenue from the lessees who are forbidden to perform business activities from the Civil Protection of the Republic of Croatia should be reduced. Also, the planned revenue from the Armerun Hotel will not be realized in 2020, and expected revenues in 2021 will be less than projected.

Furthermore, the Management expects fewer inquiries for real estate in Zagreb due to the March earthquake and a decline in advertised prices in the wake of the financial crisis

The liabilities of the Company and its Subsidiaries relate mainly to investments activities in projects that are ongoing.

The subsidiary VILE ORAŠAC ltd. submitted permit extension in this quarter. The management believes after getting an extension, it should make it easier to find a potential buyer and will be easier to sell the shares in the same subsidiary.

Because of the reduced demand for daily rent as well as the financial crisis, the Company's Management believes that it should be easier to find properties for potential hotels in the city historic centres at more affordable prices.

The main aim of the Company is to diversify portfolio in a way of holding different types of revenue generating properties such as shopping malls and commercial spaces rather than only properties whose revenue streams are tourism associated.

### IV. R&D ACTIVITIES

---

COVID-19 pandemics affected tourism as one of the industries the Company set as a strategic, the Management started to diversify portfolio in order to reduce tourism depending revenue streams.

### V. TREASURY SHARES INFORMATION

---

Stanovi Jadran plc. do not own treasury shares, and the existing ownership structure and is subject to more frequent changes in the Stock Exchange Market. At this moment, there are neither treasury repurchase program nor employee stock purchase plan.

## VI. BRANCH OFFICES

---

The company has no open branch offices. This also applies to the subsidiaries that are part of the Group.

## VII. IMPORTANT FINANCIAL INSTRUMENTS

---

Financial instruments that the Company has in its portfolio are:

- shares of the subsidiaries Villa Orasac ltd. and Nova Nekretnine ltd.,
- shares of companies listed on Zagreb Stock Exchange such as Varteks d.d. and Proprius d.d. – in liquidation. The company holds 10.57% of Proprius d.d. – in liquidation share capital, where the Company's holding company Jadran Kapital d.d. is the largest single shareholder of Proprius d.d. – in liquidation.
- securities of Telekom Srpske plc. listed at Banja Luka Stock Exchange and securities of Energonova plc and Prof plus plc listed at Sarajevo Stock Exchange

In view of the above, it is important to evaluate the financial position and performance of the Company as an Issuer and the parent of its subsidiaries, it can be concluded that the business interests held by the Company in its subsidiaries form a significant part of the basis for assessing the financial position and the success of the Company's operations as an Issuer.

## VIII. AIMS AND POLICY

---

The Company is exposed to basic business risks which are set out in Chapter IX. of this Report.

All employees of the Company, including the Management Board and the Supervisory Board, participate in the implementation of the internal control and risk management system.

The Company manages risks, especially financial ones, monitoring and compliance with significant regulations and through internal control that is performed by monitoring the operations in all organizational units through the activities of the Company and especially the control of ancillary services.

## IX. RISK EXPOSURE

---

The Company's management believes that the risks have significantly changed from the end of 2019 to the end of the reporting period.

### **Real Estate Market Risk**

Since March 19, 2020, when the Civil Protection of the Republic of Croatia introduced measures related to COVID-19, the completion of construction works has been slowed down and construction permits issuance is expected to slow down. Since joining the European Union, the price on the real estate market has been formed mainly due to the lack of real estate supply for daily rental in the market and excess demand from population from economically more powerful western countries. Due to the shortage of real estate for daily rent and rising prices, a large number of real estates were redeveloped from residential to commercial, it also reduced the supply of residential real estate and increased prices. Having restrictions on movement and doing business due to COVID-19 and the expected global financial crisis, real estate prices are likely to fall due to reduced demand, which is a very high risk at present.

### **Tourism market risk**

Tourism, as a very specific industry, connects several other industries by generating tourism spending, currently carries a higher risk score, all given the level achieved, but also the challenges posed by the current global situation. The Company believes that at present the most important risk is related to tourism because of recreation of tourism spending, inability to move and enter the country, as well as social distance. COVID-19 paralyzed air travel industry what affected ability to sell rooms to the potential guests. Pandemics probably caused damage which will reshape air travel industry in a sense that will affect arrivals. Currently, the risk related to this industry is high.

### **Industry risk in construction**

The management believes it has found a partner for future projects, but at the same time believes that in 2020 will be a lot of construction companies out of work, which will lead to lower prices in construction.

### **Personnel risk**

The Company has 8 employees as of the date of this report. Due to the financial crisis, the global health crisis and the closure of borders, the Management believes that talented staff will be available in the next two years.



### **Exchange rate risk**

Foreign exchange differences are charged to operating expenses or credited to the income statement, but do not affect the cash flow. The Company is currently exposed to currency risk on the basis of changes in the EUR / HRK exchange rate.

### **Financing risk**

The Company estimates that at present the financing risk is low due to favourable conditions in the credit and money market.

### **Liquidity risk**

The Company endeavours to put its own assets into use as soon as possible in order to obtain a continuous cash inflow to service short-term and extraordinary liabilities. All account receivables are secured by appropriate instruments to reduce the risk of non-payment. After the sale of the financial assets, the Management plans to reduce its liabilities and continue its investment activities.

### **Interest rate risk**

Borrowings from credit institutions are generally contracted at a variable interest rate based on the reference interest rate (EURIBOR), and the Company is therefore more exposed to interest rate risk. The Company does not currently use financial instruments to hedge against adverse or unexpected movements in interest rates. Due to global trends, the Management Board believes that it is necessary to reduce this risk by closing debts, which it plans to do in 2020.

### **Credit risk**

The Company does not credit contractors or lessees, and all contracts are secured with additional collateral. The Company itself is exposed to credit risk and it regularly payoff loans to commercial banks. The Management plans to further reduce its exposure to credit institutions by selling real estate. Due to global trends, the Management Board considers it necessary to reduce this risk by repaying part of its liabilities.

## X. MANAGEMENT STATEMENT

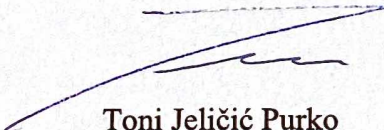
---

Toni Jeličić Purko as a president of Management Board and Maja Bradić as a member of Management Board of STANOVI JADRAN d.d., Split, Kralja Zvonimira 14/IX, OIB 88680117715, as responsible persons for composition of financial reports for period 01.01.2020. – 30.09.2020. are giving the

### STATEMENT

According to our knowledge, financial report of STANOVI JADRAN d.d., Split, Kralja Zvonimira 14/IX, OIB 88680117715, for period 01.01.2020. – 30.09.2020. is in line with Accounting Law, Accounting Standards of Financial Reporting and EU Directives.

The interim management report consists of true information and business results for a company and its subsidiary companies together with risk exposure statements.



Toni Jeličić Purko  
Management Board President



Maja Bradić  
Management Board Member

**STANOVI JADRAN**  
**d.d. SPLIT**

Split, October 28<sup>th</sup>, 2020.

**Annex 1****ISSUER'S GENERAL DATA**

Reporting period:

01/01/2020

to

30/09/2020

Year:

2020

Quarter:

3.

**Quarterly financial statements**

Registration number (MB):

02182190

Issuer's home Member

State code:

HR

Entity's registration  
number (MBS):

060227551

Personal identification  
number (OIB):

88680117715

LEI:

747800E0R03R0059Q263

Institution  
code:

94048

Name of the issuer: STANOVI JADRAN d.d.

Postcode and town:

21000

SPLIT

Street and house number: Kralja Zvonimira 14/IX

E-mail address: info@stanovijadran.com

Web address: www.stanovijadran.com

Number of employees  
(end of the reporting

8

Consolidated report:

KD

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Bookkeeping firm:

No

(Yes/No)

(name of the bookkeeping firm)

Contact person: Mario Jurić

(only name and surname of the contact person)

Telephone: 021/482-367

E-mail address: mario@stanovijadran.com

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

**BALANCE SHEET**  
balance as at 30.9.2020.

in HRK

Submitter: STANOVI JADRAN d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>	0	0
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	83.643.000	65.277.847
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	24.810	22.140
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	24.810	22.140
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	0	0
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	49.854.963	50.576.041
1 Land	011	0	0
2 Buildings	012	0	0
3 Plant and equipment	013	3.590.123	4.130.725
4 Tools, working inventory and transportation assets	014	0	0
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	0	0
7 Tangible assets in preparation	017	0	0
8 Other tangible assets	018	0	0
9 Investment property	019	46.264.840	46.445.316
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	33.763.227	14.679.666
1 Investments in holdings (shares) of undertakings within the group	021	30.340.831	7.280.286
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	156.416	149.633
9 Other investments accounted for using the equity method	029	11.000	11.000
10 Other fixed financial assets	030	3.254.980	7.238.747
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>	0	0
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	6.652.327	30.706.911
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	0	0
1 Raw materials and consumables	039	0	0
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	0	0

5 Advances for inventories	043	0	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>2.929.895</b>	<b>4.775.712</b>
1 Receivables from undertakings within the group	047	265.500	281.250
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	2.602.659	2.922.565
4 Receivables from employees and members of the undertaking	050	0	0
5 Receivables from government and other institutions	051	56.214	1.373.903
6 Other receivables	052	5.522	197.994
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>3.714.746</b>	<b>25.864.511</b>
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	10.700	240.900
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	3.704.046	25.623.611
9 Other financial assets	062	0	0
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>7.686</b>	<b>66.688</b>
<b>D ) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>164.306</b>	<b>151.093</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>90.459.633</b>	<b>96.135.851</b>
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>0</b>	<b>0</b>
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to</b>	<b>067</b>	<b>69.515.111</b>	<b>76.199.270</b>
<b>I INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>76.248.000</b>	<b>76.248.000</b>
<b>II CAPITAL RESERVES</b>	<b>069</b>	<b>3.357.629</b>	<b>3.357.629</b>
<b>III RESERVES FROM PROFIT (ADP 071+072-073+074+075)</b>	<b>070</b>	<b>0</b>	<b>0</b>
1 Legal reserves	071	0	0
2 Reserves for treasury shares	072	0	0
3 Treasury shares and holdings (deductible item)	073	0	0
4 Statutory reserves	074	0	0
5 Other reserves	075	0	0
<b>IV REVALUATION RESERVES</b>	<b>076</b>	<b>0</b>	<b>0</b>
<b>V FAIR VALUE RESERVES (ADP 078 to 080)</b>	<b>077</b>	<b>0</b>	<b>0</b>
1 Fair value of financial assets available for sale	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
<b>VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)</b>	<b>081</b>	<b>-14.621.390</b>	<b>-10.090.520</b>
1 Retained profit	082	0	0
2 Loss brought forward	083	14.621.390	10.090.520
<b>VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)</b>	<b>084</b>	<b>4.530.872</b>	<b>6.684.161</b>
1 Profit for the business year	085	4.530.872	6.684.161
2 Loss for the business year	086	0	0
<b>VIII MINORITY (NON-CONTROLLING) INTEREST</b>	<b>087</b>	<b>0</b>	<b>0</b>
<b>B) PROVISIONS (ADP 089 to 094)</b>	<b>088</b>	<b>0</b>	<b>0</b>
1 Provisions for pensions, termination benefits and similar obligations	089	0	0
2 Provisions for tax liabilities	090	0	0

3 Provisions for ongoing legal cases	091	0	0
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	0	0
<b>C) LONG-TERM LIABILITIES (ADP 096 to 106)</b>	<b>095</b>	<b>15.168.906</b>	<b>14.126.788</b>
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0
3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	0	0
6 Liabilities to banks and other financial institutions	101	15.168.906	14.126.788
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	0	0
11 Deferred tax liability	106	0	0
<b>D) SHORT-TERM LIABILITIES (ADP 108 to 121)</b>	<b>107</b>	<b>5.765.668</b>	<b>5.809.793</b>
1 Liabilities to undertakings within the group	108	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	848.343	0
3 Liabilities to companies linked by virtue of participating interests	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	2.956.450	5.242.319
6 Liabilities to banks and other financial institutions	113	64.219	108.301
7 Liabilities for advance payments	114	59.152	59.152
8 Liabilities to suppliers	115	1.717.484	249.694
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	43.931	81.866
11 Taxes, contributions and similar liabilities	118	76.089	68.461
12 Liabilities arising from the share in the result	119	0	0
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	0	0
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>122</b>	<b>9.948</b>	<b>0</b>
<b>F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)</b>	<b>123</b>	<b>90.459.633</b>	<b>96.135.851</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>124</b>	<b>0</b>	<b>0</b>

**STATEMENT OF PROFIT OR LOSS**  
for the period 1.1. 2020 to 30.9. 2020.

in HRK

Submitter: STANOVI JADRAN d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I OPERATING INCOME (ADP 126 to 130)</b>	<b>125</b>	<b>9.317.666</b>	<b>7.751.949</b>	<b>4.290.683</b>	<b>278.309</b>
1 Income from sales with undertakings within the group	126	18.900	6.300	2.551.949	4.200
2 Income from sales (outside group)	127	8.377.132	6.857.843	899.936	245.382
3 Income from the use of own products, goods and services	128	0	0	0	0
4 Other operating income with undertakings within the group	129	0	0	0	0
5 Other operating income (outside the group)	130	921.634	887.806	838.798	28.727
<b>II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)</b>	<b>131</b>	<b>7.014.326</b>	<b>5.596.974</b>	<b>2.845.707</b>	<b>909.806</b>
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	5.614.095	5.082.747	746.864	256.820
a) Costs of raw materials and consumables	134	151.675	24.097	288.986	87.937
b) Costs of goods sold	135	4.874.983	4.874.983	0	0
c) Other external costs	136	587.437	183.667	457.878	168.883
3 Staff costs (ADP 138 to 140)	137	805.550	286.276	555.264	191.476
a) Net salaries and wages	138	494.178	174.859	347.488	119.388
b) Tax and contributions from salary costs	139	200.765	73.183	99.627	33.863
c) Contributions on salaries	140	110.607	38.234	108.149	38.225
4 Depreciation	141	274.677	101.755	618.685	313.271
5 Other costs	142	273.942	94.958	798.832	148.239
6 Value adjustments (ADP 144+145)	143	0	0	0	0
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	0	0	0	0
7 Provisions (ADP 147 to 152)	146	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	0	0
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	0	0	0	0
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8 Other operating expenses	153	46.062	31.238	126.062	0
<b>III FINANCIAL INCOME (ADP 155 to 164)</b>	<b>154</b>	<b>38.158</b>	<b>14.978</b>	<b>9.632.659</b>	<b>377.571</b>
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operations with undertakings within the group	158	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	1.410	139	25	20
8 Exchange rate differences and other financial income	162	21.909	0	331.276	331.276
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	14.839	14.839	9.301.358	46.275
<b>IV FINANCIAL EXPENSES (ADP 166 to 172)</b>	<b>165</b>	<b>253.311</b>	<b>97.174</b>	<b>4.393.474</b>	<b>474.795</b>
1 Interest expenses and similar expenses with undertakings within the group	166	30.919	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0	0	0
3 Interest expenses and similar expenses	168	177.690	90.656	408.400	186.596
4 Exchange rate differences and other expenses	169	2.100	0	191.040	191.040
5 Unrealised losses (expenses) from financial assets	170	0	0	0	0
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	42.602	6.518	3.794.034	97.159
<b>V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS</b>	<b>173</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>175</b>	0	0	0	0
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>176</b>	0	0	0	0
<b>IX TOTAL INCOME (ADP 125+154+173 + 174)</b>	<b>177</b>	9.355.824	7.766.927	13.923.342	655.880
<b>X TOTAL EXPENDITURE (ADP 131+165+175 + 176)</b>	<b>178</b>	7.267.637	5.694.148	7.239.181	1.384.601
<b>XI PRE-TAX PROFIT OR LOSS (ADP 177-178)</b>	<b>179</b>	2.088.187	2.072.779	6.684.161	-728.721
1 Pre-tax profit (ADP 177-178)	<b>180</b>	2.088.187	2.072.779	6.684.161	0
2 Pre-tax loss (ADP 178-177)	<b>181</b>	0	0	0	-728.721
<b>XII INCOME TAX</b>	<b>182</b>	0	0	0	0
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>	<b>183</b>	2.088.187	2.072.779	6.684.161	-728.721
1 Profit for the period (ADP 179-182)	<b>184</b>	2.088.187	2.072.779	6.684.161	0
2 Loss for the period (ADP 182-179)	<b>185</b>	0	0	0	-728.721
<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 187-188)</b>	<b>186</b>	0	0	0	0
1 Pre-tax profit from discontinued operations	<b>187</b>	0	0	0	0
2 Pre-tax loss on discontinued operations	<b>188</b>	0	0	0	0
<b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>189</b>	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	<b>190</b>	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	<b>191</b>	0	0	0	0
<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 179+186)</b>	<b>192</b>	0	0	0	0
1 Pre-tax profit (ADP 192)	<b>193</b>	0	0	0	0
2 Pre-tax loss (ADP 192)	<b>194</b>	0	0	0	0
<b>XVII INCOME TAX (ADP 182+189)</b>	<b>195</b>	0	0	0	0
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)</b>	<b>196</b>	0	0	0	0
1 Profit for the period (ADP 192-195)	<b>197</b>	0	0	0	0
2 Loss for the period (ADP 195-192)	<b>198</b>	0	0	0	0
<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 200+201)</b>	<b>199</b>	2.088.187	2.072.779	6.684.161	-728.721
1 Attributable to owners of the parent	<b>200</b>	2.088.187	2.072.779	6.684.161	-728.721
2 Attributable to minority (non-controlling) interest	<b>201</b>	0	0	0	0
<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>202</b>	2.088.187	2.072.779	6.684.161	-728.721
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)</b>	<b>203</b>	464.548	383.610	0	0
1 Exchange rate differences from translation of foreign operations	<b>204</b>	0	0	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	<b>205</b>	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	<b>206</b>	464.548	383.610	0	0
4 Profit or loss arising from effective cash flow hedging	<b>207</b>	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	<b>208</b>	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	<b>209</b>	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	<b>210</b>	0	0	0	0
8 Other changes in equity unrelated to owners	<b>211</b>	0	0	0	0
<b>III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>212</b>	0	0	0	0
<b>IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)</b>	<b>213</b>	464.548	383.610	0	0
<b>V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)</b>	<b>214</b>	2.552.735	2.456.389	6.684.161	-728.721
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)</b>	<b>215</b>	0	0	0	0
1 Attributable to owners of the parent	<b>216</b>	0	0	0	0
2 Attributable to minority (non-controlling) interest	<b>217</b>	0	0	0	0



**STATEMENT OF CASH FLOWS - indirect method**  
for the period 1.1.2020. to 30.9.2020.

in HRK

Submitter: STANOVI JADRAN d.d.			
Item	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	2.088.187	6.684.161
2 Adjustments (ADP 003 to 010):	002	452.367	-7.869.052
a) Depreciation	003	274.677	618.685
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	-2.460.223
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	-6.249.498
d) Interest and dividend income	006	0	-46.180
e) Interest expenses	007	177.690	408.400
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	0	-140.236
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>2.540.554</b>	<b>-1.184.891</b>
3 Changes in the working capital (ADP 013 to 016)	012	-1.743.420	-2.044.556
a) Increase or decrease in short-term liabilities	013	-1.656.915	-1.425.780
b) Increase or decrease in short-term receivables	014	-551.055	-618.776
c) Increase or decrease in inventories	015	0	0
d) Other increase or decrease in working capital	016	464.550	0
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>797.134</b>	<b>-3.229.447</b>
4 Interest paid	018	-177.690	-499.369
5 Income tax paid	019	0	-1.213.203
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>619.444</b>	<b>-4.942.019</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	6.306.107
2 Cash receipts from sales of financial instruments	022	0	51.787.200
3 Interest received	023	0	0
4 Dividends received	024	0	46.180
5 Cash receipts from repayment of loans and deposits	025	0	335.500
6 Other cash receipts from investment activities	026	0	6.783
<b>III Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>0</b>	<b>58.481.770</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-6.919.983	-5.182.977
2 Cash payments for the acquisition of financial instruments	029	-295.168	-26.115.420
3 Cash payments for loans and deposits for the period	030	0	-22.485.890
4 Acquisition of a subsidiary, net of cash acquired	031	0	-20.000
5 Other cash payments from investment activities	032	0	0
<b>IV Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-7.215.151</b>	<b>-53.804.287</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>-7.215.151</b>	<b>4.677.483</b>
<b>Cash flow from financing activities</b>			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	6.591.435	5.946.911
4 Other cash receipts from financing activities	038	0	0
<b>V Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>6.591.435</b>	<b>5.946.911</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	0	-5.623.373

2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	0	0
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>0</b>	<b>-5.623.373</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	<b>6.591.435</b>	<b>323.538</b>
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>-4.272</b>	<b>59.002</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	<b>79.246</b>	<b>7.686</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)</b>	<b>050</b>	<b>74.974</b>	<b>66.688</b>



NOTES TO FINANCIAL STATEMENTS - TFI  
(drawn up for quarterly reporting periods)

Name of the issuer: STANOVI JADRAN d.d.

Personal identification number (OIB): 88680117715

Reporting period: 1.1.2019 to 30.9.2019

Notes to financial statements for quarterly periods include:

- a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly reporting 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
- 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 quarterly reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly 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
- d) a description of the financial performance in the case of the issuer whose business is seasonal.