

INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER AND THE FIRST NINE MONTHS OF  
2019

ARENA

HOSPITALITY GROUP

30 SEPTEMBER 2019

A MEMBER OF PPHE HOTEL GROUP

  
P A R K  
P L A Z A

artotel

  
ARENA HOTELS &  
APARTMENTS

  
ARENA CAMPSITES

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# ARENA

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CAMPSITES

## INTERIM PERFORMANCE REPORT FOR NINE MONTHS PERIOD ENDING 30 SEPTEMBER 2019

### CONSOLIDATED RESULTS

"We are pleased to report our results for the nine months of 2019. The report presents the consolidated performance of Arena Hospitality Group d.d ('AHG' or the 'Company') and its subsidiaries (the 'Group') in all countries of operation including Croatia, Germany and Hungary, and unconsolidated performance in Croatia.

Reported Group revenue increased by 1.5% to HRK 688.9 million (2018: HRK 678.6 million) whilst EBITDA improved by 1.7% to HRK 249.0 million (2018: HRK 244.9 million). Accommodation revenue experienced a growth of 2.6% to HRK 570.6 million compared to last year (2018: HRK 556.2 million) as a result of improved occupancy by 90 bps to 55.3% and improved average daily rate by 5.0% which amounted to HRK 596.1 (2018: occupancy 54% and ADR HRK 567.9, respectively).

The Group experienced cost pressures due to tightening labour markets, increase in travel agents commissions and waste management and certain one-offs that influenced our results, however we remain positive on our overall performance and the longer term benefits we anticipate to derive from recent investments in certain properties.



### CROATIA

The summer season has just ended and we are pleased to report a total revenue growth of 2.3% to HRK 501.3 million (2018: HRK 490.0 million). Revenue growth was mostly driven by accommodation revenue which increased by 2.4% on the back of a 5.2% growth in average daily rate to HRK 551.4 (2018: HRK 524.0) and a 100 bps improvement in occupancy to 51.2%. Growth in revenues was generated by a strong performance in particular of the properties which we invested in 2018 and 2019 respectively, Arena One 99 Glamping and Arena Kažela Campsite. The remainder of the portfolio showed a stable performance with the exception of our self-catering apartment complexes segment, which experienced a low single digit drop in revenues.

EBITDA remained stable at HRK 189.7 million (2018: HRK 190.7 million) as the growth generated by the newly repositioned assets has been offset by the increase in costs, most notably cost of labour, commissions and waste management. The wider industry, including Croatia, is facing increasing challenges with attracting skilled labour. This issue is becoming more pronounced lately and it does affect us, as we need to continuously invest to attract and retain labour, which is key to the delivery of exemplary services to our guests.

Highlights during the period were our investments in our Croatian operations. In the nine months of 2019, we invested a total of HRK 193.4 million in upgrading campsites, self-catering holiday apartment complexes and rooms, public areas and facilities of certain hotels with the following primary refurbishment projects completed:

- Arena Kažela Campsite: acquisition of 164 premium mobile homes, redevelopment of the reception area, creation of two swimming pools including an activity and relaxation area;
- Verudela Beach Resort: minor refurbishment of 10 apartments and infrastructure works, ahead of the full repositioning project which is anticipated to be completed ahead of the 2020 summer season;

- Arena One 99 Glamping: addition of 10 additional tents, taking the total number of units to 193, improved landscaping and an upgrade of the beachfront;
- Park Plaza Histria Pula: replacement of outdoor furniture and terrace decking;
- Hotel Sensimar Medulin: refurbishment of the hotel's main swimming pool including the creation of a new bar;
- Acquisition of land in relation to the following self-catering apartment complexes: Zlatne Stijene, Verudela Beach Resort and Park Plaza Verudela Pula;
- Addition of four glamping tents in Arena Stoja Campsite; and
- Creation of an artpark on the Verudela peninsula initiated by the Company and delivered in collaboration with the city of Pula, the tourism board and several local artists.

Arena Kažela Campsite



## GERMANY AND HUNGARY

Revenue during the period increased by 1.1% to HRK 182.5 million (2018: HRK 180.6 million). The main drivers for this revenue growth were art'otel berlin kudamm and Park Plaza Nuremberg.

The like-for-like<sup>1</sup> EBITDAR for 2019 decreased by 3.6 % to HRK 53.8 million (2018: HRK 55,8 million). Softer performance was predominantly driven by art'otel Budapest and Park Plaza Nuremberg mostly due to an increase in payroll cost, increase in commissions and a one-off write-off of receivables.

The like-for-like EBITDA for 2019 shows a decrease in EBITDA by 6.6% to HRK 34.7 million (2018: HRK 37.1 million). The decrease was mostly driven by Park Plaza Wallstreet Berlin Mitte and artotel budapest due to an increase in rental expenses.

## DOING BUSINESS RESPONSIBLY

The Group embraces an increased level of responsibility to our guests, team members, partners, shareholders and the communities in which we operate Responsible Experiences, our strategy, in partnership with PPHE Hotel Group, is designed to create a long-term approach to sustainable business.

We are committed to having a positive impact on the regions in which we operate and it is a great privilege to be part of a number of humanitarian initiatives. We are actively involved with a number of fundraising activities throughout the year that make a big difference to people's lives and the environment. We started the season with The Rocks & Stars @ Cave Romane Musical Festival, where Arena Hospitality Group and Bina Istra supported UNICEF's programme for young children in Croatia. The amount of HRK 150,000 was donated to the General Hospital in Pula to, amongst other things, improve the conditions for all future mothers in the maternity clinic.

We are proud to have received the Blue Flag golden plaque for 15 years of activity. The Blue Flag symbolises a well preserved, safe and pleasant environment for fun, relaxation and recreation activities. Beaches and marinas, which carry the Blue Flag, offer quality services, have a clean seacoast, and are adequately equipped.

In the newly opened Arena Kažela Campsite we placed two electric car charging stations, encouraging our guests to choose environmentally friendly mobility options.

In Germany we continued with the initiative of not servicing guest rooms daily for those guests staying with us for more than one night – unless requested by the guest thus saving energy and resources. The guest in turn receives a value added incentive.

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<sup>1</sup> The like-for-like comparison for 2019 excludes the influence of IFRS 16, which was issued in January 2016 and applies to annual reporting periods beginning on or after 1<sup>st</sup> January 2019.


## CURRENT TRADING AND OUTLOOK

Trading since 30 September 2019 is in line with expectations across our two operating regions. The fourth quarter of the year is usually a strong quarter in Germany and Hungary whilst the Croatian operations are closing down for a period of preventative maintenance following the peak summer season.

We are pleased to report that we have continued with the repositioning programme at Verudela Beach Resort in Pula , Arena Kažela Campsite in Medulin and that we expect to start with the repositioning of hotel Brioni in early 2020. The investments of approximately HRK 500 million are in line with the previously announced plans of the Group and will be the driver of the growth in the forthcoming period.

The Company continues to explore additional repositioning projects within its portfolio as well as acquisition opportunities in Croatia and Central and Eastern Europe.

The Management Board expects trading for the 2019 financial year to be in line with expectations.”



RELI SLONIM , PRESIDENT OF THE MANAGEMENT BOARD

## SIGNIFICANT EVENTS DURING THE FIRST NINE MONTHS OF 2019

- The Group renewed the lease of art'otel budapest for a further 20 years, effective from 1 January 2019;
- The Company has entered into a loan agreement with Erste Bank for the amount of EUR 10.2 million for the partial funding of the investments in relation to the repositioning of Arena Kažela Campsite. The maturity is 10 years;
- The Group, through its subsidiary Sugarhill Investments B.V. has entered into a framework agreement with MK Aviation Services d.o.o. pursuant to which the Group will acquire the 88 Rooms Hotel, a 4 star hotel located in Belgrade, Serbia. The contemporary hotel is minutes away from the historic old town. It offers 88 rooms and suites, a restaurant, bar and conference room and fitness facilities. The completion of the transaction is subject to certain steps and conditions that need to be fulfilled. The transaction value is HRK 47 million;
- The Company operates Guest House Riviera in Pula for decades and has been in discussions with the Croatian Ministry of Assets to formalize the informal arrangement and acquire the property. The Republic of Croatia initiated legal proceedings against the Company for repossession and compensation. The Company has taken legal advice and disputes the claim on various grounds;
- The Company paid its first ever dividend in the amount of HRK 5 per share;
- The Company has received a formal approval from the Croatian Ministry of Economy to use tax benefits related to its investments. The Income tax return for 2018 amounted to HRK 11.8 million;
- The Management and Supervisory Boards have voted in favour of a share buyback programme of up to 20.000 shares lasting until 30 June 2020. Until 30 September 2019 the Company acquired 10.787 shares under this programme;
- On 26 September 2019, the Company signed with Zagrebačka banka a refinancing of the Loan Agreement dated 20 December 2017 on generally improved terms and entered into a new Loan Agreement to partly finance its upcoming investments ("Transaction"). The Transaction consists of:
  - o a refinancing of the outstanding principal under the loan agreement dated 20 December 2017 into a HRK facility in the amount of HRK 205 million and a Euro facility of EUR 32 million. The maturity date of the new facilities remains aligned with the original date of the 2017 loan agreement and is due 2027. Both facilities are for a fixed interest rate at an improved rate compared with the refinanced loan. The HRK denominated loan bears a fixed interest rate of 1.95% and the EUR denominated loan bears a fixed interest rate of 2.3%; and
  - o a new loan agreement for future investments in the amount of HRK 60 million due 2027 at a fixed interest rate of 1.90%.



## EVENTS AFTER THE BALANCE SHEET DATE

- Under the share buyback programme set up at the end of June, the Company acquired 17,067 shares into treasury as at 30<sup>th</sup> October;
- The Company has on 23 October 2019 received the Resolution from the Commercial Court in Pazin, no.: P-407/2019-1 informing it that a lawsuit has been filed concerning the decisions taken on the General Assembly of the Company held 31 August 2016. The court has not yet set a date for the hearing. The information on the lawsuit was made public pursuant to the provisions of Article 357 Par. (2) in connection with Art. 363 Par. (4) of the Companies Act. The Company is assessing the lawsuit;
- The repositioning of hotel Brioni will start at the beginning of 2020 and will open doors in the summer of 2021. Hotel Brioni it will be repositioned into a luxury upscale hotel with 227 rooms. The structure has 7 stories and it will include an indoor pool, an activity outdoor pool and an infinity outdoor pool, wellness centre with saunas and relaxation rooms, a gym, kids playground, grill and snack bars, a restaurant, meeting and conferencing facilities;
- The Group is continuing with its investments into Arena Kažela Campsite through a second phase, which has started in October. The first phase of the investment included 164 new luxurious mobile homes, two new pools, reception, new modern pool bars, an Illy coffee shop and animation content. The second phase of the investment will include a further replacement of mobile homes, repositioning of pitches (which will feature a full infrastructure in prime seaside with an average size of 150 sqm), refurbishment of public areas, a restaurant, bar and the sports' centre. The investment will transform this campsite into a modern 4 star Camping Resort and on completion we will rename and relaunch the site to Arena Grand Kažela. Arena Kažela Campsite is the most rewarded campsite of the Group and has won the prize of Croatia's Best Campsite 2020 for the seventh consecutive year by the Croatian Camping Union;
- The Company is also continuing with its investment cycle into the Verudela Beach self-catering apartment resort. As previously announced, and following the initial repositioning of the first 10 accommodation units prior to the 2019 summer season, construction works have started in October where the remaining 146 units of the resort will be fully repositioned. Verudela Beach will be the Group's second repositioned apartment resort (with Park Plaza Verudela Pula repositioned in 2013), out of the Group's four self-catering apartment complexes, and
- The Company will reposition the restaurant Yacht on the Verudela peninsula, along with the refurbishment of public spaces and rooms in its hotel Park Plaza Histria.

The above mentioned investments of approximately HRK 500 million are in line with the previously announced plans of the Group and will be the driver of the growth in the forthcoming period.

Arena Kažela Campsite – Camping Home Next



Verudela Beach – apartment interior



## OPERATING REVIEW OF THE COMPANY AND ITS SUBSIDIARIES (THE "GROUP")

The following table sets out the Group's consolidated results of operations for the nine months of 2019.

### CONSOLIDATED KEY PERFORMANCE INDICATORS

	Reported			Like-for-like <sup>1</sup>		
	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Variance %	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Variance %
Total revenue (HRK million)	688.9	678.6	1.5	688.9	677.7	1.7
Accommodation revenue (HRK million)	570.6	556.2	2.6	570.6	556.2	2.6
EBITDAR (HRK million)	280.1	271.5	3.1	280.1	270.6	3.5
EBITDA (HRK million)	249.0	244.9	1.7	232.0	244.0	(4.9)
Profit / (loss) before tax (HRK million)	161.4	171.4	(5.8)	163.0	170.5	(4.4)
Rooms available <sup>2</sup>	1,731,254	1,800,780	(3.9)	1,731,254	1,800,780	(3.9)
Occupancy % <sup>2</sup>	55.3	54.4	90 <sup>4</sup>	55.3	54.4	90 <sup>4</sup>
Average daily rate (HRK) <sup>3</sup>	596.1	567.9	5.0	596.1	567.9	5.0
RevPAR (HRK)	329.6	308.9	6.7	329.6	308.9	6.7

<sup>1</sup> The like-for-like comparison for 2019 excludes the influence of IFRS 16, which was issued in January 2016 and applies to annual reporting periods beginning on or after 1<sup>st</sup> January 2019. Please refer to page 113 of the Group's 2018 annual report for further detail. Furthermore, like-for-like comparison figures for 2018 exclude management fee revenues from art'otel dresden.

<sup>2</sup> Rooms available and the occupancy calculation are based on operating days.

<sup>3</sup> Average daily rate represents total room revenues divided by the total number of paid units occupied by guests.

<sup>4</sup> In Basis Points (bps).

Total revenue increased by 1.5% to HRK 688.9 million (2018: HRK 678.6 million) as a result of revenue growth across our Croatian, German and Hungarian operations.

Accommodation revenue increased by 2.6% to HRK 570.6 million (2018: HRK 556.2 million) on the back of improved occupancy (up by 90 bps) and a 5.0% increase in average daily rate, to HRK 596.1 (2018: HRK 567.9).

On a reported basis, EBITDA increased by 1.7% to HRK 249.0 million (2018: HRK 244.9 million). EBITDA increase is driven by the application of IFRS 16. The entire effect from IFRS 16 is generated from our leases in Germany and Hungary.

On a like-for-like basis, excluding the impact of IFRS 16 and the loss of revenue from art'otel dresden in 2018 (as we discontinued the management of that hotel during 2018 and therefore we do not incur management revenues any more), the EBITDA decreased by 4.9% to HRK 232.0 million (2018: HRK 244.0 million). EBITDA softened due to a delay in opening of Arena Kažela Campsite, increase in labour costs and travel agent commissions across the portfolio, waste management expenses and property taxes. Moreover, certain one offs occurred associated with payroll, severance and related expenses.

## CROATIAN PORTFOLIO PERFORMANCE

The following table sets out the results for the Group's operations in Croatia for the nine months of 2019:

### KEY PERFORMANCE INDICATORS

	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Variance %
Total revenue (HRK million)	501.3	490.0	2.3
Accommodation revenue (HRK million)	420.8	410.8	2.4
EBITDAR (HRK million)	197.5	198.0	(0.2)
EBITDA (HRK million)	189.7	190.7	(0.5)
Rooms available <sup>1</sup>	1,491,287	1,560,813	(4.5)
Occupancy % <sup>1</sup>	51.2	50.2	100 <sup>2</sup>
Average daily rate (HRK) <sup>3</sup>	551.4	524.0	5.2
RevPAR (HRK)	282.2	263.2	7.2
FTE <sup>4</sup>	816.1	701.5	16.3

<sup>1</sup> Rooms available and occupancy are based on operating days.

<sup>2</sup> In Basis Points (bps)

<sup>3</sup> Average daily rate represents total accommodation revenues divided by the total number of paid units occupied by guests.

<sup>4</sup> The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full time employee to arrive at a total for Full Time Equivalent Employees.

Total revenue increased by 2.3% to HRK 501.3 million (2018: HRK 490.0 million). The most significant contributors to our revenue growth were Arena One 99 Glamping and Arena Kažela Campsite, notwithstanding late opening due to a delay in construction and bad weather conditions in spring. The rest of the portfolio experienced a stable performance apart from self-catering apartment resorts, which experienced a low single digit drop in revenues also partially attributable to the need to provide staff accommodation for employees sourced outside of the Istrian region. Total revenue growth was underpinned by a 5.2% increase in average daily rate and 100 bps increase in occupancy. As a result, accommodation revenue increased by 2.4% to HRK 420.8 million (2018: HRK 410.8 million). RevPAR stood at HRK 282.2 posting a growth of 7.2% compared to last year (2018: HRK 263.2).

In order to reduce a workforce deficit and to ensure a consistent service delivery to our guests, we engaged workers from outside Croatia. We provided staff accommodation in our facilities, thus reducing the number of rooms available during this period. Rooms available decreased by 4.5% to 1,491,287 (2018: 1,560,813).

EBITDAR and EBITDA remained stable at HRK 197.5 million and HRK 189.7 million, respectively. Growth in profitability generated by new investments was offset by a more pronounced increase in cost of labour, travel agent commissions, waste management and property taxes. Moreover, ADR within the existing portfolio remained flat in the context of prevailing market conditions.

Throughout the season Croatia has been experiencing competitive market conditions due to increase in supply of units in the market coupled with a bolder return of other Mediterranean destinations such as Greece, Turkey and Egypt. In 2019, Croatia recorded an increase of bed supply by more than 6% (over 103,000 new beds) of which approximately 70% relates to private accommodation<sup>2</sup>. Istria recorded an increase in supply of over 11,000 beds of which over 80% came from private accommodation.

<sup>2</sup> Hrvatska Udruga Turizma: Turistički impuls Q3 2019

## GERMAN AND HUNGARIAN PORTFOLIO PERFORMANCE

The following table sets out the Group's results of operations in Germany and Hungary for the nine months of 2019:

### KEY PERFORMANCE INDICATORS

	Reported / in HRK			Reported / in EUR		Like-for-like <sup>1</sup> / in HRK		
	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Variance %	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Variance %
Total revenue (millions)	182.5	180.6	1.1	24.6	24.4	182.5	180.6	1.1
Accommodation revenue (millions)	149.8	145.4	3.0	20.2	19.6	149.8	145.4	3.0
EBITDAR (millions)	53.8	55.8	(3.6)	7.3	7.5	53.8	55.8	(3.6)
EBITDA (millions)	51.2	37.1	37.9	6.9	5.0	34.7	37.1	(6.6)
Rooms available <sup>2</sup>	239,967	239,967	0.0	239,967	239,967	239,967	239,967	0.0
Occupancy % <sup>2</sup>	80.9	81.5	(60) <sup>3</sup>	80.9	81.5	80.9	81.5	(60) <sup>3</sup>
Average daily rate <sup>4</sup>	771.8	743.8	3.8	104.1	100.0	771.8	743.8	3.8
RevPAR	624.2	606.1	3.0	84.2	81.5	624.2	606.1	3.0
FTE <sup>5</sup>	183.5	181.5	1.1	220.7	223.4	183.5	181.5	1.1

<sup>1</sup> The like-for-like comparison figures for 2019 exclude the influence of IFRS 16, which was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. Please, refer to page 113 of the Group's 2018 Annual Report.

<sup>2</sup> Rooms available and occupancy are based on operating days.

<sup>3</sup> In Basis Points (bps)

<sup>4</sup> Average daily rate represents total accommodation revenues divided by the total number of paid units occupied by guests.

<sup>5</sup> The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full time employee to arrive at a total for Full Time Equivalent Employees.

Total reported revenue increased by 1.1% to HRK 182.5 million (2018: HRK 180.6 million). The most significant contributors to our revenue growth were art'otel berlin kudamm and Park Plaza Nuremberg. ADR improved by 3.8% to HRK 771.8 compared to 2018 (HRK 743.8) whilst occupancy softened by 60 bps to 80.9%. This resulted in an improvement in RevPar by 3.0% and a corresponding improvement in accommodation revenue at HRK 149.8 million (2018: HRK 145.4 million).

The Group's operations in Germany and Hungary posted an EBITDAR decrease of 3.6% to HRK 53.8 million (2018: HRK 55.8 million). Reported EBITDA improved by 37.9% to HRK 51.2 million due to the application of IFRS 16. On a like-for-like basis, EBITDA posted a drop of 6.6% to HRK 34.7 million (2018: HRK 37.1 million). The most important contributors to this drop were Park Plaza Wallstreet Berlin Mitte and artotel budapest as both were impacted by higher rental expenses, increased labour costs and commissions. Moreover, there were certain one-off charges related to the write-off of receivables.

## MANAGEMENT AND CENTRAL SERVICES PERFORMANCE

The following table sets out the Group's results of management and central services operations for the nine months of 2019:

### KEY PERFORMANCE INDICATORS

	Reported / in HRK			Like-for-like <sup>1</sup> / in HRK		
	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Variance %	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Variance %
Total revenue before elimination (HRK million)	93.1	93.8	(0.8)	93.1	92.9	6.7
Elimination of intra group revenue (HRK million)	(86.7)	(84.5)	2.6	(86.7)	(84.5)	9.8
Total reported revenue (HRK million)	6.4	9.3	(31.5)	6.4	8.4	(24.2)
EBITDA (HRK million)	8.0	17.1	(53.1)	7.5	16.2	(53.7)
FTE <sup>2</sup>	281.6	284.0	(0.9)	281.6	284.0	(0.9)

<sup>1</sup> The like-for-like comparison figures for 2018 exclude revenues from art'otel dresden.

<sup>2</sup> The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full time employee to arrive at a total for Full Time Equivalent Employees.

Arena Hospitality Management d.o.o., a subsidiary of the Company, entered into management agreements for all the properties owned, partially owned, leased or managed by the Group in Croatia, Germany and Hungary. Arena Hospitality Management d.o.o. provides management services to all these properties and generates management fee revenues. Hotel management revenue related to properties within the Group is eliminated upon consolidation as intra-group revenue. Furthermore, all revenue generated within the Group from centralised services in Croatia and Germany is eliminated upon consolidation as intra-group revenue.

Total reported revenue remained flat at HRK 93.1 million as the structure of the portfolio did not change materially. The loss of revenues from art'otel dresden in respect of which the management contract has been terminated effective from 31 July 2018 was compensated by the income from the other managed assets.

EBITDA decreased to HRK 8.0 million (2018: HRK 17.1 million), where more than half of the decrease is related to one-off costs associated with payroll, severance and related expenses.

## RELATED PARTIES

Parties are considered to be related if one of the parties has the power to exercise control over the other party or if it has significant influence over the other party in making financial and/or operational decisions. The Company is controlled by Dvadeset Osam d.o.o., which owns 51.97% of the Company's shares as at 30 September, 2019. The Company's ultimate parent is PPHE Hotel Group Limited which indirectly owns 100% of the shares of Dvadeset Osam d.o.o. All other subsidiaries of PPHE Hotel Group Limited are also treated as related parties. For a detailed list of all subsidiaries included in the Group, please refer to page 146 of the Group's 2018 annual report.

### a. Balances with related parties

	Group		Company	
	As at 30 September 2019 HRK'000	As at 31 December 2018 HRK'000	As at 30 September 2019 HRK'000	As at 31 December 2018 HRK'000
<b>Assets:</b>				
Short-term receivables – Park Plaza Hotels Europe B.V.	29	29	-	-
Short-term receivables – Park Vondel Management B.V.	3	3	-	-
Short-term receivables –Victoria Hotel Operator Ltd.	2	-	-	-
Short-term receivables –PPHE Hotel Group Ltd.	1	-	-	-
Short-term receivables – Art'otel berlin mitte	1	-	1	-
Short-term receivables – art'otel berlin mitte Park Plaza Betriebsgesellschaft mbH	452	222	-	-
Short-term receivables – Park Plaza Betriebsgesellschaft mbH	321	166	-	-
Short-term receivables – PPHE (Germany) B.V.	-	112	-	-
Short-term receivables – Arena Hospitality Management d.o.o.	-	-	701	681
Short-term receivables – Germany Real Estate B.V.	-	-	1,870	3,222
<b>Liabilities:</b>				
Trade payables – Arena Hospitality Management d.o.o.	-	-	8,628	2,990
Trade payables –Park Plaza Wallstreet	-	-	18	-
Trade payables – PPHE (Germany) B.V.	10,192	10,410	-	-
Trade payables – Euro Sea Hotels N.V.	39	-	-	-
Trade payables – Park Plaza Hotels Europe B.V.	5,579	1,728	5,579	1,728

# ARENA

HOSPITALITY GROUP

b. Transactions with related parties

	Group		Company	
	As at 30 September 2019 HRK'000	As at 30 September 2018 HRK'000	As at 30 September 2019 HRK'000	As at 30 September 2018 HRK'000
Management fee revenue – art'otel dresden Park Plaza Betriebsgesellschaft mbH	-	876	-	-
Management fee revenue from joint ventures	2,203	2,105	-	-
Service charge revenue – art'otel dresden Park Plaza Betriebsgesellschaft mbH	-	761	-	-
Service charge revenue- art'otel Berlin Mitte	1,163	1,044	-	-
Service charge revenue- Park Plaza Berlin Kudamm	1,069	916	-	-
Management fees expense – Arena Hospitality Management d.o.o.	-	-	17,112	17,145
Sales and marketing fees – Park Plaza Hotels Europe B.V.	20,045	19,584	20,045	19,584
Sales and marketing fees – PPHE (Germany) B.V.	7,298	7,221	-	-
Interest expense – Euro Sea Hotels N.V.	-	365	-	-
Interest income – Germany Real Estate B.V.	-	-	4,321	2,293
Interest income –Ulika d.o.o	-	-	-	16



## COMPANY BUSINESS RESULTS (CONSOLIDATED)

### CONSOLIDATED INCOME STATEMENT

	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)	Variance %
<i>In HRK millions</i>			
Total operating income	688.9	678.6	1.5
Total operating expenses	(439.9)	(433.7)	1.4
EBITDA from operations	249.0	244.9	1.7
Depreciation	(71.6)	(50.6)	41.5
EBIT from operations	177.4	194.3	(8.7)
Financial revenues	0.3	0.6	(50.0)
Financial expenses	(24.4)	(22.8)	7.0
Other income/expense	7.2	(1.7)	(523.5)
Share in result of joint ventures	0.9	1.0	(10.0)
Total income	689.2	680.2	1.3
Total expenditures	(527.8)	(508.8)	3.7
Profit / (loss) before tax	161.4	171.4	(5.8)
Income tax	26.6	(33.2)	(180.1)
Profit / (loss) after tax	188.0	138.2	36.0

Total operating income increased by 1.5% to HRK 688.9 million (2018: HRK 678.6 million) as a result of growth generated both in Croatia and Germany. Total operating expenses increased by 1.4% to HRK 439.9 million (2018: HRK 433.7 million) predominantly as a result of the increase in cost of labour, waste management and commissions. This increase was partially offset by the implementation of IFRS 16. Under rules of IFRS 16, the Group no longer books any rent expense as part of operational expenses. The treatment now affects Depreciation and Financial expenses. The Group paid HRK 17.7 million of Rent expense, which has not been booked under Operational expenses as it was in 2018.

As a result of the aforementioned EBITDA from operations improved by 1.7% to HRK 249.0 million (2018: HRK 244.9 million). EBIT from operations decreased by 8.7% to HRK 177.4 million (2018: HRK 194.3 million) as a result of the increase in Depreciation which grew by 41.5% to HRK 71.6 million (2018: HRK 50.6 million). Depreciation grew predominantly due to the implementation of IFRS 16 which affected this item by HRK 15.1 million. The rest of the increase is attributable to capital expenditures incurred in across 2018 and 2019. Financial revenues decreased by 50% year-on-year and relate to positive foreign exchange differences. Financial expenses increased by 7.0% to HRK 24.4 million (2018: HRK 22.8 million) and the increase is driven predominantly by the interest expense on lease liability in the amount of HRK 3.5 million as a result of the implementation of IFRS 16. The refinancing of the former VZB loan in Germany has a positive impact on the reduction of financial expenses. Other income which positively contributed to the bottom line in the amount of HRK 7.2 is attributable mostly to the settlement reached with Herculanea d.o.o and the related release of litigation provision.

As a result of the foregoing, the consolidated profit before tax decreased by 5.8% to HRK 161.4 million (2018: HRK 171.4 million). Profit after tax increased by 36.0% to HRK 188.0 million (2018: HRK 138.2 million) driven by the tax return for FY 2018 related to the benefits granted by the Ministry of Economy linked to the previous investments the Group has undertaken in Croatia.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(all amounts in HRK millions)

	<b>30 September 2019 (Unaudited)</b>	31 December 2018 (Audited)	Variance %
Long-term assets	<b>2,310.9</b>	1,934.0	19.5
Short-term assets	<b>878.5</b>	826.8	6.3
<b>Total assets</b>	<b>3,189.4</b>	2,760.8	15.5
<b>Total equity</b>	<b>1,803.4</b>	1,648.3	9.4
Long-term liabilities and provisions	<b>1,190.3</b>	963.5	23.5
Short-term liabilities	<b>195.7</b>	149.0	31.3
<b>Total liabilities</b>	<b>1,386.0</b>	1,112.5	24.6
<b>Total equity and liabilities</b>	<b>3,189.4</b>	2,760.8	15.5

Long-term assets increased by HRK 376.9 million to HRK 2,310.9 million (year-end 2018: HRK 1,934.0 million) mostly as a result of first time implementation of IFRS 16. The Group recognised HRK 234.8 million of Right of use of assets and a similar amount of Lease liability as of 1 January 2019. Additionally, the outstanding increase in long-term assets relates to capex during the year as described in detail at the beginning of this report.

Short-term assets increased by HRK 51.7 million to HRK 878.5 million (year-end 2018: HRK 826.8 million) mostly due to an increase in trade receivables which is the result of increased trading activity during the summer months.

Long-term liabilities and provisions increased by HRK 226.8 million to HRK 1,190.3 million (year-end 2018: HRK 963.5 million) mostly due to the implementation of IFRS 16. Total long-term liabilities increase is driven mostly by the implementation of IFRS 16 and as of 30 September 2019 amounted to HRK 202.9 million. At the same time provisions for litigations decreased by HRK 32.0 million as a result of the settlement with Herculanea from Pula.

Short-term liabilities increased by HRK 46.7 million to HRK 195.7 million (year-end 2018: HRK 149.0 million) primarily due to increased trade payables for new capex and current finance lease obligations arising from the implementation of IFRS 16.

## COMPANY BUSINESS RESULTS (NON-CONSOLIDATED)

### NON-CONSOLIDATED INCOME STATEMENT

	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)	Variance %
<i>In HRK millions</i>			
Total operating income	507.0	497.2	2.0
Total operating expenses	(323.7)	(307.4)	5.3
EBITDA	183.3	189.8	(3.4)
Depreciation	(43.2)	(38.1)	13.4
EBIT	140.1	151.7	(7.6)
Financial revenues	4.3	2.3	87.0
Financial expenses	(14.2)	(12.1)	17.4
Other revenues / expenses	7.3	(1.7)	(529.4)
Total income	518.6	499.5	3.8
Total expenditures	(381.1)	(359.3)	6.1
Profit / (loss) before tax	137.5	140.2	(1.9)
Income tax	30.4	(25.4)	(219.7)
Profit / (loss) after tax	167.9	114.8	46.3

Total operating income increased by 2.0% to HRK 507.0 million (2018: HRK 497.2 million) driven by revenues growth in our campsites.

Total operating expenses increased by 5.3% to HRK 323.7 million (2018: HRK 307.4 million). The increase of total operating expenses resulted from a more articulated increase in labour costs, travel agent commissions, waste management and property taxes. Furthermore, certain one-off expenses were where more than half of the decrease is related to one-off costs associated with payroll, severance and related expenses.

As a result of the aforementioned EBITDA from operations posted a decrease of 3.4% to HRK 183.3 million (2018: HRK 189.8 million). EBIT from operations decreased by 7.6% to HRK 140.1 million (2018: HRK 151.7 million) as a result of the increase in Depreciation which grew by 13.4% to HRK 43.2 million (2018: HRK 38.1 million). Growth in Depreciation is attributable to capital expenditures undertaken in previous periods. Financial revenues increased by 87.0% to HRK 4.3 million (2018: HRK 2.3 million) predominantly due to interest received. Financial expenses increased by 17.4% to HRK 14.2 million (2018: HRK 12.1 million) due to the increase in the debt position.

As a result of the foregoing, the non-consolidated profit before tax decreased by 1.9% to HRK 137.5 million (2018: HRK 140.2 million). Profit after tax increased by 46.3% to HRK 167.9 million (2018: HRK 114.8 million) as a result of the tax return for FY 2018 related to the benefits granted by the Ministry of Economy linked to the previous investments the Group has undertaken.

## NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2019

(all amounts in HRK million)	30 September 2019 (Unaudited)	31 December 2018 (Audited)	Variance %
Long-term assets	2,086.4	1,927.7	8.2
Short-term assets	748.5	696.5	7.5
<b>Total assets</b>	<b>2,834.9</b>	2,624.2	<b>8.0</b>
Total equity	2,088.8	1,950.7	7.1
Long-term liabilities and provisions	625.0	596.6	4.8
Short-term liabilities	121.1	76.9	57.5
<b>Total liabilities</b>	<b>746.1</b>	673.5	<b>10.8</b>
<b>Total equity and liabilities</b>	<b>2,834.9</b>	2,624.2	<b>8.0</b>

Long-term assets increased by HRK 158.7 million to HRK 2,086.4 million (year-end 2018: HRK 1,927.7 million) mostly as a result of additional capex during the year as described in detail at the beginning of this report.

Short-term assets increased by HRK 52.0 million to HRK 748.5 million (year-end 2018: HRK 696.5 million) mostly due to an increase in trade receivables which is the result of increased trading activity during the summer months.

Long-term liabilities and provisions increased by HRK 28.4 million to HRK 625.0 million (year-end 2018: HRK 596.6 million) primarily due to the new loan obtained for the investments in Arena Kažela Campsite. Provisions for litigation decreased as a result of the settlement with Herculanea d.o.o. and Vodovod d.o.o. As previously disclosed, the Company was a defendant in five disputes on claims of utility companies Pula Herculanea d.o.o. (one case) and Vodovod Pula d.o.o. (four cases), all relating to the payment of fees and charges for maintenance and development of the water supply and sewage infrastructure system charged by the two utilities companies to the Company. Sufficient provisions were provided for in the accounts for these disputes. These cases have now been settled. Consequently, the relevant provisions in the accounts are now released, which release results in HRK 8.5 million in extraordinary revenues.

Short-term liabilities increased by HRK 44.2 million to HRK 121.1 million (year-end 2018: HRK 76.9 million) primarily due to increased trade payables.

PRINCIPAL RISKS OF THE GROUP AND THE COMPANY  
CORPORATE GOVERNANCE REPORT

ARENA

HOSPITALITY GROUP

A MEMBER OF PPHE HOTEL GROUP



## **PRINCIPAL RISKS OF THE GROUP AND THE COMPANY**

There are no changes to the principal risks as set out in the Company's consolidated financial statements for the year ended 31 December 2018, which may currently affect the Group's performance. The most significant risks relate to factors that are common to the hotel industry and beyond the Group's control.

For a detailed discussion of the risks facing the Group, please refer to pages from 34 to 37 of the Company's 2018 annual report.

## **CORPORATE GOVERNANCE REPORT**

### **CORPORATE GOVERNANCE CODE**

Each year, the Company is obliged to state, in its annual report and on its website, in the required form, whether it complies with the recommendations of a corporate governance code. The Company applies the Corporate Governance Code of the Zagreb Stock Exchange (the **Code**). The Company complies with the recommendations of the Code based on the principle "comply or explain", so if the Company fails to comply with the recommendations of the Code, it must provide reasons for its non-compliance. The Company abides by this principle and, where relevant, provides reasons for non-compliance with the recommendations of the Code. The Company published its annual corporate governance questionnaire for 2018 on ZSE on 28 February 2019.

### **GENERAL ASSEMBLY MEETINGS**

The General Assembly was held on 30 April 2019, where the following occurred:

- the Company's Annual Report for 2018 (consolidated and non-consolidated) was considered;
- decision on the use of the profit realised in 2018;
- decision to grant discharge to the Supervisory Board and the Management Board members for their work in 2018;
- adoption of the decision for the appointment of the Company's auditor for 2019; and
- adoption of the decision on dividend distribution from retained profit realised in 2017.

### **SUPERVISORY BOARD MEETINGS**

The members of the Supervisory Board are: Boris Ernest Ivesha (Chairman), Yoav Arie Papouchado (Vice-Chairman), Kevin Michael McAuliffe, Abraham Thomas, Amra Pende, Lorena Škuflić and Damir Lučić<sup>3</sup>.

The Supervisory Board of the Company held the following meetings (including correspondence voting) until 30 September 2019:

- on 27 February 2019 where the Annual Report of the Company for 2018 was approved;

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<sup>3</sup> In September, Workers Council of the Company decided on the change of the employees' representative in the Supervisory Board of the Company i.e. on recall of a former member, Mr Vehbija Mustafić, and on appointment of a new member, Mr Damir Lučić, as representative of employees in the Supervisory Board of the Company.

- on 29 March 2019 whereat a proposal of decision on dividend distribution from the retained profit realized in 2017 was adopted;
- on 28 June 2019 where the Treasury Shares Buy-Back Programme was adopted, and
- on 30 July 2019 the decision on reappointment of Mr. Reuel Israel Gavriel Slonim as the President of the Management Board and on reappointment of Mr. Devansh Bakshi and Mrs. Manuela Kraljević as members of the Management Board, for the two-year mandate starting from 6 September 2019, was adopted. The function of Mrs. Milena Perković as the member of the Management Board ended on 6 September 2019, due to expiry of her mandate and retirement.

## SUPERVISORY BOARD COMMITTEES

Until 30 September 2019 the Company's Audit Committee held a meeting 27 February 2019 and considered the Financial Statements of the Company for 2018 (consolidated and non-consolidated).

The Company's Nomination and Remuneration Committee held a meeting 30 July 2019 and recommended to the Supervisory Board prolongation of Management Board's members' mandate except with respect to Mrs. Milena Perković who has since retired.

## MANAGEMENT BOARD MEETINGS

The Management Board primarily adopts its decisions in meetings and by correspondence in accordance with the applicable laws and the Company's Articles of Association. The Management Board has regular monthly meetings to review operational activities in the Group.

The most important Management Board meetings were:

- 27 February 2019 where, *inter alia*, the interim report for the fourth quarter of 2018 and the Annual Report of the Company for 2018 (consolidated and non-consolidated) were adopted;
- on 29 March 2019 whereat a proposal of decision on dividend distribution was adopted;
- on 29 April 2019 whereat the unaudited consolidated and non-consolidated quarterly report of the Company for the first quarter of 2019 was adopted;
- on 28 June 2019 where the Treasury Shares Buy-Back Programme was adopted, and
- on 30 July 2019 whereat the unaudited consolidated and non-consolidated quarterly report of the Company for the second quarter of 2019 and the unaudited consolidated and non-consolidated half-year report of the Company for the first six months of 2019 was adopted.

## MAJOR SHAREHOLDERS

Following the share capital increase in May 2017, the share capital of the Company is HRK 102,574,420.00 HRK and is divided into 5,128,721 ordinary shares under the ticker ARNT-R-A, each without nominal value.

As at 30 September 2019, 10.956 shares were held as treasury shares.

Shareholders with holdings of 3% or more of the Company's registered capital as at 30 September 2019 are listed below:

		Percentage holding of Share Capital including treasury shares	Percentage holding of Share Capital excluding treasury shares
1	DVADESET OSAM D.O.O. (a member of the PPHE Hotel Group)	51.97%	52.08%
2	OTP BANKA D.D./ AZ OMF kategorije B	10.66%	10.68%
3	ADDIKO BANK d.d. / PBZ CO OMF-kategorije B	9.13%	9.15%
4	OTP BANKA D.D./ ERSTE PLAVI OMF kategorije B	6.18%	6.20%
5	PRIVREDNA BANKA ZAGREB D.D./ SKRBNIČKI ZBIRNI RAČUN KLIJENTA	3.07%	3.08%

## VALUATION

	First nine months of 2019		
	High	Low	Last
Share price	<b>386.0</b>	<b>324.0</b>	<b>370.0</b>
Market capitalization <sup>1</sup>	1.979.686.306	1.661.705.604	1.897.626.770
Net debt <sup>2</sup>	197.548.214	197.548.214	197.548.214
EV <sup>3</sup>	2.177.234.520	1.859.253.818	2.095.174.984
EV/EBITDA <sup>4</sup>	<b>10.8x</b>	<b>9.2x</b>	<b>10.4x</b>

Note: High and Low related to the price in the period for the nine months ending 30 September 2019. Last refers to the price as at 30 September 2019

<sup>1</sup> Number of shares outstanding as at 30 September 2019 was 5,128,721

<sup>2</sup> Net debt calculated as current and non-current bank borrowings and other current and non-current loans less cash and cash equivalents. Finance lease obligations are not accounted for (without the application of IFRS 16)

<sup>3</sup> EV represents the enterprise value, calculated as the sum of market capitalization and net debt

<sup>4</sup> Like for like EBITDA for the twelve months ended September 30 2019 (without the application of IFRS 16)



MANAGEMENT BOARD'S  
RESPONSIBILITY STATEMENT

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# ARENA

HOSPITALITY GROUP

A MEMBER OF PPHE HOTEL GROUP

  
P A R K  
P L A Z A

artotel

  
ARENA HOTELS &  
APARTMENTS

  
ARENA CAMPSITES

## MANAGEMENT BOARD'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Article 468, of the Capital Market Act (NN 65/18.), the Company's Management Board makes the following statement:

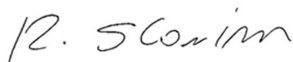
To the best of our knowledge:

- The short set of non-consolidated unaudited nine months financial statements of the Company (the **Financial Statements**) provides a comprehensive and true presentation of assets and liabilities, profit and loss, financial position and operation of the Company; set up in accordance with relevant financial reporting standards;
- The consolidated unaudited nine months financial statements (the **Consolidated Financial Statements**) provide a comprehensive overview of assets and liabilities, profit and losses of the Group. The consolidated financial data for the period, reported in line with the approach applied, are contained in the prescribed forms attached to this report;
- The Financial Statements and Consolidated Financial Statements have not been audited; and
- The Management Board's Interim Report for the period from 1 January to 30 September 2019 contains a true presentation of the business results and financial position and operations of the Company and the companies included in the consolidation, with a description of the most significant risks and uncertainties to which the Company and the companies included in the consolidation are exposed as a whole.

Signed by the Management Board: Reuel Israel Gavriel Slonim (President of Management Board), Devansh Bakshi (Member of Management Board & Chief Financial Officer) and Manuela Kraljević (Member of Management Board & Marketing and Sales Director).

### MANAGEMENT BOARD:

#### President:



Reuel Israel Gavriel Slonim

#### Members:



Devansh Bakshi



Manuela Kraljević

# APPENDIX 1 FINANCIAL STATEMENTS (UNAUDITED)

# ARENA

HOSPITALITY GROUP

A MEMBER OF PPHE HOTEL GROUP

  
PARK  
PLAZA

artotel

  
ARENA  
HOTELS &  
APARTMENTS

  
ARENA  
CAMPSITES

## **APPENDIX 1 FINANCIAL STATEMENTS (UNAUDITED)**

Consolidated balance sheet

Consolidated profit and loss statement

Consolidated cash flow statement

Consolidated statement of changes in equity

Company balance sheet

Company profit and loss statement

Company cash flow statement

Company statement of changes in equity

## Annex 1

## ISSUER'S GENERAL DATA

Reporting period:

1.1.2019

to

30.9.2019

Year:

2019

Quarter:

3.

## Quarterly financial statements

Registration number (MB):

03203263

Issuer's home Member

State code:

HR

Entity's registration  
number (MBS):

040022901

Personal identification  
number (OIB):

47625429199

LEI:

74780000Z0PH7TFW3I85

Institution  
code:

1665

Name of the issuer: **Arena Hospitality Group d.d.**

Postcode and town:

52100

Pula

Street and house number:

Smareglina ulica 3

E-mail address:

uprava@arenahospitalitygroup.com

Web address:

www.arenahospitalitygroup.com

Number of employees  
(end of the reporting

1338

Consolidated report:

KD

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Mažurana d.o.o.

Zagreb, Radnička cesta 80

Ulrika d.o.o.

Zagreb, Radnička cesta 80

Sugarhill Investments B.V.

Nizozemska, Amesterdam, Claude Debussylaan 14, Vinoly Tower

Germany Real Estate B.V.

Nizozemska, Amesterdam, Claude Debussylaan 14, Vinoly Tower

Bookkeeping firm:

No

(Yes/No)

(name of the bookkeeping firm)

Contact person:

Čale Neven

(only name and surname of the contact person)

Telephone:

052/223-811

E-mail address:

ncale@arenahospitalitygroup.com

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

**BALANCE SHEET**  
balance as at 30.09.2019

in HRK

Submitter: Arena Hospitality Group 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>	1.934.026.795	2.310.875.667
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	1.369.911	1.689.014
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	812.142	1.131.245
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	557.769	557.769
6 Other intangible assets	009	0	0
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	1.857.787.639	2.214.835.838
1 Land	011	320.627.860	331.841.568
2 Buildings	012	1.345.848.772	1.481.458.317
3 Plant and equipment	013	131.206.562	136.159.064
4 Tools, working inventory and transportation assets	014	5.660.501	6.462.250
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	10.878.077	556.054
7 Tangible assets in preparation	017	34.979.642	32.509.073
8 Other tangible assets	018	8.586.225	225.849.512
9 Investment property	019	0	0
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	50.591.045	51.487.073
1 Investments in holdings (shares) of undertakings within the group	021	0	0
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	1.748.203	2.540.920
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	34.179.550	34.453.159
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	14.663.292	14.492.994
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
<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>	24.278.200	42.863.742
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	826.801.299	878.452.775
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	3.222.669	3.875.197
1 Raw materials and consumables	039	2.859.542	3.768.096
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	39.542	107.101
5 Advances for inventories	043	323.585	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>	20.865.629	84.535.138
1 Receivables from undertakings within the group	047	145.140	35.260
2 Receivables from companies linked by virtue of participating interests	048	0	773.519
3 Customer receivables	049	13.949.121	72.926.540
4 Receivables from employees and members of the undertaking	050	0	0
5 Receivables from government and other institutions	051	1.103.950	5.632.087
6 Other receivables	052	5.667.418	5.167.732
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	198.775	198.775
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	0	0
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	198.775	198.775
8 Loans, deposits, etc. given	061	0	0
9 Other financial assets	062	0	0
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	802.514.226	789.843.665
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	0	0
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	2.760.828.094	3.189.328.442
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	0	0

<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to</b>	<b>067</b>	<b>1.648.303.761</b>	<b>1.803.363.857</b>
I INITIAL (SUBSCRIBED) CAPITAL	068	102.574.420	102.574.420
II CAPITAL RESERVES	069	1.142.738.633	1.142.738.633
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	328.617.643	327.956.357
1 Legal reserves	071	5.128.721	5.128.721
2 Reserves for treasury shares	072	3.380	4.095.973
3 Treasury shares and holdings (deductible item)	073	-3.380	-4.095.973
4 Statutory reserves	074	0	0
5 Other reserves	075	323.488.922	322.827.636
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	-5.371.416	-12.055.982
1 Fair value of financial assets available for sale	078	105.120	105.120
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	-5.476.536	-12.161.102
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	-8.922.546	54.101.722
1 Retained profit	082	0	54.101.722
2 Loss brought forward	083	8.922.546	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	88.667.027	188.048.707
1 Profit for the business year	085	88.667.027	188.048.707
2 Loss for the business year	086	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
<b>B) PROVISIONS (ADP 089 to 094)</b>	<b>088</b>	<b>69.395.643</b>	<b>41.670.226</b>
1 Provisions for pensions, termination benefits and similar obligations	089	1.576.054	1.576.320
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	30.443.836	0
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	37.375.753	40.093.906
<b>C) LONG-TERM LIABILITIES (ADP 096 to 106)</b>	<b>095</b>	<b>894.087.998</b>	<b>1.148.620.419</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	891.590.309	1.139.577.997
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	2.497.689	9.042.422
11 Deferred tax liability	106	0	0
<b>D) SHORT-TERM LIABILITIES (ADP 108 to 121)</b>	<b>107</b>	<b>149.040.692</b>	<b>195.673.940</b>
1 Liabilities to undertakings within the group	108	12.089.598	16.288.820
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	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	0	0
6 Liabilities to banks and other financial institutions	113	46.178.883	69.754.747
7 Liabilities for advance payments	114	15.253.106	17.318.987
8 Liabilities to suppliers	115	19.943.233	38.182.665
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	16.107.935	23.153.882
11 Taxes, contributions and similar liabilities	118	16.796.473	17.257.134
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	22.671.464	13.717.705
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>122</b>	<b>0</b>	<b>0</b>
<b>F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)</b>	<b>123</b>	<b>2.760.828.094</b>	<b>3.189.328.442</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 01.01.2019 to 30.09.2019

in HRK

Submitter: Arena Hospitality Group 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>678.572.808</b>	<b>420.141.397</b>	<b>688.900.293</b>	<b>423.148.691</b>
1 Income from sales with undertakings within the group	126	0	0	0	0
2 Income from sales (outside group)	127	674.789.118	418.181.405	686.241.806	421.442.978
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	3.783.690	1.959.992	2.658.487	1.705.713
<b>II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)</b>	<b>131</b>	<b>486.064.320</b>	<b>217.224.705</b>	<b>504.356.640</b>	<b>227.952.944</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	217.792.870	111.511.611	206.344.189	105.888.175
a) Costs of raw materials and consumables	134	98.935.542	48.620.377	101.552.212	49.315.143
b) Costs of goods sold	135	0	0	0	0
c) Other external costs	136	118.857.328	62.891.234	104.791.977	56.573.032
3 Staff costs (ADP 138 to 140)	137	177.027.430	73.198.047	194.118.109	82.321.812
a) Net salaries and wages	138	116.803.679	50.500.367	132.617.059	59.273.137
b) Tax and contributions from salary costs	139	38.927.098	14.671.504	40.453.541	15.058.730
c) Contributions on salaries	140	21.296.653	8.026.176	21.047.509	7.989.945
4 Depreciation	141	50.648.460	17.656.845	71.614.446	24.989.822
5 Other costs	142	0	0	0	0
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	40.595.560	14.858.202	32.279.896	14.753.135
<b>III FINANCIAL INCOME (ADP 155 to 164)</b>	<b>154</b>	<b>592.387</b>	<b>198.437</b>	<b>345.464</b>	<b>116.104</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	592.387	198.437	345.464	116.104
8 Exchange rate differences and other financial income	162	0	0	0	0
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	0	0	0	0
<b>IV FINANCIAL EXPENSES (ADP 166 to 172)</b>	<b>165</b>	<b>22.755.165</b>	<b>9.377.267</b>	<b>24.380.110</b>	<b>9.869.538</b>
1 Interest expenses and similar expenses with undertakings within the group	166	397.275	112.220	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	22.355.667	9.262.824	21.508.073	7.691.136
4 Exchange rate differences and other expenses	169	0	0	2.872.037	2.178.402
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	2.223	2.223	0	0
<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>1.035.896</b>	<b>1.035.896</b>	<b>926.655</b>	<b>830.322</b>
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>175</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>176</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IX TOTAL INCOME (ADP 125+154+173 + 174)</b>	<b>177</b>	<b>680.201.091</b>	<b>421.375.730</b>	<b>690.172.412</b>	<b>424.095.117</b>
<b>X TOTAL EXPENDITURE (ADP 131+165+175 + 176)</b>	<b>178</b>	<b>508.819.485</b>	<b>226.601.972</b>	<b>528.736.750</b>	<b>237.822.482</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 177-178)</b>	<b>179</b>	<b>171.381.606</b>	<b>194.773.758</b>	<b>161.435.662</b>	<b>186.272.635</b>
1 Pre-tax profit (ADP 177-178)	180	171.381.606	194.773.758	161.435.662	186.272.635
2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
<b>XII INCOME TAX</b>	<b>182</b>	<b>33.230.930</b>	<b>36.129.622</b>	<b>-26.613.045</b>	<b>-10.693.723</b>
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>	<b>183</b>	<b>138.150.676</b>	<b>158.644.136</b>	<b>188.048.707</b>	<b>196.966.358</b>
1 Profit for the period (ADP 179-182)	184	138.150.676	158.644.136	188.048.707	196.966.358
2 Loss for the period (ADP 182-179)	185	0	0	0	0



<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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
<b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>189</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Discontinued operations profit for the period (ADP 186-189)	190				
2 Discontinued operations loss for the period (ADP 189-186)	191				
<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>				
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
<b>XVII INCOME TAX (ADP 182+189)</b>	<b>195</b>				
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)</b>	<b>196</b>				
1 Profit for the period (ADP 192-195)	197				
2 Loss for the period (ADP 195-192)	198				
<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>	<b>138.150.676</b>	<b>158.644.136</b>	<b>188.048.707</b>	<b>196.966.358</b>
1 Attributable to owners of the parent	200	138.150.676	158.644.136	188.048.707	196.966.358
2 Attributable to minority (non-controlling) interest	201	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>	<b>138.150.676</b>	<b>158.644.136</b>	<b>188.048.707</b>	<b>196.966.358</b>
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)</b>	<b>203</b>	<b>-3.691.273</b>	<b>2.293.205</b>	<b>-7.625.075</b>	<b>-2.029.559</b>
1 Exchange rate differences from translation of foreign operations	204	-2.759.632	1.311.177	-940.509	-220.597
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	0
4 Profit or loss arising from effective cash flow hedging	207	-931.641	982.028	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	-6.684.566	-1.808.962
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0
<b>III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>212</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)</b>	<b>213</b>	<b>-3.691.273</b>	<b>2.293.205</b>	<b>-7.625.075</b>	<b>-2.029.559</b>
<b>V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)</b>	<b>214</b>	<b>134.459.403</b>	<b>160.937.341</b>	<b>180.423.632</b>	<b>194.936.799</b>
<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>	<b>134.459.403</b>	<b>160.937.341</b>	<b>180.423.632</b>	<b>194.936.799</b>
1 Attributable to owners of the parent	216	134.459.403	160.937.341	180.423.632	194.936.799
2 Attributable to minority (non-controlling) interest	217	0	0	0	0

**STATEMENT OF CASH FLOWS - indirect method**  
for the period 01.01.2019. to 30.09.2019.

in HRK

Submitter: Arena Hospitality Group 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	171.381.606	161.435.662
2 Adjustments (ADP 003 to 010):	002	77.127.512	86.313.063
a) Depreciation	003	50.648.460	71.614.446
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	450.031	-445.413
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-589.060	-344.457
e) Interest expenses	007	20.502.892	21.508.073
f) Provisions	008	4.816.037	-4.210.714
g) Exchange rate differences (unrealised)	009	2.335.048	-882.217
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-1.035.896	-926.655
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>248.509.118</b>	<b>247.748.725</b>
3 Changes in the working capital (ADP 013 to 016)	012	-27.536.254	-49.336.532
a) Increase or decrease in short-term liabilities	013	33.272.988	35.701.914
b) Increase or decrease in short-term receivables	014	-61.281.545	-58.899.218
c) Increase or decrease in inventories	015	472.303	-2.625.905
d) Other increase or decrease in working capital	016	0	-23.513.323
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>220.972.864</b>	<b>198.412.193</b>
4 Interest paid	018	-17.008.247	-22.862.412
5 Income tax paid	019	-27.782.516	568.280
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>176.182.101</b>	<b>176.118.061</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	785.099
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	11.306	0
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	0	4.371.818
<b>III Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>11.306</b>	<b>5.156.917</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-126.002.552	-196.249.934
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	-293.486	-2.963
<b>IV Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-126.296.038</b>	<b>-196.252.897</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>-126.284.732</b>	<b>-191.095.980</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	68.075.266	75.379.078
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>68.075.266</b>	<b>75.379.078</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-17.553.512	-28.630.116
2 Cash payments for dividends	041	0	-25.642.760
3 Cash payments for finance lease	042	0	-14.144.175
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	-4.092.593
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>-17.553.512</b>	<b>-72.509.644</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	<b>50.521.754</b>	<b>2.869.434</b>
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	-11.713.442	-562.076
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>88.705.681</b>	<b>-12.670.561</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	<b>800.100.724</b>	<b>802.514.226</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)</b>	<b>050</b>	<b>888.806.405</b>	<b>789.843.665</b>

**STATEMENT OF CHANGES IN EQUITY**  
for the period from **1.1.2019** to **30.9.2019**

in HRK

Item	ADP code	Attributable to owners of the parent														Minority (non-controlling) interest	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 available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)
<b>Previous period</b>																	
1 Balance on the first day of the previous business year	01	102.574.420	1.142.738.633	2.182.500	3.380	3.380	0	327.442.693	0	111.690	0	-3.317.205	-94.058.950	88.082.625	1.565.756.406	0	1.565.756.406
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	102.574.420	1.142.738.633	2.182.500	3.380	3.380	0	327.442.693	0	111.690	0	-3.317.205	-94.058.950	88.082.625	1.565.756.406	0	1.565.756.406
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	88.667.027	88.667.027	0	88.667.027
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	-2.842.825	0	0	0	0	0	0	-2.842.825	0	-2.842.825
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	08	0	0	0	0	0	0	0	0	-6.570	0	0	0	0	-6.570	0	-6.570
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	-2.159.331	0	0	-2.159.331	0	-2.159.331
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	-906.919	0	0	0	0	0	0	-906.919	0	-906.919
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Transfer to reserves according to the annual schedule	21	0	0	2.946.221	0	0	0	0	0	0	0	0	85.136.404	-88.082.625	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the previous business year reporting period (04 to 22)	23	102.574.420	1.142.738.633	5.128.721	3.380	3.380	0	323.692.949	0	105.120	0	-5.476.536	-8.922.546	88.667.027	1.648.507.788	0	1.648.507.788
<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>																	
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	-3.749.744	0	-6.570	0	-2.159.331	0	0	-5.915.645	0	-5.915.645
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	-3.749.744	0	-6.570	0	-2.159.331	0	88.667.027	82.751.382	0	82.751.382
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	2.946.221	0	0	0	0	0	0	0	0	85.136.404	-88.082.625	0	0	0

<b>Current period</b>																	
<b>1 Balance on the first day of the current business year</b>	<b>27</b>	102.574.420	1.142.738.633	5.128.721	3.380	3.380	0	323.488.922	0	105.120	0	-5.476.536	-8.922.546	88.667.027	1.648.303.761	0	1.648.303.761
2 Changes in accounting policies	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>4 Balance on the first day of the current business year (restated) (ADP 27 to 29)</b>	<b>30</b>	<b>102.574.420</b>	<b>1.142.738.633</b>	<b>5.128.721</b>	<b>3.380</b>	<b>3.380</b>	<b>0</b>	<b>323.488.922</b>	<b>0</b>	<b>105.120</b>	<b>0</b>	<b>-5.476.536</b>	<b>-8.922.546</b>	<b>88.667.027</b>	<b>1.648.303.761</b>	<b>0</b>	<b>1.648.303.761</b>
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	188.048.707	188.048.707	0	188.048.707
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	-940.509	0	0	0	0	0	0	-940.509	0	-940.509
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	-6.684.566	0	0	-6.684.566	0	-6.684.566
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	4.371.816	0	0	0	0	0	0	4.371.816	0	4.371.816
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	44	0	0	0	4.092.593	4.092.593	0	-4.092.593	0	0	0	0	0	0	-4.092.593	0	-4.092.593
19 Payment of share in profits/dividend	45	0	0	0	0	0	0	0	0	0	0	-25.642.759	0	0	-25.642.759	0	-25.642.759
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Transfer to reserves according to the annual schedule	47	0	0	0	0	0	0	0	0	0	0	0	88.667.027	-88.667.027	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>23 Balance on the last day of the current business year reporting period (ADP 30 to 48)</b>	<b>49</b>	<b>102.574.420</b>	<b>1.142.738.633</b>	<b>5.128.721</b>	<b>4.095.973</b>	<b>4.095.973</b>	<b>0</b>	<b>322.827.636</b>	<b>0</b>	<b>105.120</b>	<b>0</b>	<b>-12.161.102</b>	<b>54.101.722</b>	<b>188.048.707</b>	<b>1.803.363.857</b>	<b>0</b>	<b>1.803.363.857</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 32 to 40)</b>	<b>50</b>	0	0	0	0	0	0	3.431.307	0	0	0	-6.684.566	0	0	-3.253.259	0	-3.253.259
<b>II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)</b>	<b>51</b>	0	0	0	0	0	0	3.431.307	0	0	0	-6.684.566	0	188.048.707	184.795.448	0	184.795.448
<b>III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)</b>	<b>52</b>	0	0	0	4.092.593	4.092.593	0	-4.092.593	0	0	0	0	63.024.268	-88.667.027	-29.735.352	0	-29.735.352

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

Name of the issuer: \_\_\_\_\_Arena Hospitality Group d.d.\_\_\_\_\_

Personal identification number (OIB): \_\_\_\_\_47625429199\_\_\_\_\_

Reporting period: \_\_\_\_\_1 January - 30 September 2019\_\_\_\_\_

The Group adopted for the first time IFRS 16 during the year. New Standard become effective from 1 January 2019. The comparative information has not been adjusted, and it is prepared based on the accounting policies for leases that the Group had applied under IAS 17.

Application of IFRS 16 resulted in recognition of assets on 1 January 2019 (Right-of-use assets) in amount of HRK 236.710.757. Long term lease liabilities had recognized in amount of HRK 231.126.246. in period ended 30 September the Group recognized amount of HRK 15.117.233 depreciation expenses of assets recognized according to IFRS 16 and amount of HRK 3.506.308 of Interests expense on lease liability.

The amount of cash outflow which decreased lease liability stated in Cash flow statetmend on ADP 042 - Cash payments for finance lease amounted to HRK 14.144.145.

Due to application of IFRS 16 the Group reported less Operating expenses (rent expense) wich wehre shown in comparative information on ADP 136 - c) Other external costs.

Net book value of Right-of-use assets stated in the Balance sheen on ADP 018 - Other tangible assets were HRK 215.305.467. Long term liabililies (stated on ADP 101 - Liabililies to banks and other financial institutions as of balance sheet date were HRK 202.936.828, while short term liability (stated on ADP 113 - Liabililies to banks and other financial institutions s of balance sheet date were HRK 19.004.035.

**Annex 1**

**ISSUER'S GENERAL DATA**

Reporting period:  to   
 Year:   
 Quarter:

**Quarterly financial statements**

Registration number (MB):  Issuer's home Member State code:   
 Entity's registration number (MBS):   
 Personal identification number (OIB):  LEI:   
 Institution code:

Name of the issuer:

Postcode and town:

Street and house number:

E-mail address:

Web address:

Number of employees (end of the reporting):

Consolidated report:  (KN-not consolidated/KD-consolidated)

Audited:  (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): \_\_\_\_\_ Registered office: \_\_\_\_\_ MB: \_\_\_\_\_


Bookkeeping firm:  (Yes/No)  (name of the bookkeeping firm)

Contact person:  (only name and surname of the contact person)

Telephone:

E-mail address:

Audit firm: \_\_\_\_\_ (name of the audit firm)

Certified auditor: \_\_\_\_\_ (name and surname)

**BALANCE SHEET**  
balance as at 30.09.2019

in HRK

Submitter: Arena Hospitality Group 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>	1.927.723.396	2.086.377.841
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	1.369.414	1.688.514
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	811.645	1.130.745
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	557.769	557.769
6 Other intangible assets	009	0	0
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	1.211.189.629	1.364.920.063
1 Land	011	223.836.997	235.250.602
2 Buildings	012	854.101.285	996.412.468
3 Plant and equipment	013	73.543.059	83.580.912
4 Tools, working inventory and transportation assets	014	5.660.501	6.462.250
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	10.878.077	556.054
7 Tangible assets in preparation	017	34.583.484	32.113.732
8 Other tangible assets	018	8.586.226	10.544.045
9 Investment property	019	0	0
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	691.677.906	677.695.661
1 Investments in holdings (shares) of undertakings within the group	021	528.552.622	524.180.804
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	151.521.392	142.021.952
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	11.603.892	11.439.905
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	53.000
<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>	23.486.447	42.073.603
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	696.534.505	748.468.356
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	2.055.030	2.778.523
1 Raw materials and consumables	039	1.691.903	2.671.422
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	39.542	107.101
5 Advances for inventories	043	323.585	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>	11.895.993	69.652.659
1 Receivables from undertakings within the group	047	3.919.114	2.593.765
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	5.537.874	62.154.426
4 Receivables from employees and members of the undertaking	050	95.954	80.115
5 Receivables from government and other institutions	051	524.327	3.156.442
6 Other receivables	052	1.818.724	1.667.911
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	198.775	198.775
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	0	0
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	198.775	198.775
8 Loans, deposits, etc. given	061	0	0
9 Other financial assets	062	0	0
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	682.384.707	675.838.399
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	0	0
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	2.624.257.901	2.834.846.197
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	0	0

<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to</b>	<b>067</b>	<b>1.950.663.284</b>	<b>2.088.774.400</b>
I INITIAL (SUBSCRIBED) CAPITAL	068	102.574.420	102.574.420
II CAPITAL RESERVES	069	1.142.738.633	1.142.738.633
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	572.817.249	568.724.656
1 Legal reserves	071	5.128.721	5.128.721
2 Reserves for treasury shares	072	3.380	4.095.973
3 Treasury shares and holdings (deductible item)	073	-3.380	-4.095.973
4 Statutory reserves	074	0	0
5 Other reserves	075	567.688.528	563.595.935
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	105.120	105.120
1 Fair value of financial assets available for sale	078	105.120	105.120
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	65.877.455	106.785.103
1 Retained profit	082	65.877.455	106.785.103
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	66.550.407	167.846.468
1 Profit for the business year	085	66.550.407	167.846.468
2 Loss for the business year	086	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
<b>B) PROVISIONS (ADP 089 to 094)</b>	<b>088</b>	<b>69.393.988</b>	<b>41.669.951</b>
1 Provisions for pensions, termination benefits and similar obligations	089	1.576.054	1.576.054
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	32.019.890	0
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	35.798.044	40.093.897
<b>C) LONG-TERM LIABILITIES (ADP 096 to 106)</b>	<b>095</b>	<b>527.207.950</b>	<b>583.300.382</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	527.207.950	583.300.382
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>76.992.679</b>	<b>121.101.464</b>
1 Liabilities to undertakings within the group	108	4.669.615	14.272.454
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	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	0	0
6 Liabilities to banks and other financial institutions	113	38.340.412	36.618.900
7 Liabilities for advance payments	114	4.198.773	5.712.953
8 Liabilities to suppliers	115	5.833.751	25.070.448
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	12.756.938	23.273.651
11 Taxes, contributions and similar liabilities	118	6.967.141	10.872.992
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	4.226.049	5.280.066
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>122</b>	<b>0</b>	<b>0</b>
<b>F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)</b>	<b>123</b>	<b>2.624.257.901</b>	<b>2.834.846.197</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 01.01.2019 to 30.09.2019

in HRK

Submitter: Arena Hospitality Group 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>497.166.929</b>	<b>355.824.478</b>	<b>515.467.011</b>	<b>361.840.833</b>
1 Income from sales with undertakings within the group	126	5.165.316	1.637.346	5.085.206	1.681.238
2 Income from sales (outside group)	127	489.249.469	352.395.457	500.574.609	358.106.799
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	2.752.144	1.791.675	9.807.196	2.052.796
<b>II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)</b>	<b>131</b>	<b>347.268.679</b>	<b>176.890.044</b>	<b>368.365.961</b>	<b>188.824.010</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	160.028.492	95.729.225	167.074.158	97.998.248
a) Costs of raw materials and consumables	134	66.518.959	34.621.070	69.153.834	34.958.868
b) Costs of goods sold	135	128.961	97.402	159.810	95.883
c) Other external costs	136	93.380.572	61.010.753	97.760.514	62.943.497
3 Staff costs (ADP 138 to 140)	137	109.346.975	44.510.192	118.702.914	51.680.628
a) Net salaries and wages	138	68.437.478	28.245.783	76.880.441	34.292.688
b) Tax and contributions from salary costs	139	26.955.403	10.706.260	28.030.614	11.604.533
c) Contributions on salaries	140	13.954.094	5.558.149	13.791.859	5.783.407
4 Depreciation	141	38.103.741	13.373.425	43.223.804	15.544.587
5 Other costs	142	0	0	0	0
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	242.853	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	242.853	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	39.789.471	23.277.202	39.122.232	23.600.547
<b>III FINANCIAL INCOME (ADP 155 to 164)</b>	<b>154</b>	<b>2.322.736</b>	<b>42.854</b>	<b>4.337.878</b>	<b>1.438.020</b>
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	15.895	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	2.308.245	40.844	4.321.386	1.437.938
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	14.491	2.010	597	82
8 Exchange rate differences and other financial income	162	0	0	0	0
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	0	0	0	0
<b>IV FINANCIAL EXPENSES (ADP 166 to 172)</b>	<b>165</b>	<b>12.113.558</b>	<b>5.364.518</b>	<b>13.954.088</b>	<b>6.544.385</b>
1 Interest expenses and similar expenses with undertakings within the group	166	126.177	11	8.364	1.043
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	11.208.969	5.108.118	11.112.450	4.343.854
4 Exchange rate differences and other expenses	169	0	0	2.833.274	2.833.274
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	778.412	256.389	0	-633.786
<b>V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS</b>	<b>173</b>			0	0
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>174</b>			0	0
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>175</b>			0	0
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>176</b>			0	0
<b>IX TOTAL INCOME (ADP 125+154+173 + 174)</b>	<b>177</b>	<b>499.489.665</b>	<b>355.867.332</b>	<b>519.804.889</b>	<b>363.278.853</b>
<b>X TOTAL EXPENDITURE (ADP 131+165+175 + 176)</b>	<b>178</b>	<b>359.382.237</b>	<b>182.254.562</b>	<b>382.320.049</b>	<b>195.368.395</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 177-178)</b>	<b>179</b>	<b>140.107.428</b>	<b>173.612.770</b>	<b>137.484.840</b>	<b>167.910.458</b>
1 Pre-tax profit (ADP 177-178)	180	140.107.428	173.612.770	137.484.840	167.910.458
2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
<b>XII INCOME TAX</b>	<b>182</b>	<b>25.381.988</b>	<b>31.335.365</b>	<b>-30.361.628</b>	<b>-21.668.314</b>
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>	<b>183</b>	<b>114.725.440</b>	<b>142.277.405</b>	<b>167.846.468</b>	<b>189.578.772</b>
1 Profit for the period (ADP 179-182)	184	114.725.440	142.277.405	167.846.468	189.578.772
2 Loss for the period (ADP 182-179)	185	0	0	0	0

<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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit from discontinued operations	187				
2 Pre-tax loss on discontinued operations	188				
<b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>189</b>				
1 Discontinued operations profit for the period (ADP 186-189)	190				
2 Discontinued operations loss for the period (ADP 189-186)	191				
<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>				
1 Pre-tax profit (ADP 192)	193				
2 Pre-tax loss (ADP 192)	194				
<b>XVII INCOME TAX (ADP 182+189)</b>	<b>195</b>				
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)</b>	<b>196</b>				
1 Profit for the period (ADP 192-195)	197				
2 Loss for the period (ADP 195-192)	198				
<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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Attributable to owners of the parent	200				
2 Attributable to minority (non-controlling) interest	201				
<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>				
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)</b>	<b>203</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Exchange rate differences from translation of foreign operations	204				
2 Changes in revaluation reserves of fixed tangible and intangible assets	205				
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206				
4 Profit or loss arising from effective cash flow hedging	207				
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208				
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209				
7 Actuarial gains/losses on the defined benefit obligation	210				
8 Other changes in equity unrelated to owners	211				
<b>III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>212</b>				
<b>IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)</b>	<b>213</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)</b>	<b>214</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Attributable to owners of the parent	216				
2 Attributable to minority (non-controlling) interest	217				

**STATEMENT OF CASH FLOWS - indirect method**  
for the period 01.01.2019. to 30.09.2019.

in HRK

Submitter: Arena Hospitality Group 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	140.107.428	137.484.840
2 Adjustments (ADP 003 to 010):	002	45.972.611	45.026.071
a) Depreciation	003	38.103.741	43.223.804
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	450.031	-445.413
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-2.308.245	-4.321.386
e) Interest expenses	007	9.776.344	11.363.668
f) Provisions	008	4.816.037	-4.210.714
g) Exchange rate differences (unrealised)	009	-4.865.297	-583.888
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>186.080.039</b>	<b>182.510.911</b>
3 Changes in the working capital (ADP 013 to 016)	012	-22.664.884	-36.419.552
a) Increase or decrease in short-term liabilities	013	35.153.034	45.916.249
b) Increase or decrease in short-term receivables	014	-56.974.816	-56.141.168
c) Increase or decrease in inventories	015	-843.102	-2.681.310
d) Other increase or decrease in working capital	016	0	-23.513.323
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>163.415.155</b>	<b>146.091.359</b>
4 Interest paid	018	-6.893.475	-12.868.898
5 Income tax paid	019	-17.337.034	6.296.069
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>139.184.646</b>	<b>139.518.530</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	785.099
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	4.388.425	5.673.006
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	2.422.097	9.201.118
6 Other cash receipts from investment activities	026	0	4.371.818
<b>III Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>6.810.522</b>	<b>20.031.041</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-112.416.767	-193.379.543
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-2.422.097	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	-504.881	-53.000
<b>IV Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-115.343.745</b>	<b>-193.432.543</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>-108.533.223</b>	<b>-173.401.502</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	36.970.000	75.379.078
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>36.970.000</b>	<b>75.379.078</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-12.297.707	-18.307.060
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	-4.092.593
5 Other cash payments from financing activities	044	0	-25.642.760
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-12.297.707</b>	<b>-48.042.413</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	<b>24.672.293</b>	<b>27.336.665</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>55.323.716</b>	<b>-6.546.307</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	<b>716.410.908</b>	<b>682.384.706</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)</b>	<b>050</b>	<b>771.734.624</b>	<b>675.838.399</b>

**STATEMENT OF CHANGES IN EQUITY**  
for the period from **1.1.2019** to **30.9.2019**

in HRK

Item	ADP code	Attributable to owners of the parent														Minority (non-controlling) interest	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 available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)
<b>Previous period</b>																	
1 Balance on the first day of the previous business year	01	102.574.420	1.142.738.633	2.182.500	3.380	3.380	0	568.595.447	0	111.690	0	0	68.823.676	0	1.885.026.366	0	1.885.026.366
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	102.574.420	1.142.738.633	2.182.500	3.380	3.380	0	568.595.447	0	111.690	0	0	68.823.676	0	1.885.026.366	0	1.885.026.366
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	66.550.407	66.550.407	0	66.550.407
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	08	0	0	0	0	0	0	0	0	-6.570	0	0	0	0	-6.570	0	-6.570
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	-906.919	0	0	0	0	0	0	-906.919	0	-906.919
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Transfer to reserves according to the annual schedule	21	0	0	2.946.221	0	0	0	0	0	0	0	0	-2.946.221	0	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the previous business year reporting period (04 to 22)	23	102.574.420	1.142.738.633	5.128.721	3.380	3.380	0	567.688.528	0	105.120	0	0	65.877.455	66.550.407	1.950.663.284	0	1.950.663.284
<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>																	
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	-906.919	0	-6.570	0	0	0	0	-913.489	0	-913.489
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	-906.919	0	-6.570	0	0	66.550.407	65.636.918	0	0	65.636.918
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	2.946.221	0	0	0	0	0	0	0	0	-2.946.221	0	0	0	0

Current period																		
<b>1 Balance on the first day of the current business year</b>	<b>27</b>	102.574.420	1.142.742.013	5.128.721	3.380	3.380	0	567.685.148	0	105.120	0	0	65.877.455	66.550.407	1.950.663.284	0	1.950.663.284	
2 Changes in accounting policies	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3 Correction of errors	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>4 Balance on the first day of the current business year (restated) (ADP 27 to 29)</b>	<b>30</b>	<b>102.574.420</b>	<b>1.142.742.013</b>	<b>5.128.721</b>	<b>3.380</b>	<b>3.380</b>	<b>0</b>	<b>567.685.148</b>	<b>0</b>	<b>105.120</b>	<b>0</b>	<b>0</b>	<b>65.877.455</b>	<b>66.550.407</b>	<b>1.950.663.284</b>	<b>0</b>	<b>1.950.663.284</b>	
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	167.846.468	167.846.468	0	167.846.468	
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8 Profit or loss arising from subsequent measurement of financial assets available for sale	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9 Profit or loss arising from effective cash flow hedge	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12 Actuarial gains/losses on the defined benefit obligation	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
18 Redemption of treasury shares/holdings	44	0	0	0	4.092.593	4.092.593	0	-4.092.593	0	0	0	0	0	0	-4.092.593	0	-4.092.593	
19 Payment of share in profit/dividend	45	0	0	0	0	0	0	0	0	0	0	0	-25.642.759	0	-25.642.759	0	-25.642.759	
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21 Transfer to reserves according to the annual schedule	47	0	0	0	0	0	0	0	0	0	0	0	66.550.407	-66.550.407	0	0	0	
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>23 Balance on the last day of the current business year reporting period (ADP 30 to 48)</b>	<b>49</b>	<b>102.574.420</b>	<b>1.142.742.013</b>	<b>5.128.721</b>	<b>4.095.973</b>	<b>4.095.973</b>	<b>0</b>	<b>563.592.555</b>	<b>0</b>	<b>105.120</b>	<b>0</b>	<b>0</b>	<b>106.785.103</b>	<b>167.846.468</b>	<b>2.088.774.400</b>	<b>0</b>	<b>2.088.774.400</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 32 to 40)</b>	<b>50</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)</b>	<b>51</b>	0	0	0	0	0	0	0	0	0	0	0	0	167.846.468	167.846.468	0	167.846.468	
<b>III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)</b>	<b>52</b>	0	0	0	4.092.593	4.092.593	0	-4.092.593	0	0	0	0	40.907.648	-66.550.407	-29.735.352	0	-29.735.352	

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

Name of the issuer: Arena Hospitality Group d.d

Personal identification number (OIB): 47625429199

Reporting period: 1 January - 30 September 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.