



 *Ilinija d.d.*

FINANCIAL STATEMENTS FOR THE PERIOD FROM 01/01 TO 30/06/2020

Biograd na Moru, July 2020



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OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE PERIOD FROM 01/01 - 30/06/2020

in HRK	I-VI 2020	I-VI 2019	INDEX 2020/2019
Financial indicators			
Total revenues	49.125.867,87	70.860.765,27	69,33
Business revenues	49.102.175,85	70.834.035,22	69,32
Revenues from sales	45.420.839,58	70.046.605,65	64,84
Operating profit	15.843.835,52	23.820.728,04	66,51
EBITDA	15.867.527,54	23.847.458,09	66,54
EBIT	8.791.815,73	17.449.010,09	50,39
Profit	7.109.586,24	15.374.880,33	46,24
Value of assets	492.271.518,95	479.947.662,81	102,57
Capital	353.852.960,62	331.242.431,41	106,83
Total liabilities	138.418.558,33	148.705.231,40	93,08
Dividend	0,00	8.417.962,00	0,00
Investments	9.188.625,44	12.927.760,13	71,08



KEY INFORMATION FOR THE 01/01/2020 - 30/06/2020 PERIOD

1. In the first half of the year 2020, due to the global COVID-19 disease pandemic, whose consequences significantly affected the activities of tourism and hospitality, the core business of the Company, for the purpose of easing the negative consequences of the pandemic, primarily preserving the health and lives of employees and guests, assets and capacities of the Company, job positions of the existing employees and their financial rights, settling the liabilities to creditors, and most importantly preserving the Company as a stable and liquid business system, a series of activities and measures were undertaken for the purpose of reorganizing the business activities, business processes and the activity itself. In the first semi-annual period this resulted in the stability and preparedness of the business system for successful initiation of the business activities at the level of all sectors after the easing of epidemiological measures. It is important to point out that the stability and liquidity of the business system were achieved not only in the first half of the year, but also for the entire current fiscal year without additional credit borrowing with deferred payment of all due liabilities arising from the long-term loan principal and conversion of short-term loans, request for deferred payment of leasing and by managing the collection and optimization of all operating expenses.

Taking into account the circumstances in which the business took place in the second quarter of the fiscal year, especially in the months of March and April, that is, the complete lack of business activities espe-

cially in the hotel, destination management company and hospitality as a consequence of the ban on carrying out the activities while the operations were conducted to a limited extent in the nautical, camping and real-estate sectors, which is why the Company finds the achieved business results satisfactory, that is, the maximum possible achievements in the circumstances of business inactivity of a significant part of capacities, which would in some normal circumstances have generated a significant amount of revenues in the first half of the fiscal year, which, however, now generated no revenues in the pandemic circumstances.

In addition, in such extraordinary circumstances, the Company retained full employment by retaining all employees found employed on the day of declaring the pandemic, while preserving their financial rights and for the period when they were not working because the facilities were closed or scope of business operations was changed. The company provided them with the same financial rights as the employees who were working all the time.

2. Observing the Company's operations by sectors, the most significant results, both operational and financial, were achieved in the nautical sector, i.e. Marina Kornati. Despite the business to the adapted scope (in March and April) and limited freedom of movement, most of the consequences were sensed in the daily berth and charter, Marina Kornati generated only 8% less revenue compared to that in the same period in 2019. This is the

result of the realization of vessels on a contract-based berth, individual and charter vessels, which are at the same level as in 2019 regarding the revenue and at the same time make up over 84% of the marina's revenue. The stability of the nautical sector's operations and exceptionally good key business results, especially taking the circumstances into consideration, contributed to the additional stability of the Company's operations by ensuring a continuous inflow of funds.

The camping sector started its operations in the month of March (1st March), and at the time of declaring the pandemic, business activities took place to an adjusted scope due to the ban on movement, closure of borders and the ban on domestic and international traffic, which resulted in 28% lower revenues generated by the camping sector. The business activities of the camping sector since the second half of May and June could not compensate for the lack of revenue from April and mid-May which occurred due to significant cancellations, lack of new booking and changing epidemiological situation in the key camping markets with a strong impact on booking.

The hotel and destination management sector of the company are the sectors which were most seriously affected by the consequences of the pandemic. According to the decisions of national, regional and local authorities, accommodation and hospitality facilities were closed from mid-March to the end of May, which

also implied the cancellation of the bookings for the entire first half of the year and the suspension of the new booking. Due to all above said, after mitigating the epidemiological measures, only one of the four hotels was put into business function, which is a four-star Ilirija Hotel as the largest hotel. The changing epidemiological situation, both in domestic and key foreign source markets, which is changing almost on a daily basis, represents uncertainty for guests in planning their trips (certain possibility of difficulties in returning to their home countries, possibility of self-isolation after they return from their trips, need to provide evidence of state of health, etc.) significantly affected booking in the first half of the year, especially in June.

The destination management company Ilirija Travel, whose business activities are mostly realized in the pre- and post-season, was particularly seriously affected by the Covid-19 pandemic disease in the first half of the year 2020, same as the entire industry of events, MICE and incentives, due to the ban on gatherings and organization of the events themselves, while after easing epidemiological measures they were allowed under much more complex safety conditions subject to frequent changes.

The results of the hotel sector and DMK Ilirija Travel were achieved mostly in the period preceding the pandemic, that is, from January to 12th March, while the revenues generated in June could not compensate for the lack of revenues from the key period of the first semi-annual period (March-June) which for all the

above described reasons affected the generation of much lower achievements of the sector, both physical and financial, which significantly affected the Company itself, given that they make up for a significant proportion in the total capacities of the Company.

In the real-estate sector, business operation was difficult because some lessees were prevented from performing their business activities according to the decisions of the Civil Protection Headquarters, while the others had short operation hours, which in March resulted in having 57.4% of the Center's net leased area inactive and non-operational. It was only from the 11th May that most lessees were allowed to resume their business activities, first with limited operation hours, and somewhat later with full operation hours, thereby adhering to the public health measures. As a responsible economic operator, the Company additionally regulated business relations with its lessees, which due to the decisions by competent authorities could not perform their activities, in the segment of their liabilities owed to the Company as a lessor for the purpose of faster reactivation of the services of the Center, which also affected the generation of operating revenues in the first semi-annual period, which are lower by 6% compared to those in the same period in 2019.

3. In the first half of the year, operating revenues were generated in the amount of HRK 49,102,175.85, which compared to the same period of the previous fis-

cal year, when they amounted to HRK 70,834,035.22, make up for 69% of last year's revenues in the same period, which given the circumstances in which the fiscal year that took place, were satisfactory for the Company given that only the nautical, camping and partly the real estate sector were active in business, but to a limited extent. Other sectors and profit centers that hold a significant share in the total accommodation capacities of the Company were non-operational, and a significant part of the capacities of the hotel and destination management company remained non-operational after the reopening of facilities in late May, which mainly affected the generation of the revenues.

4. Total expenses amount to HRK 42,016,281.63 and compared to those in the same period in 2019 they are lower by 24.28% as a result of a considerable decline in operating expenses. In the segment of operating expenses, the Company reduced them to HRK 33,258,340.33 due to the lack of business activities, i.e. decreased them by 29% compared to those in the same period of the previous fiscal year. In the segment of operating expenses, the costs of raw materials or supplies significantly decreased by 59%, gross salary costs decreased by 22% and other costs decreased by 21%.

Optimization of operating costs is one of the strategic goals in terms of maintaining current liquidity, therefore the Company undertakes a number of activities in order to preserve its stability.

The Company is the beneficiary of the measures introduced by the Government of the Republic of Croatia to preserve jobs in the circumstances of the COVID-19 disease pandemic for a period of three months (March, April and May 2020), which total to HRK 3,426,545.92 (net salary and exemption from payment of contributions) for the said period, which significantly affected the decrease in the costs of salaries and additionally contributed to the current liquidity and stability of the cash flow at the same time.

5. The Company's operating profit or the profit from operating activities amounts to HRK 15,843,835.52 and accounts for 67% of the last year's operating profit from the same period last year. EBITDA was realized in the amount of HRK 15,867,527.54 and decreased by 33%, while the profit was generated in the amount of HRK 7,109,586.24 and accounts for 46% of the share of the last year's profit for the first semi-annual period. Since the Company achieved profitability in operations in extremely difficult business conditions, when the tourism activity was carried out to a limited scope, and in some sectors business activities completely lacked, which is extremely important and the Company considers them successful achievements. The achieved results are also a confirmation of the correctness of the measures and activities taken for the purpose of preserving the business capacity of the Company and its stability.

6. The company concluded an Annex to the Loan Agreement with Erste & Steiermarkische Bank d.d. deferring

all due liabilities arising from the principal of the long-term loan liabilities for a period of one year, and at the same time performed the conversion of the existing short-term loan in the amount of EUR 600,000.00 with repayment maturity in summer 2020 into a medium-term loan in the same amount with a three years' repayment period with a grace period of one year, which is extremely favorable for maintaining the current liquidity of the Company. Also, it is important to point out that there was no increase in the Company's loan liabilities, as they remained the same.

The company initiated the process with the commercial bank Erste & Steiermarkische Bank d.d. for the deferral of payment of all monthly installments of financial leasing for the period from 01/04/2020 to 30/04/2021, and the formal-legal procedure of drafting the annex to the contract is underway.

7. The value of the assets amounts to HRK 492,271,518.95 and increased by HRK 12,323,856.14 or by 2.57% compared to that in the same period of the previous fiscal year when it amounted to HRK 479,947,662.81. The equity grew by 22,610,529.21 or by 6.83% or from the amount of HRK 331,242,431.41 as much as it amounted in the first semi-annual period of 2019 to the amount of HRK 353,852,960.62.

8. Total liabilities of the Company amount to HRK 138,418,558.33 and fell by HRK 10,286,673.07 that is, by

6.92% compared to those in the same period of 2019 when they amounted to HRK 148,705,231.40 which is the result of reduction of short-term liabilities of the Company.

9. In the reporting period, the Company made investments in the amount of HRK 9,188,625.44, mainly realized in the camping and nautical sector in accordance with the 2020 Investment Plan. All started investments in capacities and facilities were successfully completed by the Company with an aim of maintaining the campsite at the level of 4 stars and also raising the marina category from two to four anchors (stars), and this was the Company's obligation to use incentives for corporate income tax exemptions for the period from 2018 to 2020.

10. The average share price was realized in the amount of HRK 176.45, recording thus a rise by 1.22% compared to that in the same period of the previous fiscal year, when the average share price was realized in the amount of HRK 174.33. The total trade was realized in the amount of HRK 463,349.00 and grew by 172.33% compared to that in the first half of 2019 when it amounted to HRK 170,144.00.

11. The Company issued 2,055 treasury shares, which account for 0.085% shares in the share capital according to the Share Transfer Agreement, concluded with the Company's employees in accordance with the Management Board's Decision on the allocation of treasury

shares to the Company's employees against no compensation, as a reward for the business results achieved in the year 2019.

12. The Ordinary Shareholders' Assembly of the Company was held on 10th August 2020 with the following agenda:

- The Management Board's report on the operations and position of the Company for the year 2019,
- The Management Board's Report on acquisition of equity shares for the year 2019,
- Report by the Company's Supervisory Board on performed supervision of conducting the Company's business in 2019,
- Auditor's report on the audit of the Company's operations conducted,
- Taking note of the Decision on establishing the fundamental annual financial statements of the Company for the year 2019;
- Decision on utilization of profit of Ilirija d.d. for the year 2019;
- Giving remuneration to the Company's Management Board,
- Giving remuneration to the members of the Supervisory Board for the supervision of the Company's operations performed in the previous period,
- Taking Decision on approval of the remuneration policy of the members of the Management Board, and
- Appointment of the Company's auditor for the year 2020



REORGANIZATION OF COMPANY'S BUSINESS ACTIVITIES, PROCESSES AND OPERATIONS, AS WELL AS IMPLEMENTATION OF MEASURES AND ACTIVITIES AS A RESPONSE TO THE GLOBAL COVID-19 PANDEMIC

Travel, tourism and hospitality are among the sectors most affected by the COVID-19 pandemic globally, as they are labour-intensive sectors which generate a great amount of business and other economic activities due to their direct and indirect impact on the national and global economy. Due to the very nature of the activities of these sectors, they will be among the last to recover after the end of the pandemic.

On 12 March 2020, the Company began adjusting its business processes to the new circumstances caused by the COVID-19 pandemic and implementing the new Organizational structure. In other words, the business reorganization and adjustment processes (organizational, staffing and operational-technical processes) were initiated in order to manage the crisis and mitigate its consequences, namely with the following priorities:

- I. protection and preservation of health and life of the Company's employees and guests
- II. preservation of the Company's assets, i.e. facilities
- III. job retention of the Company's existing employees and of their financial situation,
- IV. securing funds for regular salary payments to the Company's employees
- V. fulfilment of obligations towards Company's creditors, i.e. suppliers, payment of tax liabilities and contributions, as well as liabilities towards the bank
- VI. continuation of business operations and activities in the Company's sectors and capacities, where possible.

In the period since the declaration of the pandemic, the Company has undertaken a number of activities and measures in order to adjust business operations to the new circumstances and, at the same time, mitigate the consequences of the COVID-19 pandemic on the Company:

I. Protection and preservation of health and life of employees and guests

Even before the pandemic started, the Company established the Service for Occupational Safety and Health, Health Care and Environmental Protection and, thereby formed a professional and operational team headed by three educated and qualified persons (master of sanitary engineering, health and safety engineer, master and engineer of food engineering) from the domain of health control and safety, occupational safety and hygiene and health standards and procedures in operational processes, with special emphasis on the food and beverage and the household departments. Among others, the expert and operational team consists of leaders from different Company's departments (Communications, Operational Business and Business Processes, Legal Sources and Human Resources) with the aim of quick and efficient implementation and coordination of Company's and competent authorities' measures and decisions in view of the COVID-19 pandemic.

The Company's managers of health control and protection, occupational safety and the control of quality and standards of the food and beverage and the household

departments are implementing and undertaking all necessary measures to protect the health and life of the guests and employees through implementation, as well as the control of the implementation of recommendations issued by competent authorities. The already high standards of hygiene and cleanliness we have been applying so far have been further improved. In addition, we have taken the necessary measures to further improve all measures and procedures aimed at protecting the health and safety of our employees and guests.

II. Preservation of the Company's assets, i.e. facilities and the four-star standard we have already achieved for future business activity, i.e. the retention and preservation of all key facilities within the sector, i.e. our diversified tourism portfolio, which ensures the stability of Company's business system, market competitiveness and more flexible response to market demands in the new circumstances.

III. Continuation of business operations and activities in the Company's sectors and facilities, where possible

We have fully implemented the epidemiological measures in all facilities, our offer is fully in compliance with them and we have taken all necessary measures to protect the health and safety of our employees and guests. The company is closely monitoring the current situation and adjusting its business processes to measures and guidelines issued by the Croatian Institute of Public Health. Following the improvement of the epidemiological situation and easing of the epidemiological measures, as

well as lifting of the ban on temporary leaving the place of residence and permanent residence, i.e. following the abolishing of e-passes (11 May 2020) and in accordance with the phases of easing of the measures which restricted economic activity, the Company started engaging in business activities in fields and sectors which were completely inactive due to the COVID-19 pandemic (hotel sector, hospitality, sports and recreational amenities and destination management of companies). Therefore, the Company started initiating business activities according to the following phases:

1. **Hotel sector**, no possibility of major business activity until the end of the first half of 2020, only some business activity related to the hotel Ilirija, which opened on 29 May 2020.

2. Facilities within **the destination management company (DMC) Ilirija Travel**, no possibility of major business activity until the end of the first half of 2020, given that these are facilities intended mainly for the event organization, MICE and incentive industry, which, in organizational terms, implies gatherings of a larger number of people. The facilities within DMC Ilirija Travel were given a new business function on 29 May 2020.

3. **Hospitality facilities** in the nautical and camping sector were opened on 11 May 2020, while the restaurant facilities in the hotel sector and within the destination management company started operating on 29 May 2020.

Other sectors of the Company in the observed period performed activities with an adjusted business volume:

4. **Marina Kornati**, continuation of regular business activities with an adjusted business volume, which ensures additional business security for the Company.

5. **The Commercial-Shopping Centre "City Galleria"**, continuation of regular business activities with an adjusted business volume, which ensures additional business security for the Company.

6. **The Company's camping sector**, in the first half of the year it performed its business activities with an adjusted business volume, basing business activities in the reporting period on the following market segments: lump sums, agencies with a fixed lease, own mobile homes and individuals.

7. In addition, if the current favourable epidemiological situation does not change, it is likely that the **nautical fair "Biograd Boat Show 2020"**, organized and hosted by the Company, will take place in the period from 21 to 25 October 2020.

IV. Job retention of existing employees and preservation of their financial situation, i.e. the retention of the Company's highly-qualified and professional employees who are able to work at all levels for future business activity of the Company, after the pandemic ends. At the time of

the declaration of the pandemic, on 12 March 2020, the Company had a total of 262 employees, of which 246 were actively working, while the rest were on maternity leave etc. The Company retained full employment, with 290 employees on 30 June 2020, of which 270 are active and have an assigned job position.

V. Securing funds for regular salary payments to the Company's employees

In order to ensure regular salary payments despite the considerably reduced volume of business activities (nautical sector, real estate, i.e. real estate and camping sector) or the complete suspension of business activities (hotel sector, destination management company Ilirija Travel and hospitality sector), the Company decided to adjust the amount of receipts, as well as salary policy for employees at all levels in accordance with the new circumstances imposed by COVID-19 pandemic, while maintaining the social and material rights of employees. Therefore, net salary adjustments were made in the range from 15% to a maximum of 25%, with all salaries in the amount of HRK 5,000.00 net and less remaining the same. In other words, no salary amounts to less than HRK 4,750.00.

The Company is also a beneficiary of the package of business measures adopted by the Government of the Republic of Croatia aimed at job retention in business conditions affected by the COVID-19 pandemic for a period of three months (March, April and May of 2020). The

Company entered into an agreement with the Croatian Employment Service on the allocation of job retention grants in the sector affected by coronavirus (COVID-19 epidemic). By doing so, the Company became a beneficiary of the package of business measures, which includes HRK 3,250.00 per employee for the month of March, i.e. HRK 4,000.00 per employee for April and May, overall amounting to approximately HRK 3,426,545.92 for the said period (net salaries and exemption from paying contributions). In addition, we believe that we meet the requirements to continue using these measures for the month of June, which is why the Company submitted a request for the allocation of job retention grants for the said period.

Despite the fact that in the period from mid-March to early May, due to the pandemic and the implementation of decisions, measures and recommendations of the Civil Protection Headquarters at national, regional and local levels, most of the employees were not actively working, the Company retained them and paid them their salary regularly.

VI. The business plan for 2020 has been redefined with the aim of preservation of the Company's long-term economic viability and security, preservation of the Company's stable financial position, preservation of the Company's fixed assets and capital and preservation of the Company's business operations and activities.

VII. Deferral of payments of all liabilities due in respect of the principal of the long-term loans for a one-year deferral period

Deferral of payments of all liabilities due in respect of the principal of the long-term loans by the Company's commercial bank Erste & Steiermarkische Bank d.d., for the period from 1 April 2020 to 30 April 2021, must be one of the primary goals in order to preserve the current liquidity and financial security of the Company.

Company submitted request for refinancing of all liabilities deferred in respect of the principal of loans in the period from 1 April 2020 to 30 April 2021 and transferring to regular repayment scheme by loan instalments at the end of the Repayment Plan.

In June 2020, the Company and Erste & Steiermarkische Bank d.d. signed an Annex to the Loan Agreement deferring payments of all liabilities due in respect of the principal of the long-term loans with a one-year deferral period.

VIII. The conversion of an existing short-term loan in the amount of EUR 600,000.00 with repayment maturity in the summer of 2020 into a medium-term loan of the same amount with a three-year repayment period and a one-year grace period

The Company was the beneficiary of a short-term loan in the amount of EUR 600,000.00, which it repaid in

advance in full in agreement with Erste & Steiermarkische Bank d.d. from its own current funds in June 2020, two months ahead of schedule.

At the same time, the Company requested a loan from Erste & Steiermarkische Bank d.d. for permanent working capital in the same amount, EUR 600,000.00, with a three-year repayment period and a one-year grace period.

By concluding a loan agreement on 3 June 2020 between the Company, as the borrower, and Erste & Steiermarkische Bank d.d., as the lender, a new loan sub-account in the amount of EUR 600,000.00 was fully realized.

With such a credit arrangement, the Company, in agreement with Erste & Steiermarkische Bank d.d., essentially converted the loan from a short-term to a medium-term loan, which is much more favourable in terms of preserving the current liquidity of the Company. In addition, such a credit transaction did not increase the Company's credit liabilities, as they remained the same.

IX. Deferral of payment of all liabilities due in respect of the lease for a one-year deferral period

Deferral of payment of all liabilities due in respect of the lease by the Company's commercial bank Erste & Steiermarkische Bank d.d. for the period from 1 April 2020 to 30 April 2021.

Request for refinancing of all liabilities deferred in respect of the lease instalments in the period from 1 April 2020 to 30 April 2021 and transferring to regular repayment scheme by lease instalments at the end of the Repayment Plan.

Request for deferral of payment of all liabilities due in respect of the lease for a one-year deferral period has been approved according to the information given by the competent services of Erste & Steiermarkische Bank d.d. A formal and legal procedure of drafting an annex to the contract in question is underway.

X. Increasing the short-term limit with the commercial bank in order to retain the current liquidity of the Company

Short-term limit secured for the first three, i.e. six months of the crisis management period with Erste & Steiermarkische Bank d.d. has been increased from the amount of EUR 1,000,000.00 to EUR 2,000,000.00.

XI The Company did not plan to pay out dividends to shareholders in 2020

At the regular General Meeting of the Company, to be held on 10 August 2020, the payout of dividend, which has been performed regularly and continuously thus far, has not been planned; this is a way for shareholders to actively contribute to the preservation of the current financial stability of the Company, that is to say its overall stability in 2020.

XII. Diversification and securing new credit lines to overcome the crisis management period

The use of special credit lines of the Croatian Bank for Reconstruction and Development to preserve tourism industry activities until recovery as another source of financing, in addition to the financing from the commercial bank, in order to facilitate current liquidity. The Company monitors the announced credit lines independently or through the commercial bank and will at one point submit a request for their use in the amount deemed necessary.

XIII. Maximum reduction, i.e. optimization of all operating costs to only necessary and indispensable costs

Adjustment, i.e. maximum and appropriate reduction, i.e. optimization of all operating costs that are not necessary and indispensable for current operations, given the Company's significantly reduced business activity.

XIV. Cooperation with suppliers

The Company has been duly settling its current trade payables, including liabilities incurred upon the declaration of COVID-19 pandemic. If the need arises, the Company will strive to extend its obligations towards each of the suppliers individually through payments in appropriate monthly instalments until 31 December 2020, each with the supplier's consent.

XV. Monitoring and management of trade receivables

Collection of both future trade receivables from customers and trade receivables existing at the moment the pandemic was declared, which the Company seeks to collect in the most appropriate manner, taking into account aggravated circumstances and implementing the measures of payment in instalments where possible, but also undertaking compulsory collection measures if needed.

XVI. Depreciation policy in 2020

Given that, according to current estimates, a part of the assets, especially in the hotel sector and partly in some other sectors, will be out of function, i.e. business use this year, or will operate to a significantly limited extent during the year, the Company will redefine the existing depreciation policy and adjust it to the given circumstances.

XVII. Exemption from obligations in whole or in part in respect of parafiscal charges

The Company submitted requests to the competent authorities and institutions at the national, regional and local level for exemption from obligations and fees in respect of parafiscal charges in whole or in part due to the considerable decrease in business activities and generating income (membership fees, fees, contributions, utility fees, subscriptions, etc.), especially fees that are not directly connected with the core business of the Company.

Due to the special circumstances caused by the global

COVID-19 pandemic, by 30 June 2020 the Company submitted requests to local government units for exemption from paying utility fees and fees for water management in full or in reduced amount in accordance with the actual revenue in 2020. The Company has also submitted a request for exemption from the payment of water protection fee according to the provisional statement for 2020 or the reduction of the amount of the given fee in accordance with the real quantities in 2020 which will be determined at the end of the year.

XVIII. Investments for the business year 2020

The Company has successfully completed all planned investments for the business year 2020 which were realized mainly in the camping and nautical sector for the purpose of improving the quality and standards of the existing service, i.e. of maintaining it at the four-star rating level at the "Park Soline" camp and raising it to the four-anchor level at the Marina Kornati.

The value of investments realized in the first half of 2020 amounts to HRK 9,188,625.44 at the level of all sectors of the Company.

The Company is benefiting from incentives in the form of exemption from paying corporation tax for the period of 2018-2020. This means the Company was required to complete its investments, especially the ones pertaining to the "Park Soline" camp and Marina Kornati under the

2020 Investment Plan, which were primarily aimed at maintaining the camp at a 4-star rating level as well as raising the category of the marina from a two- to a four-anchor (star) rating.

XIX. Principles of corporate social responsibility (CSR)

Preserving the CSR system and principles in the circumstances which disrupted the Company's business operations as much as possible and acceptable. At this time, it is necessary to understand the current circumstances in which the most endangered goals are the economic goals of the Company. These goals are the priorities of the Company in order to ensure its long-term financial stability and business viability.

XX. Digitalization of the Company and virtual business

Following the first day of reorganization of business activities and business processes due to COVID-19 pandemic, the Company ensured rapid digital transformation of most of the business processes. In other words, the Company established virtual business operations at the level of all sectors, especially sales and marketing departments and corporate services department, with the aim of providing as many employees as possible with the possibility to work from home in order to protect their health and enable the smooth operation of the Company's key business processes during the global pandemic.

In conclusion:

By implementing the above mentioned measures and activities, pertaining to the period from the moment the pandemic was declared (12 March 2020) and to whole current business year, the Company has adjusted its business processes and activities to the new circumstances in order to: (I) maintain the long-term business stability of the Company, (II) ensure smooth operation of business processes in the sectors and profit centres in compliance with all health, epidemiological and sanitary measures and recommendations of the competent authorities, (III) preserve the Company's current liquidity, (IV) preserve the Company's assets and facilities, and (V) retain full employment and preserve the social and material rights of employees.

The Company achieved this by using exclusively its own funds - both its business and current funds from its own cash flow - without any additional foreign or loan funds, except for funds which were allocated to it by the Government of the Republic of Croatia in form of job retention grants, which are offered as assistance to the Croatian economy in the context of the COVID-19 pandemic.

In addition, we want to express our great satisfaction with our commercial bank Erste & Steiermarkische Bank d.d., which has been very understanding of the difficulties we



are facing, and which helped the Company by approving all of our requests related to a one-year deferral of repayment of all principals of loans and financial leases.

We believe that the Company as a whole, by undertaking a series of above-mentioned actions and procedures at the level of all sectors and business segments relating to the organization of business activities and the activities of the Company, in a very successful way eliminated, i.e. neutrali-

zed all negative and unplanned risks to the Company, which emerged as a result of the unpredictable, extraordinary and unfavourable circumstances caused by the COVID-19 pandemic, which in the first half of this year caused an unprecedented economic crisis in the world, Europe and the Croatian economy, especially in tourism and hospitality sectors, which are the main activities of our Company.

1 ABOUT ILIRIJA D.D.

1.1 BASIC INFORMATION

ILIRIJA d.d. is a public joint stock company registered for hospitality and tourism with registered office in Biograd na Moru, Tina Ujevića 7, that has been active in the Croatian tourist market for over **64** years. The business operations of ILIRIJA d.d. is based on the principles of corporate social responsibility as an integral part its corporate values.

In its business operations, the Management Company applies the Code of Corporate Governance of the Zagreb Stock Exchange and HANFA. The data on the operations are public and transparent, and at all times available to all national, financial and other institutions, shareholders, banking institutions, funds, associations, business partners, institutional, individual and other investors in the regulated capital market in the Republic of Croatia. In its business operations, the Company covers all key segments of the Adriatic Mediterranean tourism offer that is: **hotel sector** (hotels: Ilirija****, Kornati****, Adriatic***, Villa Donat****/***), **nautical sector** (Marina Kornati and Hotel port Ilirija-Kornati), **camping** (campsite „Park Soline“****), **hospitality** (restaurant “Marina Kornati”, restaurant “Park Soline”, Beach bar “Donat”, “Lavender” lounge bar), **destination management company/DMC Ilirija Travel** (Arsenal in Zadar, Villa Primorje ****, diffuse hotel Ražnjevića dvori

AD 1307, event boat “Nada”), **sports-recreational and entertainment center** (Tennis center Ilirija with 20 tennis courts and Aquatic center with hospitality facilities), and since the month of December 2016, the Company’s portfolio includes the **Commercial-Shopping Center City Galleria** in Zadar with more than 28.500m² gross area in total six floors and total 9.897,60m² net rented floor area.

Its business is based on providing services by using its capacities (hotels, nautics, camping) at the same time providing additional amenities and services, thus creating a high-quality integrated and complementary tourism product in the domestic and international tourism market, presented under the brand Ilirija Travel. Destination management company was established as a result of the modern tourism demand, conditioned by the technological, social, market factors and trends of ever more demanding customer or market.

1.2 CHRONOLOGICAL OVERVIEW OF THE COMPANY'S DEVELOPMENT

Year 1957 | The Company was incorporated and domiciled in Biograd na Moru, where it operates today, although the beginnings of the company date back to 1934 when the first hotel called ILIRIJA in Biograd na Moru was built. These are also the first beginnings of organized tourism not only in Biograd but also in the entire Biograd Riviera, by which the Company becomes the pioneer and the leader of all tourism activities in the Biograd region.

Years 1969-1972 | The construction of new hotel facilities (Hotel Kornati**** and Hotel Adriatic***), the overall reconstruction and construction of hotels Ilirija**** and building an annex to the hotel Villa Donat ****/** in Sv. Filip and Jakov.

Year 1976 | Start of construction of the first nautical tourism port in Croatia, according to the first building permit in the Republic of Croatia for the construction of the first nautical port issued by the former Municipality of Biograd na Moru, number: UP/I-03-4-318/1977 as of 10th March 1977, Hotel port Ilirija-Kornati, situated in Biograd na Moru, with a total of 100 berths and the purchase the first charter fleet of 40 vessels, by which the Company became a pioneer of development of the nautical tourism.

Year 1986 | Extended nautical capacities of the Company by constructing the nautical tourism Port Marina Kornati, located in Biograd na Moru, with total port area (aquatorium) of 131.600 m² with a total capacity of 705 berths on land and sea. Today, Marina Kornati is among the Top 3 Croatian marinas according to the number of berths, technical equipment, quality of service, cleanliness and neatness.

Year 1988 | The construction of Tennis center, located in a pinewood Soline right next to the old town center Biograd na Moru (400m from the hotel, 150m from the main beach), on an area of 48.000 m² with 20 tennis courts (14 clay and 6 artificial grass tennis courts).

Year 1988 | The construction of Aquatic Center, that is, a beach facility as a part of a unique, technological and functional unit of the existing hotel capacities, that is basically an Olympic outdoor swimming pool with many additional amenities, as a supplement to the existing and basic hotel amenities. Built as a swimming, beach and sports, entertainment and hospitality facility with bleachers with the capacity of 4,000 seats and a terrace of 1.000 m², whereby it represents a center for holding almost all sports, entertaining and dance events in the City Biograd na Moru.

Year 1989 | Construction of an annex to the hotel Kornati**** and administrative building of the Company.

Year 1991 | By merger of the campsite "Soline", located in Biograd na Moru, later renamed into the camp "Park Soline", by which the Company in its operations in addition to hotel management and nautics also included camping as the third segment of its tourism offer.

Year 1991-1992 | Completion of the remaining part of the port area, i.e. the capacities of the Port of Nautical Tourism Marina Kornati, by building docks in the southern and western aquatorium.

Year 1993 | The Croatian Privatization Fund, makes a decision on the transformation of HTP Ilirija into a joint stock company.

Year 1999 | The Company was privatized and is in major ownership of the company Arsenal Holdings d.o.o. from Zadar, which is in major ownership of Mr. Davor Tudorović.

Year 1999 | The Company starts boat show organized as Spring Open Days, mainly intended for companies that operate in the marina, as the first such event in North Dalmatia. Wishing for Biograd na Moru, to be top nautical event, at which all sectors of the boating and charter business will be presented in a short period, the Open Days grew into a boat event - Biograd Boat Show. Since 2004 Biograd Boat Show has been organized as the first autumn boat show in Croatia.

Years 1999 – 2020 | During this period, that is, by 30/06/2020, the Company has invested HRK 626,325,375.64 in construction, reconstruction, extension, building annexes, renovation and adaptation of accommodation facilities and establishments of the Company in order to enhance the quality, improve the overall service and standards in all sectors of the Company, develop new products, improve and increase the categorization of the accommodation facilities and nautical capacities, expand hospitality facilities with an aim to create a high-quality, recognizable and competitive tourism product and enhance the quality of the offer of the destination itself, which resulted in a growth in total revenues and newly created value in the mentioned period in the amount of HRK 930,564,850.67.

Year 2002 | The National Audit Office carried out the audit of transformation and privatization of ILIRIJA d.d. and issued an unqualified opinion on the transformation and privatization in full, with an emphasis that the process was carried out in accordance with the legislation and that no irregularities were determined that would affect the legal implementation of the process of transformation and privatization.

Year 2003 | The Company's shares were listed on the Zagreb Stock Exchange in the quotation of public joint stock companies.

Year 2005 | As part of the Company's business system, the multimedia center Arsenal in Zadar, built in the 17th century at the time of the Venetian Republic, following the completion of the revitalization and renewal according to the concept of "indoor town square," began conducting business activities.

Year 2009 | The Company's shares are listed on the Regular market of the Zagreb Stock Exchange, since the quotation of public joint stock companies was cancelled.

Year 2014 | The market was presented the event ship "Nada" a floating convention center with multifunctional purposes 36m in length and a capacity to accommodate 180 persons.

Year 2014 | As a part of the Company's business system, the first Croatian diffuse hotel Ražnjevića dvori AD 1307 was opened. **Year 2015** | Renovated Villa Primorje****, built in the second half of the 19th century, luxuriously decorated and equipped in line with the latest standards for facilities of its kind and category, has its own restaurant that offers the possibility of organizing a number of events.

Year 2015 | Recapitalization of the Company by Allianz ZB d.o.o., the compulsory pension fund management company, with headquarters in Zagreb, which has acquired 10% equity share in the ownership of the company.

Year 2015 | The Company's shares are transferred from the Regular to the Official market of Zagreb Stock Exchange which will contribute to even greater transparency and openness of the company to all of its stakeholders.

Year 2016 | The second recapitalization of the Company was successfully carried out in the month of November through which the share capital was increased by contributions in cash and by issuing New ordinary shares of the Company through public offering. The main purpose of the recapitalization is to raise funds for the acquisition of the Commercial-Shopping Center City Galleria in Zadar.

Year 2016 | On 19 December 2016, having acquired the Commercial-Shopping Center City Galleria in Zadar, the Company successfully completed and carried out the process of acquisition or buying of the real property which created a company with a wide range of economic activities, where in addition to tourism and hospitality sector consisting of hotel sector, nautics, camping and destination management as core business activities, the Company partly enters the real estate segment having acquired the modern Commercial-shopping center.

Years 2015 - 2017 | The investment cycle in Marina Kornati has been mainly completed by improving the quality of the accommodation of vessels by modernizing nearly seventy percent of the superstructure and the substructure of the marina or piers, allowing thus the accommodation for a larger category of vessels, better exploitation of the marina aquatorium, further enrichment and modernization of the offer by implementing the best existing technical solutions which contributes to further strengthening of the market position of Marina Kornati among the three leading ports of nautical tourism at the Adriatic Sea.

Year 2018 | The construction of the indoor swimming pool of useful surface area of approximately 500m² along with accompanying facilities, thus complementing the existing tourism offer of the hotel Ilirija Resort in the destination of Biograd na Moru.

1.3 COMPANY'S BODIES

1.3.1 COMPANY MANAGEMENT BOARD

Goran Ražnjević, President of the Management Board represents the Company solely and independently

1.3.2 SUPERVISORY BOARD

Goran Medić, President of the Supervisory Board

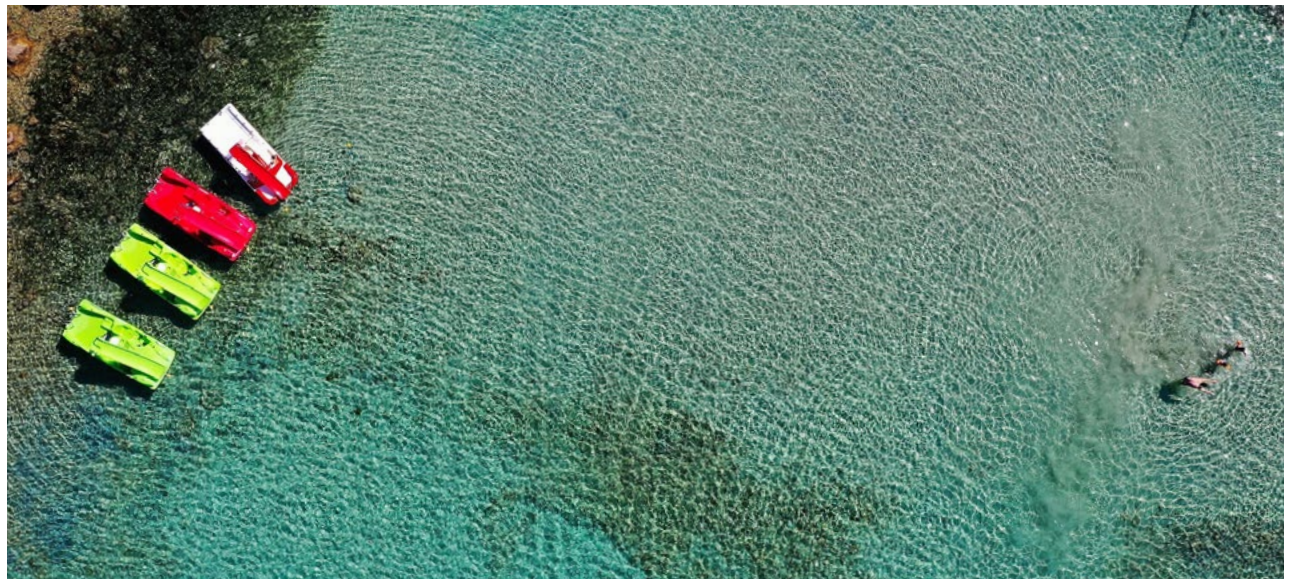
David Anthony Tudorović, Deputy President of the Supervisory Board

Davor Tudorović, Member of the Supervisory Board

Siniša Petrović, Member of the Supervisory Board

Darko Prebežac, Member of the Supervisory Board

1.3.3 SHAREHOLDERS' ASSEMBLY



1.4 SUBSIDIARIES

Ilirija d.d, has two subsidiaries in 100% ownership:

ILIRIJA GRAĐENJE d.o.o.

ILIRIJA NAUTIKA d.o.o.

(are not active in business)

1.5 AFFILIATED COMPANIES

Arsenal Holdings d.o.o., Perivoj Gospe od Zdravlja 1, Zadar, Company Tax Number - OIB: 59794687464, holds 1,429.032 shares in the Company, which accounts for 59.21% of the shares in the share capital of the Company and the same number of votes in the Shareholders' Assembly.

The controlling company Arsenal Holdings d.o.o. is registered with the Commercial Court in Zadar, Company Reg. No. MBS: 060014554; share capital HRK 21,027,500.00 paid in whole.

Mr. Davor Tudorović is the major owner of the company Arsenal Holdings d.o.o. with 75.25% shares in its share capital, who also holds 95,744 shares of Ilirija d.d. which accounts for 3.97% of the shares in its equity capital.

1.6 OWNERSHIP STRUCTURE OF THE COMPANY AND TRADING IN THE COMPANY'S SHARES AT THE ZAGREB STOCK EXCHANGE

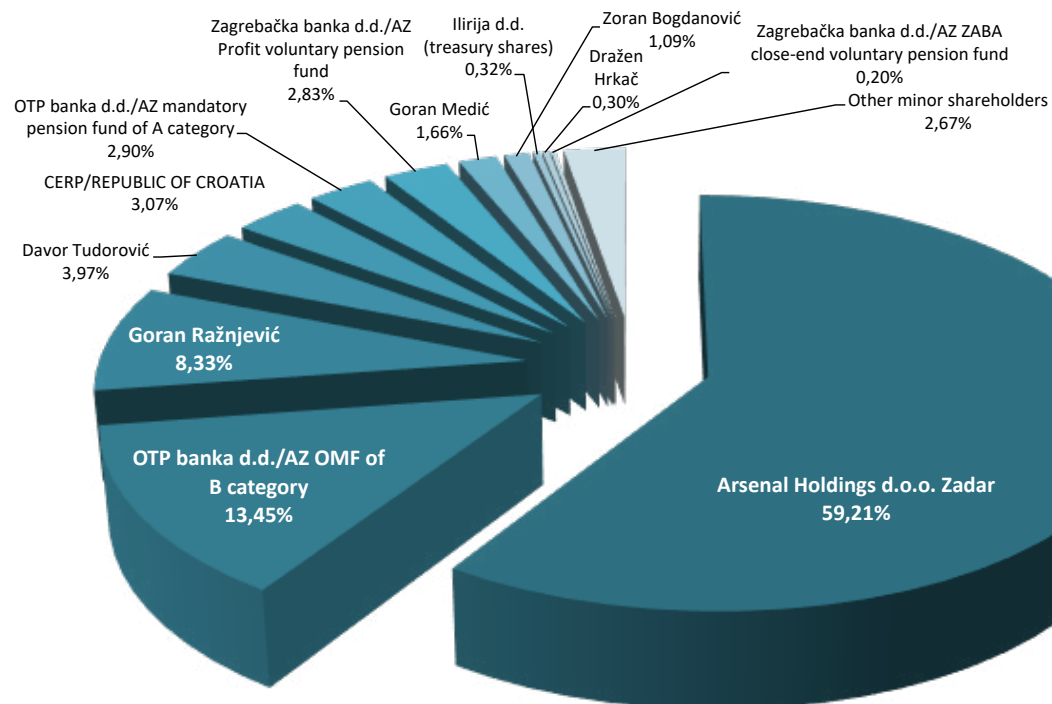
The share capital of the Company is HRK 229,146,480.00 and is divided into 2,413,488 ordinary shares without a par value.

As at 30th June 2020, no significant change was made in the ownership structure, and below there is an overview of the major shareholders of the Company as at 30th June 2020.

Overview of the major shareholders of the Company as at 30/06/2020:

Owners - shareholders	Number of shares	Share in %
Arsenal Holdings d.o.o. Zadar	1,429,032	59,21
OTP bank d.d./AZ OMF of B category	324,509	13,45
Goran Ražnjević	201,120	8,33
Davor Tudorović	95,744	3,97
CERP/REPUBLIC OF CROATIA	74,200	3,07
OTP bank d.d./AZ mandatory pension fund of A category	69,898	2,90
Zagrebačka banka d.d./AZ Profit voluntary pension fund	68,200	2,83
Goran Medić	40,000	1,66
Zoran Bogdanović	26,216	1,09
Ilirija d.d. (treasury shares)	7,833	0,32
Dražen Hrkač	7,224	0,30
Zagrebačka banka d.d./AZ ZABA close-end voluntary pension fund	4,904	0,20
Other minor shareholders	64,608	2,67
TOTAL	2,413,488	100

OWNERSHIP STRUCTURE OF THE COMPANY AS AT 30/06/2020



TRADING IN SHARES OF THE COMPANY ON THE CROATIAN CAPITAL MARKET IN THE PERIOD FROM 01/01- 30/06/2020

(amount in HRK)	I-VI 2020	I-VI 2019	% of change
Total turnover	463.349,00	170.144,00	172,33%
Average share price	176,45	174,33	1,22%
Average turnover per transaction	14.479,66	6.544,00	121,27%
Average daily turnover	28.959,31	17.014,40	70,20%
Last share price	132,00	189,00	-30,16%
Market capitalization*	318.580.416,00	456.149.232,00	-30,16%
Market capitalization**	425.859.957,60	420.743.363,04	1,22%
Number of shares	2.413.488	2.413.488	

* indicated by the methodology of calculation according to the last share price multiplied with number of shares

** indicated by the methodology of calculation according to the average share price multiplied with number of shares

In the first six months of 2020, a total of 2,626 Company's shares were traded in which resulted in a turnover of HRK 463,349.00. This is an increase by 172.33% compared to that in the same period in 2019. In addition to the increased turnover, the average ILRA share price increased from HRK 174.33 in the first semi-annual period of 2019 to HRK 176.45 in the same period in 2020, or by 1.22%. The average turnover per transaction also increased by 121.27% and the average daily turnover increased by 70.20% in the same period. A total of 2,626 shares were traded in, which makes up for 0.11% of the issued shares of the issuer, so the ILRA share, as most other shares listed on the Zagreb Stock Exchange, can be considered an illiquid share in the first semi-annual period.

As at 30/6/2020, the last share price amounted to HRK 132.00 and fell by HRK 30.16% compared to the last price on the same day in 2019 when it amounted to HRK 189.00. The amount of the Company's market capitalization indicated by the methodology of calculation according to the last share price has been changed accordingly. The market capitalization amounted to HRK 318,580,416.00 as at 30th June 2020 which is a drop by 30.16%

It should be noted that, when analyzing transactions with the ILRA share on the capital market in the first half of 2020, the last transaction was realized on 24th June, 2020 with a turnover of only one share at a price of HRK 132.00. This is also the last price in the first semi-annual period, so, in accordance with the above methodology, the capitalization market is taken into account. However, the relevance of the statement of market capitalization by applying this method in case of statement

of market capitalization of illiquid shares is questionable. Based on trading in only one share, as is the case with ILRA, in particular taking into account that the Company did not record any event that could affect the change in the share price, the statement of market capitalization amount should be taken with a reservation. For this reason, for illiquid and low-liquid shares, the statement of the amount of market capitalization calculated on the basis of the average share price is more relevant. In the second half of 2020, indicated by applying this method, the market capitalization of the Company amounts to HRK 425,859,957.60 and is higher by HRK 5,116,594.60 or by 1.22% compared to that in the first semi-annual period of 2019.

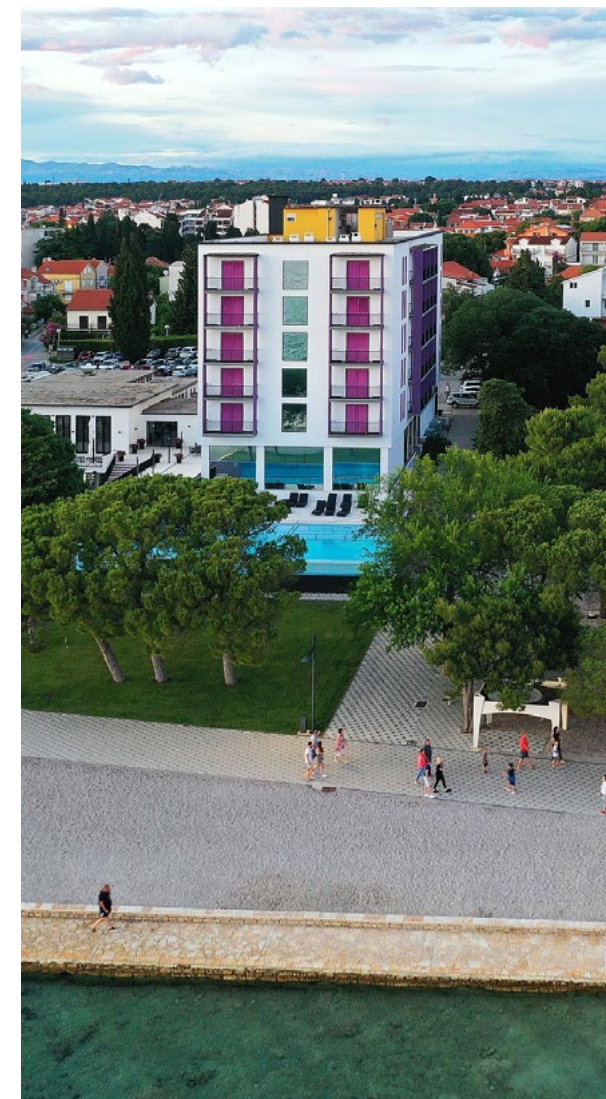
The Company issued 2,055 treasury shares, which account for 0.085% shares in the share capital according to the Share Transfer Agreement, concluded with the Company's employees in accordance with the Management Board's Decision on the allocation of treasury shares to the Company's employees against no compensation, as a reward for the business results achieved in the year 2019. Before the shares were released, the Company held 9888 treasury shares, which accounts for 0.409% of shares in the share capital of the Company and after the shares were released the Company held a total of 7833 treasury shares, which accounts for 0.32% of the share in the Company's share capital. In the reporting period, the Company acquired 298 treasury shares after it conducted corporate actions of acquiring and releasing the shares, and on 30th June 2020

the Company held 7833 treasury shares, which accounts for 0.32% of shares in the share capital.

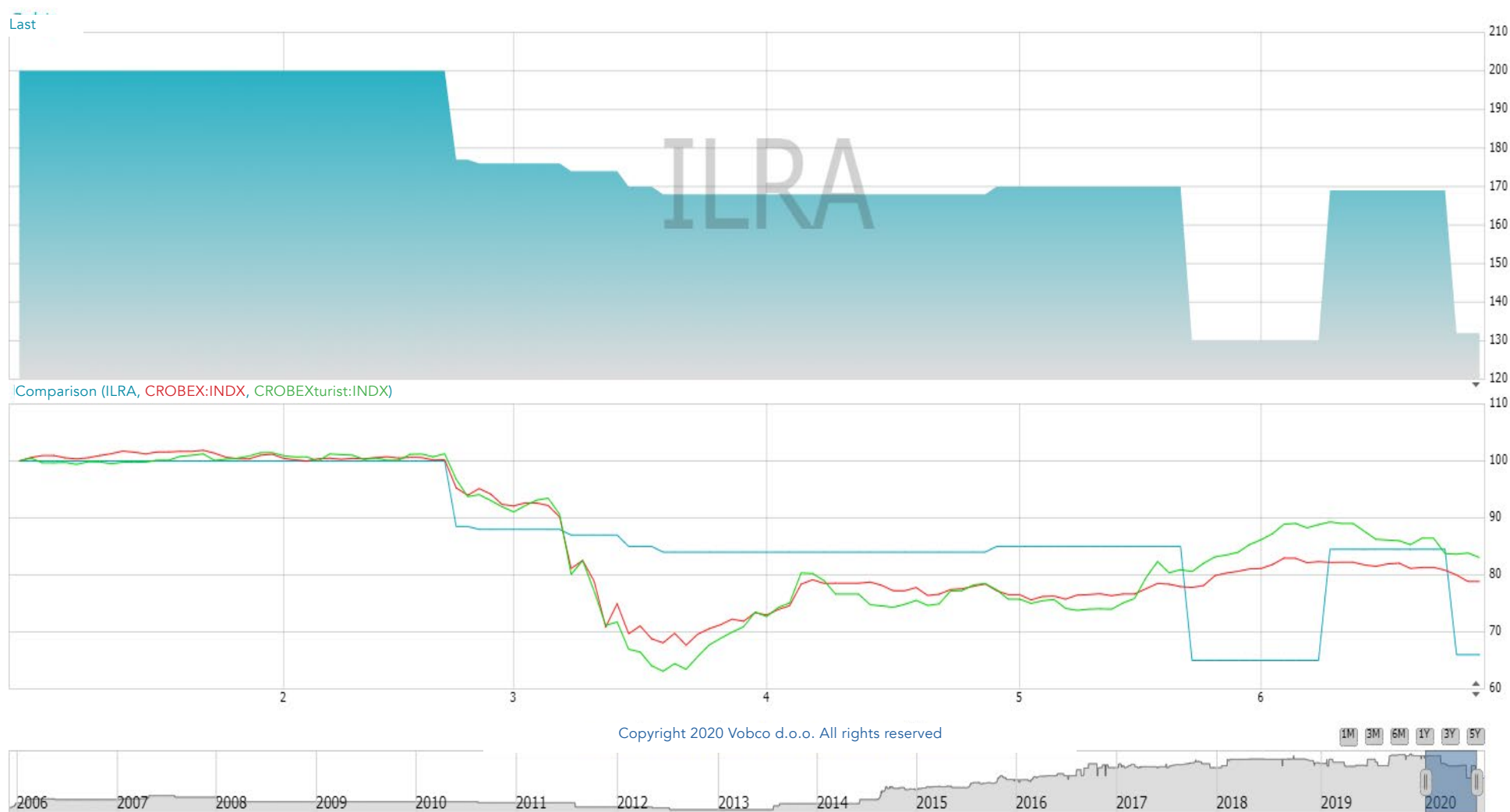
The movement of the share price designated as ILRA and comparison with CROBEX and CROBEXTURIST indices

In the first semi-annual period of 2020, the turnover in shares was realized in the order book of bids in amount of HRK 1,532,526,868 on the Zagreb Stock Exchange. This is a turnover higher by HRK 735,187,872 or 92.20% than in the same period in 2019. The block trade in shares was also higher in the first semi-annual period of 2020 than that in the same period in 2019 by HRK 44,224,445 or by 16.96%. Two thirds of the turnover in shares was realized in the first quarter, and the rest in the second quarter. The decrease in the turnover in the second quarter can be considered as a consequence of market uncertainty caused by the COVID-19 virus pandemic. For the same reason, the CROBEX index decreased by a one fourth (by 25.73% at the end of June compared to that at the beginning of the year). As in the previous periods, trading in shares on the Zagreb Stock Exchange was marked by low liquidity of shares of a large number of issuers.

Out of a total of 108 shares listed on the regular, official and leading market of the Zagreb Stock Exchange, in the first semi-annual period of the year 2020, 21 of them recorded a price increase, 67 recorded a price decrease, and the price of the shares of 6 issuers did not change.



The movement of ILRA share with the shown volume of trading and compared with CROBEX and CROBEXTURIST index movement, is shown in the following graph



1.7 COMPANY BUSINESS MODEL

The Company has been present on the domestic and international tourism market for over six decades and since 2016 when it acquired the Commercial-Shopping Center City Galleria, it became the Company with a wide range of activities, the portfolio of which is composed of 5 sectors:

- **Hotel sector** – 4 hotels, 443 rooms, 922 beds
- **Nautics** – 805 berths, 2,000 persons
- **Camping** – 1,208 pitches, 3,624 persons
- **Destination management company/DMC Ilirija Travel** – through which in 2019 were organized 609 special events for 54.749 persons
- **Real-estate segment** – Commercial-shopping center City Galleria in Zadar, one of the two largest shopping centers in the Zadar region

ILIRIJA d.d. is one of the few tourism companies in the Republic of Croatia with such a diverse offer that includes all the segments of the Adriatic or Mediterranean tourism offer in its portfolio (hotel sector, nautics and camping) additionally strengthened by the destination management company Ilirija Travel and the real estate sector. Besides such a diverse portfolio, is worth noting that the Company manages all business

processes (management and operations) within the sector or facility.

Diverse tourism and real estate portfolios are based on the resources of the region and on a continuous investment in the improvement of the existing contents and products as well as the development of the new ones, which is also the foundation of the Company's business and development policy. The presence on the market for more than 6 decades and the related knowledge and experience, enable the Company to maximize its economic, financial, market and human resources potential **through the development of a complementary and integrated product through the destination management company. The Company strives for one of its strategic goals – year-round business operations of its sectors**, with an emphasis on the hotel sector and camping, through a good extension of the high season to the shoulder season and creating added value for both the Company and the destination, or the wider community. Through the destination management company, the Company contributes to the development and recognizability of the destination by organizing the events and by offering contents and programs in their own organization and their own facilities and capacities.

1.8 BRANDS OF THE COMPANY

ILIRIJA RESORT
HOTELS & VILLAS

 **marina Kornati**

**** *camping park soline*

 **ILIRIJA Travel**
DMC&PCO • WWW.ILIRIJA-TRAVEL.COM

City Galleria

ARSENAL
ZADAR

EVENT SHIP
Nada

 **Villa Primorje**

 **RAŽNJEVIĆA DVORJ**
POLAČA

 **TENIS CENTAR ILIRIJA**
BIOGRAD NA MORU

 **ILIRIJA aquatic center**

 **salvia spa**
medical wellness

LAVENDER BAR

 **Restaurant marina Kornati**

 **PARK SOLINE**
RESTAURANT

Donat BEACH BAR



2 CORPORATE STRATEGY AND GOVERNANCE

2.1 VISION, MISSION AND FUNDAMENTAL VALUES

The vision is to permanently secure position among the 3 leading tourism companies in the region of the North Dalmatia and among the 15 leading tourism companies in the Republic of Croatia in the key segments of the Croatian tourism offer (hotel sector, nautics and camping), be and stay the leader of the tourism and economic development of our region and destinations such as Biograd na Moru, Zadar and Sv. Filip i Jakov thereby developing the whole year's business by offering the complementary and selective forms of tourism offer in the destinations where we conduct business.

According to the foregoing, the mission is: increasing the assets and achieving the financial results of the business operations, which will ensure long-term business and financial stability, establish an optimal level of quality and competitiveness in business at the level of the overall Croatian tourist offer, with continuous investment in human resources and ensuring optimal employment level, ensuring and complying with sustainable development principle which is manifested in recognizing and satisfying the needs of tourists, protecting and restoring natural and cultural heritage and preserving the environment, i.e. creating a responsible and sustainable tourism offer.

Fundamental values:

Respect and integrity – equal treatment of all of our stakeholders is the fundamental value of our company's business.

Quality – a top-quality product, professional service and individual approach to clients are the basis of the relation to the guest which is at the heart of the company's service.

Innovation – to be the initiator and creator of new products and services, contributing to the future development of Company, destination and Croatian tourism.

Sustainability and responsibility – in business, investment, relationship with its employees, business partners, clients (guests), local, regional and regional community, shareholders and day-to-day operations by integrating the economic, social aspects and environmental protection aspects into decision-making processes and corporate strategy of the Company. Harmonization of these aspects is the foundation of success and sustainable development of the Company.

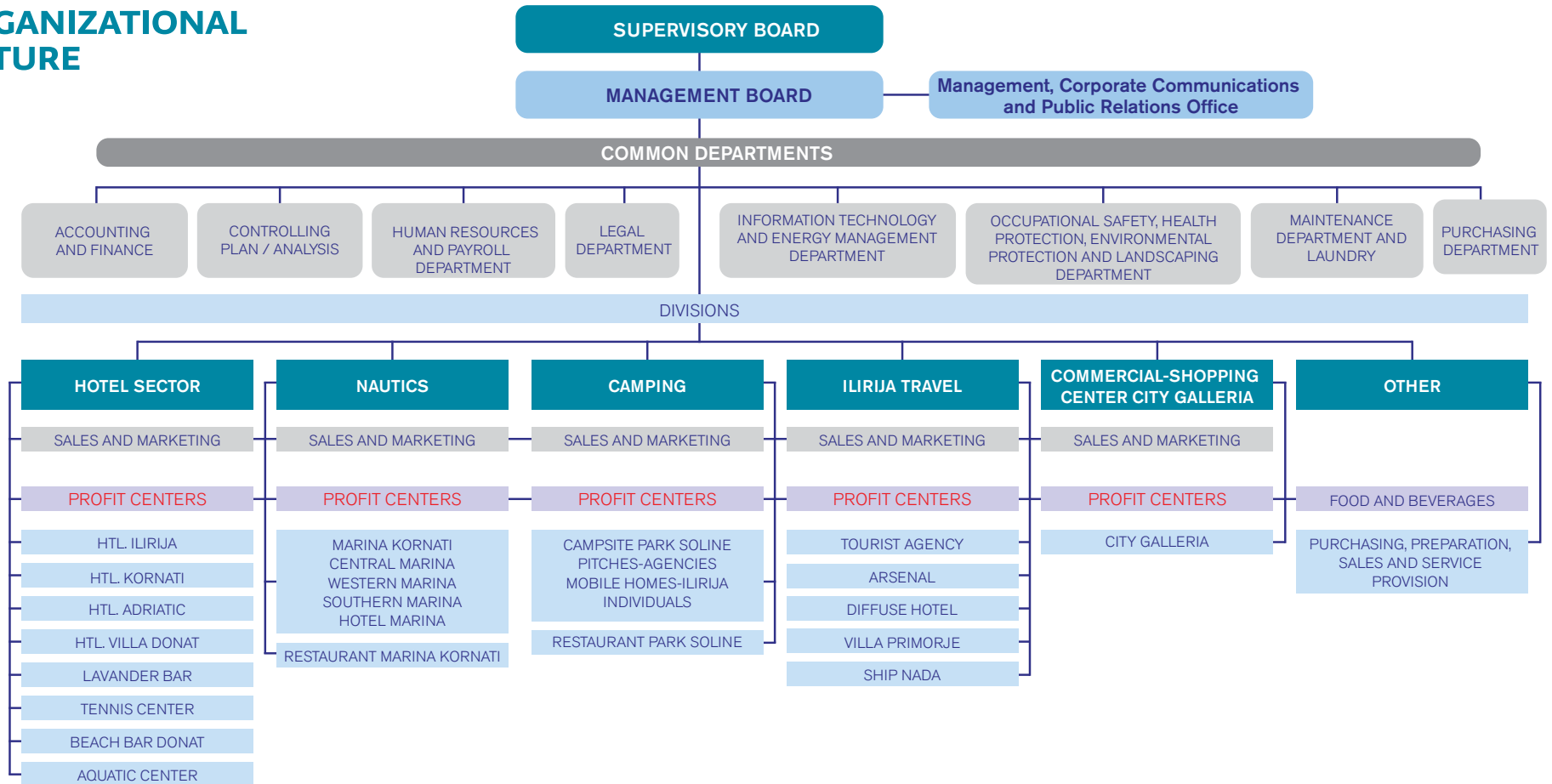
Transparency – in business and communication with all stakeholders of the company while com-

plying with the principles of timely and accurate information provision as a prerequisite for further strengthening the Company's market position and its further growth.

Corporate social responsibility - In its operations, the Company applies the principles of corporate social responsibility, taking into account the responsibilities towards all key groups of its stakeholders (guests, employees, shareholders, the state, local community, financial institutions and suppliers), where it creates added value for all stakeholder groups through the achieved business results. This business concept also implies the conservation of the natural and environmental resources managed by the Company.



2.2 ORGANIZATIONAL STRUCTURE



2.3 SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

In the first semi-annual period of 2020, in significantly changed circumstances or business disruptions that occurred in the first half of the month of March, the Company acted as a socially responsible economic operator as much as it was possible and acceptable considering the circumstances of conducting the business operations. The Company will try to apply and preserve the system and principles of corporate social responsibility to the extent that circumstances allow.

In the reporting period in the circumstances of the global COVID-19 disease pandemic, one of the basic goals and priorities of the Company is to preserve and protect the life and health of employees and guests, so since mid-February the Company has been implementing all necessary measures to protect life and health of employees and guests. On the day when the global COVID-19 disease pandemic was declared by the World Health Organization, the Company began to reorganize and adjust its operations in order to manage the crisis and ease its consequences.

Even before the pandemic, the Occupational Safety, Health and Environmental Protection Unit was formed in the Company, and its establishment was followed by forming a professional and operational team headed by three educated and qualified persons (Master of Sanitary Engineering, Safety and Protection Engineer, Master of Food Engineering) in the field of health control and

protection, occupational safety and hygiene and health standards and procedures in operational processes with a special emphasis on food and beverage departments and households. The professional and operational team also includes the managers from various areas of the Company (communications, operations and business processes, legal and human resources) with an aim of rapid and efficient implementation and coordination of measures and decisions of the Company and competent authorities regarding the COVID-19 disease pandemic.

Heads of the Company's health control and protection, occupational safety and food and beverage quality control and standards and households carry out and undertake maximum activities in the segment of protection of health and life of guests and employees in a way that they implement and control the implementation of the recommendations of competent authorities (CIPH – Croatian Institute of Public Health and the Civil Protection Headquarters).

Keeping the jobs of the Company's existing employees and their financial position arising from the employment or retention of employees capable of work, highly qualified and professional employees of the Company at all levels is one of the Company's fundamental priorities in the extraordinary circumstances of business operations. For this reason the Company retained all employees, which will be one of the basic goals of the Company in

the next few months in the field of human resources management.

The Company continued with the policy of corporate philanthropy by participating with other companies from the Zadar County in donating medical supplies to the Zadar General Hospital for the requirements of the Department of Gastroenterology.

Also, since the moment of declaring the pandemic, the Zadar General Hospital was donated HRK 99,900.00 for the purpose of buying protective equipment, while the donation for the same purpose in the amount of HRK 19,808.00 was also made to the Zadar Police Administration.

In the early month of March, the Company joined the Association for Gender Equality, which aims to: (I) achieve equal representation or gender balance at all levels and positions; (II) promote equal opportunities (employment, training and progress) for both women and men, and (III) provide equal pays for jobs of equal value.



2.4 RISKS

The Company assesses the risks at the macro and micro level for each of the business sectors, assessing them according to the criterion of likelihood of risk occurrence and consequences or impact of each individual risk on the business processes and system of Ilirija d.d.

The Company's risk management process involves the following essential steps:

- Identification of potential risks;
- Assessment of the likelihood of occurrence of the Company's risk;
- Assigning responsibilities and taking actions in order to eliminate and/or reduce risks;
- Monitoring and reassessment of risks in order to avoid its negative impacts;
- Exchange of information on the activities undertaken and the results of actions between the business process manager and the Management Board through the lines of communication established by the prescribed procedures.

The Company is, after all, as the most businesses in the tourism sector, exposed to foreign exchange risk, price risk, credit risk and liquidity risk, environmental risk, risk of tourism as the branch of economy, the risk of macroeconomic movements and risk of changes in tax and other regulations.

Since most of the monetary fund inflows of the Company are quoted in EUR, as well as the most of the loans, the Company is to the highest degree hedged against the foreign exchange risk owing to this circumstance.

Indebtedness of the Company with the commercial bank is mainly subject to fixed interest rates, so taking this into consideration, the Company is not exposed to interest rates based on that, but only due to exceptional circumstances and disturbance in the operations which are not attributable to the Company.

In order to reduce the credit risk, the Company strives to reduce the total loan debts to an appropriate level that would be inferior to their own funding source.

The Company has most of its prices quoted in EUR and collects the majority of claims in the same currency, thereby being hedged against the price risk.

The Company is exposed to changes in tax and other regulations in the legal system of the Republic of Croatia. This, in particular applies to legislation in the field of maritime domain and the tourism land plots on which the Company has significant and crucial commercial long-term investments and not all the constitutionally guaranteed rights have been fully exercised in the field of acquired rights before, during and after the conversion, protection of legal capital investment and legitimate expectations regarding the legitimate investments.

Pursuant to the Act on Tourism and Other Construction Land not evaluated in the transformation and privatization process (hereinafter: the Act), the Company submitted to the Republic of Croatia a request for a concession on tourism land for the "Park Soline" Campsite in Biograd na Moru for a period of 50 years. Due to unclear provisions of the Act, no decision has been rendered to date regarding the Company's request. According to the information available to the Company, no concession contract for tourism land plots in campsites has been concluded in the Republic of Croatia since the Act came into force (01/01/2011). Until the issue of concession for tourism land in campsites is resolved, the Company timely pays its debts arising from using the said land in the campsite.

The Company is a concessionaire of the Kornati nautical tourism port in Biograd na Moru (hereinafter: the Marina Kornati) for a period of 32 years, counting from 13th January 1999, and in accordance with Article 22 of the Act on maritime domain and seaports (hereinafter: ZPDML) on 17th October, 2017 the Company submitted to the Government of the Republic of Croatia, through the competent Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia, a request for modification and amendment to the Decision on Concession and the Concession Agreement, that is for extending the term of the concession by a period of 50 years, i.e. until the year 2049 (extension of the concession term if new investments are economically feasible for it), primarily considering the same or similar cases from the recent Croatian practice where, according to the request for extension of the concession term submitted by other companies engaging in nautical tourism and which compete with Ilirija d.d., the concession term was extended to them in marinas by a period of 50 years.

As a matter of fact, the Company had built a marina by engaging its own resources before the concession was issued, and during the period from 01/01/2000 to 31/12/2013, the Company invested a total amount of: HRK 41,365,161.00 in the marina and in the last investment cycle it offered to make an investment in the further amount of HRK 45,144,206.00 in the maritime - construction part, inland part and in the environmental protection, i.e. in the port understructure

and port superstructure in the Marina Kornati out of which HRK 18,505,822.26 has already been invested on the basis of obtained building permits and an additional amount of HRK 26,638,383.38 would be invested after the extension of the concession term is issued.

To date, the decision on the Company's request for the extension of the concession term in the Marina Kornati by a total of 50 years has not been issued yet. Climate changes, which have a significant impact on the tourism industry globally, also pose a potential risk to the Company in terms of a significant increase in the incidence of extreme weather conditions (storms, hurricanes, etc.), enhancing their intensity and unpredictability, and can cause extraordinary and unpredictable damage and threats to the Company's business operations. The Company pays the highest attention to overcoming such sudden and extreme climatic and weather conditions by ensuring preventive, technical-spatial and functional and organizational elimination of sudden and accidental risks of any nature to the highest degree possible.

Other business risks, such as large-scale fires, epidemics of infectious and easily transmitted infectious diseases, accidental pollution of the coastal and marine aquatorium, which are beyond the Company's control, but may potentially jeopardize the Company's business safety, are the circumstances which the Company attends to insofar as it can actively contribute to as low impact on the Company's long-term business viability

as possible, being aware of the fact that the Company's impact here is reduced to measures which cannot be of key importance to the elimination of all the risks posed to the Company.

In the fiscal year 2020, the world is facing an unpredictable, strong and extremely dynamic epidemiological risk or global COVID-19 pandemic disease with a very negative impact on businesses in almost all industries, while among the most affected are the travel, tourism and hospitality industries, which actually constitute the core business of the Company. The risk of the COVID-19 disease is actually the most serious and the greatest risk that the Company has faced so far, and which has been successfully resisted by implementing a series of measures and activities described in the chapter *Reorganization of the Company's business activities, processes and operations, as well as implementation of measures and activities in circumstances surrounding the global COVID-19 pandemic*.

In addition to the listed and described potential and possible risks in the Company's business operations, we believe that it is of the utmost importance to give a systematic review of other key obstacles or restrictions in the development of Croatian tourism in general, and thus of tourism companies and the Company as one of them. Overview of key obstacles or restrictions in development and investments in Croatian tourism:

(I) The unresolved issue of ownership since the moment of conversion, that is, property-legal, physical planning-urban and economic use and utilization of the construction tourism land in campsites and around hotels,

(II) inadequately or unresolved issue of conversion on the maritime domain, i.e. of acquired rights, legitimate investments and legitimate expectations in the maritime domain, having in mind, in particular, the contracted permanent right to utilization of the maritime domain, while companies which completed the conversion process as is the case with our Company carry out economic activity on the maritime domain,

(III) VAT rate on services in tourism and hotel industry is much higher than in competitive countries, which consequently makes Croatian tourism less competitive, hinders and slows down further investments both in the construction of new accommodation facilities and in improvement of the existing services and standards, affects new employment and salaries in tourism and hospitality,

(IV) bureaucracy, administrative barriers, frequent changes to regulations,

(V) complex and time-consuming procedure of issuing spatial plans and issuing building and operating permits,

(VI) inadequate management of the area by regional or local self-government, and

(VII) fiscal and parafiscal benefits unsuitable



3 BUSINESS CAPACITIES OF THE COMPANY AND ADDITIONAL FACILITIES

Portfolio of ILIRIJA d.d. is composed of four hotels and villas, Marina Kornati with Hotel port Ilirija-Kornati, campsite "Park Soline," destination management company Ilirija Travel with its own capacities (Arsenal in Zadar, „Nada" event boat, agrotourism and Villa Primorje), Commercial–shopping center City Galleria, Tennis Center, Aquatic Center and hospitality facilities.





3.1 HOTEL SECTOR

Hotel sector capacity consists of 443 accommodation units (hotel rooms and apartments) with a total of 922 beds located in Biograd na Moru (Ilirija****, Kornati****, Adriatic***) and Sv. Filip i Jakov (hotel Villa Donat****/****), mainly classified as four star hotels.

Hotel accommodation is located in Ilirija Resort Hotels & Vilas in Biograd and Sv. Filip i Jakov. The hotels are located along the coast, not far from the own center and beach that is awarded the Blue Flag, which are owing to the ideal location and infrastructure, intended for leisure and congress tourism. In addition to modern and technically equipped conference halls and meeting rooms intended for conferences, seminars, presentations, workshops and meetings, there is a number of supporting amenities such as Wellness & beauty center Salvia, Olympic pool, outdoor and indoor swimming pools, fitness center, a la carte restaurants and coffee bars.

As part of Ilirija Resort there is a conference center that consists of 8 halls with a total capacity to accommodate 30 to 250 persons, and there is also a magnificent garden with terraces ideal for

banquets, receptions and entertainment, outdoor swimming pools, beach and from May 2018, an indoor swimming pool.

ILIRIJA RESORT – HOTEL & VILLAS

Hotel Ilirija the largest hotel in Ilirija Resort classified as a four-star hotel, with a capacity of 165 rooms and 338 beds, and includes a restaurant with 200 seats, a terrace with 70 and aperitif bar with 50 seats. It is located the along the coast, close to the old town, surrounded by magnificent nature, sea and pinewood, as well as many amenities.

Hotel Kornati classified as a four star hotel, with the capacity of 106 rooms and 230 beds, a restaurant with the capacity for 230 persons, a terrace for 50 persons and a bar for 40 persons, by its design and atmosphere is linked to and associated with the most beautiful Croatian national park – Kornati. Kornati Hotel is a unique for its connection with the Nautical tourism port Hotel port Ilirija - Kornati, which is located in the very center of Biograd with a beach right next to the hotel.

Hotel Adriatic classified as a three star hotel, with

the capacity of 100 rooms and 210 beds, with a restaurant with the capacity for 230 persons, a terrace for 300 persons and a bar with the capacity for 110 persons. It is located in a pine forest, almost on the beach, and there is Aquatic center next to it, which is ideal for family fun and for a range of attractive summer sea activities.

Villa Donat is located in Sv. Filip i Jakov and consists of Villa with 16 superb and modern rooms, classified as a four star hotel, and the annex which is classified as a three star hotel. The total capacity is 72 rooms and 144 beds, a restaurant with 120 seats, a terrace for 50 persons, aperitif bar for 20 persons and outdoor swimming pool. The hotel is located near the main beach and the town center which reminds of the rich history of this region.





3.2 NAUTICS

Nautical sector the Company began to develop in 1976 when it concluded the Contract on purchase of 40 ELAN vessels from Slovenia or 1977 when the Company began with the construction of the first nautical marina in Croatia (Hotel port Kornati) with 100 berths and organization of the first own charter fleet in the Adriatic sea with more than 40 vessels for the needs of sailors. Therefore Ilirija d.d. deserves to be considered to be a pioneer of nautical tourism at the Adriatic sea.

Today, the nautical sector of the Company consists of Marina Kornati and Hotel port Kornati, in which the Company has 805 berths on sea and land, which in one day can accept up to 2000 sailors, and by the number of berths, modern technical equipment, quality of service, cleanliness and neatness (Blue Flag) the Marina Kornati is one of the three leading Croatian marinas which annually attracts over 60,000 sailors.

Marina Kornati is the winner of numerous awards, where we wish to emphasize the Special Award in the "XVI Tourism Flower - Quality for Croatia 2012" action, organized by the Croatian Chamber of Commerce and the Croatian Radio and Television, which is an award for the best marina in the category of over 450 berths. In 2013, in the "XVII Tourism Flower - Quality for Croatia 2013" action, it received an award in the competition of the largest marinas, while in the same action in

2014 and 2015 it ranked second in the "Best big marina" category and in 2016 it ranked third in the same category. In 2017, it received an award for the third place in the category of Large marina in the addition to "XXI Tourism Flower - Quality for Croatia".

In 2018, Marina Kornati was awarded with two prizes: (I) a special prize from The Nautical Patrol of the Jutarnji List for the greatest progress in the tourism season 2018 and for an exceptional contribution to the development of Croatian nautical tourism and (II) in the "XXII Tourism Flower - Quality for Croatia" action, it was ranked third in the Large marina category.

In 2019, the Company was awarded the recognition "XX-III.Tourist Flower - Quality for Croatia", organized by the Croatian Chamber of Commerce and the Croatian Radio and Television for the 2nd place in the category Large Marina and Nautical patrol of the Jutarnji List awarded special recognition and gratitude to Marina Kornati for its outstanding contribution to the organization and success of the nautical patrol.

Ilirija d.d. is the organizer of the leading boat show in Croatia „BIOGRAD BOAT SHOW“ which has been continuously held in Marina Kornati for 21 years in a row.



3.3 CAMPSITE "PARK SOLINE"

The four-star "Park Soline" Campsite is located in Biograd na Moru within the boundaries of the populated area, but as a separate town-planning and urban and economic entity in the southeastern part of the town of Biograd na Moru, right by the main beach in the coastal length of approx. 1.5 km where the beach of 450 meters is positioned right in front of the campsite itself.

The campsite covers an area of 20.00 ha, includes 1,208 accommodation units with a total capacity of up to 3,624 persons. It is situated in the exceptional natural environment of the predominantly high pine forest which enables 90% shade of the campsite. Adhering to the principles of sustainability and environmental protection and the natural features of the area thereby using indigenous plant species, the landscaping of the Campsite has been completed to the level of arboretum, which is a remarkable and rare example in Croatia of creating added value for tourism camping products.

In addition to the enriched restaurant offer, the newly built promenade that stretches along the entire campsite and the beach leading to the Biograd city center, the "Park Soline" Campsite is the right choice for a family vacation. In addition to entertainment for children and evening entertainment, active holiday with attractive sports, you can relax walking along

the long walking trails and recreational routes in a healthy environment, and the campsite is an excellent choice for all nature lovers.

The "Park Soline" Campsite is the largest and the only high quality four-star campsite in Biograd na Moru, which accounts for 77% of the total campsite accommodation capacities and sets the highest standards of equipment and landscape architecture in the destination. Since this campsite is the most valuable part of the camping offer in Biograd na Moru, it directly influences the image of this destination and its positioning on the domestic and foreign tourism market.

The value of investments made so far in the campsite "Park Soline" from the year 2000 till the end of 2019 amounted to approximately HRK 200,000,000.00 and owing to these investments, the number of overnight stays rose from 4,556 in 1996 to 290,487 overnight stays in 2019.



3.4 ILIRIJA TRAVEL

Ilirija Travel – destination management company:

owing to the development of new services and facilities, a high-quality, integrated and complementary tourism product has been created in response to the needs of the modern tourism demand, conditioned by technological, social, market factors and trends of ever more demanding markets.

Among the most important backbones of the offering and implementation of these special programs and products there is the business operation in own additional facilities such as:

Event ship „Nada“ a multifunctional yacht, sized 36m and a capacity to accommodate 180 persons, with a complete restaurant, kitchen and bar which provides an excellent hospitality service during the voyage. Conferences, seminars, special events, unique business meetings, gala receptions and banquets, unique weddings, exclusive day and night cruises, incentive events are all activities organized in the event ship “Nada” which adapts to the individual requirements of the clients.

Arsenal is a heritage site and multimedia center located in Zadar, built in the 17th century, which was renovated in 2005 as an indoor town square or as the center of public, cultural and entertainment life in the

region in which over 100 public and private events are organized on an annual level.

Diffuse Hotel Ražnjevića dvori AD 1307 multi-functional facility, located in the settlement of Polača named after the municipality in this settlement, in the heart of Ravni Kotari, which lies halfway between Biograd na Moru and Benkovac and is the first facility of such a category in the Republic of Croatia. This tourist complex has originated from the rural estate tradition, is an example of innovative tourism product conceived as a blend of tradition and contemporary trends.

Villa Primorje, built in the second half of the 19th century, is a typical traditional Dalmatian stone nobleman’s house with the outbuildings. Newly renovated, luxuriously decorated and equipped in line with the latest standards for facilities of its kind and category, it has its own restaurant that offers the possibility of organizing a number of events, the Mediterranean garden with a promenade and, from the tourist season 2017, an outdoor swimming pool. Offers of trips, special offers according to the requirements of clients, sports programs, MICE etc.



3.5 HOSPITALITY

Restaurant „Marina Kornati“ is located in Marina Kornati, having the capacity for over 350 persons, which together with the recently refurbished Captain's Club having the capacity to accommodate 70 persons, or with the overall capacity for 420 persons meets the requirements of boaters for holding various and numerous events in Marina Kornati. Besides hospitality services, Captain's Club also provides services for a number of presentations on nautical products, and is an ideal venue for holding small conferences and events. In 2019, a total of 92 events were organized in Marina Kornati attended by over 9.021 persons.

Restaurant „Park Soline“ is located in campsite "Park Soline"****, close to the sea, ten minutes of walk from the center of Biograd na Moru with an offer of food based on Mediterranean cuisine. The restaurant with a capacity to accommodate 280 people offers the possibility of organizing various events - family celebrations, banquets and receptions as well as meetings. The restaurant includes a Dalmatian tavern with a fireplace, coffee bar and taps of wine decorated as a wine cellar, which offers the possibility of buying and tasting top quality red and white wines produced from the native Croatian species.

Beach bar "Donat" is located in the building-magazine located in a protected cultural and historical complex of village Sv. Filip i Jakov settlement, which is also entered in the Register of Croatian cultural monuments of the Republic of Croatia. Today, it is classified as a beach hospitality facility or beach bar/ cocktail bar with capacity to accommodate 140 persons.

Lavender lounge bar, located inside of Adriatic hotel, next to the beach, known for its Mediterranean design, fully designed for people to relax, with a beautiful view of the Pašman Channel, a place that offers the possibility of organizing a number of events of different character (MICE, weddings, banquets, cocktail bar, night club, etc.).



3.6 ADDITIONAL FACILITIES

Event: Biograd Boat Show, the largest international autumn boat show in the Republic of Croatia and the largest boat show in South East Europe among the shows, which takes place on the water and brings together all the key representatives of the nautical industry and tourism. At the beginning, that is, in the year 1999 the boat show was organized as Spring Open Days, mainly intended for companies that operate in the marina, as the first such event in North Dalmatia. Wishing for Biograd na Moru, to win the top nautical event considering its status of the city as a cradle of nautical tourism, at which all sectors of the nautical and charter business will be presented, the Open Days grew into Biograd Boat Show. Since 2004, the event has been organized as an autumn boat show which has contributed to an improved boat offer and extension of the tourism season. Biograd Boat Show was admitted to the International Federation of Boat Show Organisers-IFBSO at the 50th meeting of the Federation that took place in Istanbul, Turkey, in June 2014, and in 2015 it became its gold member. The shows of former members of the Federation were mainly organized in the major world centers, and the fact that the Biograd Boat Show is organized in the city of only 5,000 residents makes this success even greater, which is a great recognition not only to the Company as the boat show organizer, but also the Croatian nautical industry and tourism.

Today the leading international autumn nautical show has grown into the major Croatian nautical event and in the last three years it has grown into the nautical industry congress in the Republic of Croatia. From its early beginnings the boat show brings together all representatives of the nautical industry and tourism, government institutions, major organizations in tourism and nautics as well as professional associations. Owing to this partnership with all relevant subjects, and now longterm exhibitors and partners, we have been developing Biograd Boat Show by listening to their needs, keeping up with trends in the nautical and trade fair industry while implementing our own vision of its development creating a high quality, distinctive, and above all, sustainable economic and tourism product, which since its beginnings further enriches the Croatian tourism supply, especially its post-season.

In 2019 the show which celebrated twenty-one years of its existence, was attended by over 400 registered exhibitors that participated with 350 vessels, while the number of visitors surpassed the figure of 18,500 with over 2000 realized business visits via the Biograd B2B business networking platform. The novelty is the new B2B event named Croatia Charter Expo-event of Nautical business networking platform.

Sports facilities:

“Tenis centar Ilirija”, located in a pinewood Soline near the old city center, covers an area of 48.000 m², consists of 20 tennis courts and multipurpose courts (14 clay and 6 artificial grass tennis courts) with night lighting, restaurant and changing rooms as well as related facilities.





City Galleria

CineStar
CINEMAS

SUN

3.7 COMMERCIAL-SHOPPING CENTER CITY GALLERIA

Commercial-shopping center City Galleria is located near the old town center of Zadar, one of the two largest shopping centers in the city and the wider Zadar region, completed and opened to the public in October 2008 with a total gross surface of more than 28,500 m² spread over a total of six floors (two garage and four sale areas). The gross area of the center consists of the belonging underground garage with total area of 10,863 m² followed by 9,897.60m² of net lettable surface area and ancillary rooms and corridors. The occupancy of the center was 99.77% of all of its capacities as at 30/06/2020.

The following facilities are found in the Center: an underground car garage with over 400 parking spaces on the two floors, indoor and outdoor market, supermarket, specialized food and beverage shops, fashion clothing, footwear and sporting equipment shops, children's shops, cafés and 6 multiplex movie theaters. The offer is conceptually divided into floors, so the ground floor of the center is envisioned as a space with a mixed offering of food and services; the first floor is designed as a fashion floor with the supply of clothing, footwear, fashion accessories stores and perfumery/drug store; the second floor of the Center is created as a floor for fun and recrea-

tion with an offer of cafés, entertainment, cosmetic and sports services; while the third floor is intended for the lease of office premises.

The unique features of the Commercial-shopping center City Galleria have been recognized at the international level when in 2010 at the award ceremony 'International Property Award', the most prestigious international competition in the real estate business, the Commercial shopping center City Galleria Zadar received the prestigious five-star award in the category of "Best Retail Development". The unique features of the Commercial-shopping center City Galleria, which distinguish it from the rest of the market offer can be summarized in a few features, such as; very attractive location within the city's pedestrian zone that provides great visibility of the building; accommodation of the town marketplace with accompanying food facilities in the Centre; and offer of the first and only multiplex cinema in the city of Zadar.

4 KEY PHYSICAL OPERATING RESULTS OF THE COMPANY

The extraordinary circumstances stemming from the global COVID-19 pandemic reflected significantly in the performance of the Company's operations, in particular individual sectors where business operations were completely absent from mid-March to the end of May (hotel sector, destination management company Ilirija Travel and restaurant facilities in these sectors) or their volume was significantly adjusted (nautical sector, camping and real estate sector). Having regard to the circumstances present in the second quarter (March–June) of the financial year, the operating results achieved in the first half of 2020 were as expected at the level of all sectors.

As a result of the measures taken to prevent the spread of the coronavirus, which included ban and restriction on international and national traffic, ban on border crossing, restriction and ban on social gatherings, ban on operations of restaurant facilities, etc., economic and business activities of businesses operating in the hospitality and tourism sectors are most at risk under the current circumstances of the global coronavirus pandemic, as almost the entire second quarter did not see any significant tourism activity, with the exception of the Company's nautical sector and partially camping sector as of mid-May and business activities in the real-estate sector, albeit in limited scope since part of leaseholders was forbidden to perform their activities.

The nautical sector, that is the Marina Kornati, which regularly carried out its activities throughout the pandemic, albeit in limited scope, generated revenue of HRK 25,738,656.00 and thus accounted for 52% of the operating income at the Company level. The performance of the nautical sector contributed to the Company's considerable business security in the first half of 2020, when there was a significant lack of revenue from other tourism sectors resulting from a complete absence of business activities, in particular the hotel sector and destination management company. As to the key indicators of the Marina Kornati, i.e. contracted berths for individual and charter vessels, although there were 688 concluded contracts compared to 710 in the same period in 2020, where the financial operating results were flat to the previous financial year despite the expected absence of daily berth (vessels in transit), port service and parking revenues as a result of the absence of charter guests, the Marina Kornati achieved more than satisfying business and financial operating results in view of the operating circumstances.

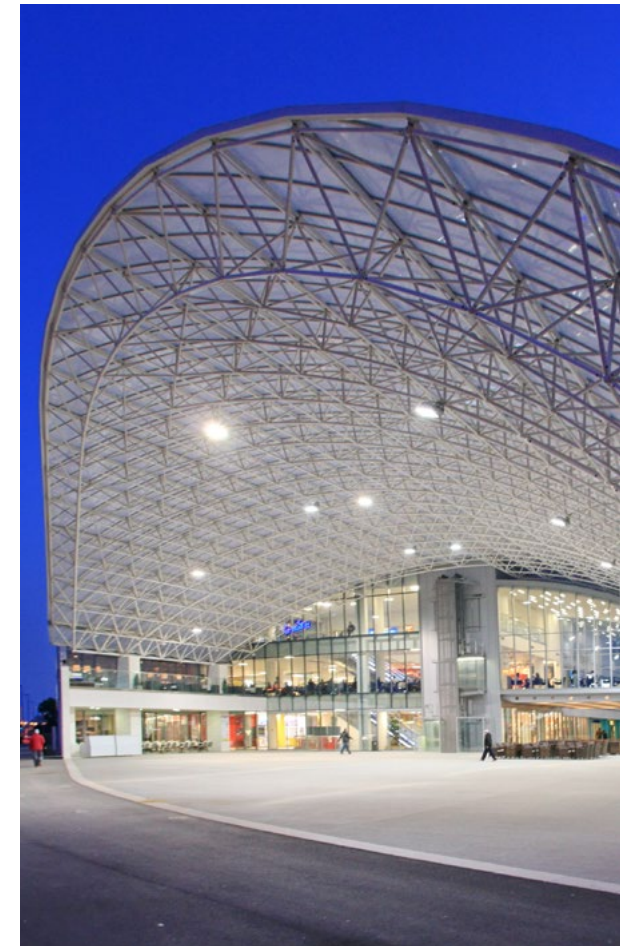
In the camping sector, i.e. the "Park Soline" camp, despite it being open from 1 March, business activities were limited in scope by mid-May as a result of the national and international lockdown. Nevertheless, the performance of the camping sector, both operating and financial, was satisfying as 74% of revenue of

the same period in 2019 was generated, where, compared to the first half of the previous year, arrivals and overnight stays were, respectively, at 37.22% and 35%, mostly coming from only several source markets.

In the hotel and destination management company Ilirija Travel sectors, in the period from mid-March to the end of May, accommodation and restaurant facilities were closed under decisions of the Civil Protection Headquarters, whilst all events organised through the destination management company's system were cancelled or moved to 2021. In the sectors concerned, the second quarter was characterised by the absence of business activities in their full scope. With the easing of epidemiological measures and re-opening of facilities, i.e. starting of business activities primarily in the hotel sector by the end of May (29 May), more significant physical and financial results could not have been generated, especially taking into account the fact that the booking status depended foremost on the epidemiological situation on the key source markets and freedom of movement. The destination management company, whose business is based on the organisation of events, incentives, MICE events, banquets, weddings, cultural

events, etc., that is gatherings of a larger number of people, moved the majority of events to the following year or cancelled them, the fact which did not change significantly even with the easing of epidemiological measures, meaning that the results achieved are based exclusively on the activities implemented by mid-March.

The real-estate sector suffered significant disturbances in its business operations with the declaration of the pandemic. Decisions of the competent authorities prevented leaseholders operating on 57.4% of the total net rentable area of the centre from doing business, whilst the leaseholders that were authorised to exercise their activities did so in a very limited scope and with reduced working hours. On 11 May, the majority of leaseholders were allowed to re-start with their activities, whilst on 30 June one leaseholder still did not exercise its activity (multiplex cinema). Despite the fact that more than 57% of the net rentable area of the centre was closed, whilst the leaseholders holding the remaining part had to adjust their operations, the real-estate sector generated HRK 6,585,236.55, i.e. 93.67% of revenue of the same period in 2019.



4.1 HOTEL SECTOR

In the first six months of 2020, marked by the COVID-19 pandemic, the hotel sector felt significant consequences compared to other tourism sectors of the Company. Instead of 20,803 guests and 48,009 overnight stays achieved in the first half of 2019, in this half we had 2,393 guests and 5,822 realised overnight stays, that is only 12% of the last year's achievement in arrivals and overnight stays. As a result, the achieved business and financial operating results were significantly lower.

The declaration of the pandemic had fully levelled sales and marketing efforts made this year, including a higher number of direct contacts, a significant increase in visits to and appearances on fairs throughout Europe and the first good booking indications recorded by mid-March. The activity of the hotel sector stopped from mid-March to the end of May, whilst recording cancellation of a part of pre-season bookings and most of June bookings.

With the gradual easing of measures, hotels and all accompanying facilities were opened and put into operation in accordance with the measures and after prior training of the staff. In the first half of the year since the opening on 29 May 2020, the hotel sector of the Company operated only with one of the four

hotels, namely Ilirija as the largest facility, where the Company can best ensure that the measures are implemented and that guests are provided with space and made feel safe.

June arrivals consisted largely of individual guests, which, taking into consideration the sales channels prevailing in the hotel sector (allotment and groups), could not compensate for the occupancy of the majority of our capacities. In the upcoming period, sales results will mostly depend on agencies as well as allotment, group and other sales channels.

As to overnight stays realised in the period prior to the pandemic, groups accounted for the majority, in particular in relation to New Year's festivities, including also a nice promising 71% increase in hotel occupancy in February. Unfortunately, the pandemic came, after which the dominant market segment was individual sales, which were at 27% in the first half of the year, whilst the fixed-lease segment was entirely lacking. In the national guest structure, domestic guests had absolute prevalence, whilst the achievements coming from Austrian and German markets and in particular from South Korean, Chinese and other markets related to New Year's days and the beginning of the year. The period following the opening was dominated by

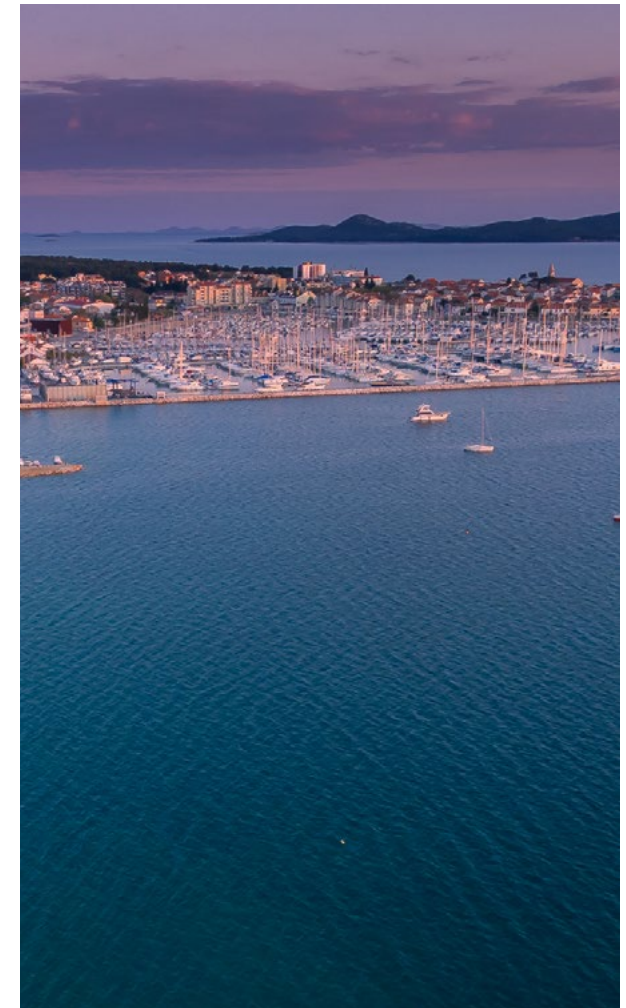
guests from Croatia, but also from Slovenia, Austria, Germany, including a certain number of guests coming from Czech and Slovak markets, whilst the representation of other markets was reduced to individuals. In the whole six-month period, 47.5% of guests were domestic, 20,5% Slovenians, 13% Austrians, 5.7% Germans, and other numbers were symbolic. For the most part, the market had been reduced to Croatia and closer EU countries. In the sales and marketing part, our efforts are focused on these markets, which we expect to produce visits, as well as on contacts with partner agencies and groups in anticipation of the start of their operations.

Under such conditions, occupancy and facility utilisation days had been reduced to a minimum. Thus, the utilisation of Ilirija, the only open hotel, had been reduced to 14%, counting only days of availability. In June alone, that is from the opening of the facility after it had been closed due to the coronavirus outbreak, the utilisation of the Ilirija hotel was 24%. As it turns out, an average stay had been prolonged to 2.5 days compared to 2.1 days in the same period in 2019, which, considering the smaller base, is a datum with no analytical value. In the period concerned, Il-

irija accounted for 86% of overnight stays, whilst the rest was realised in other facilities in January and February.

As to financial operating results, the board revenue of the hotel sector was HRK 2,212,869.10, i.e. 13% of the last year's revenue that amounted to HRK 17,285,015.15. The selling price increased from last year's HRK 360 to HRK 380, i.e. from EUR 48.7 to EUR 52.24, but this 3% increase mostly related to stays in January following New Year's stays, taking into consideration the fact that operations were closed throughout March, April and May and that in June, despite a price reduction, prices were higher than in the months during which hotels were closed, which resulted in an increase in the average price.

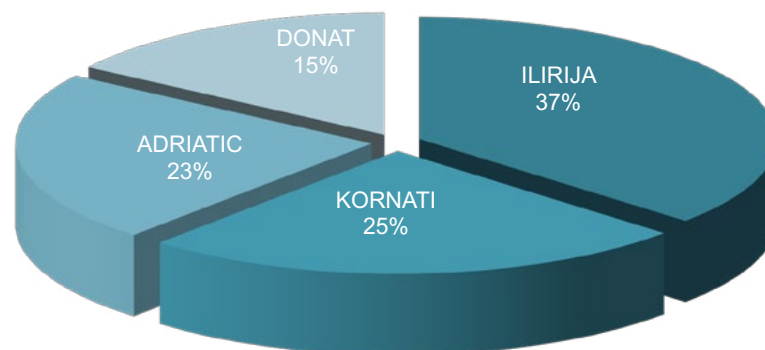
In the same context, accompanying facilities, i.e. profit centres in addition to hotel accommodation – Lavender bar, Aquatic Centre, Tennis Centre and Beach bar – had been reduced to significantly lower amounts. Accordingly, aggregate revenue of the whole hotel sector of the Company amounted to HRK 2.398.142,09, that is also 13% of the last year's revenue.



Hotel sector capacities

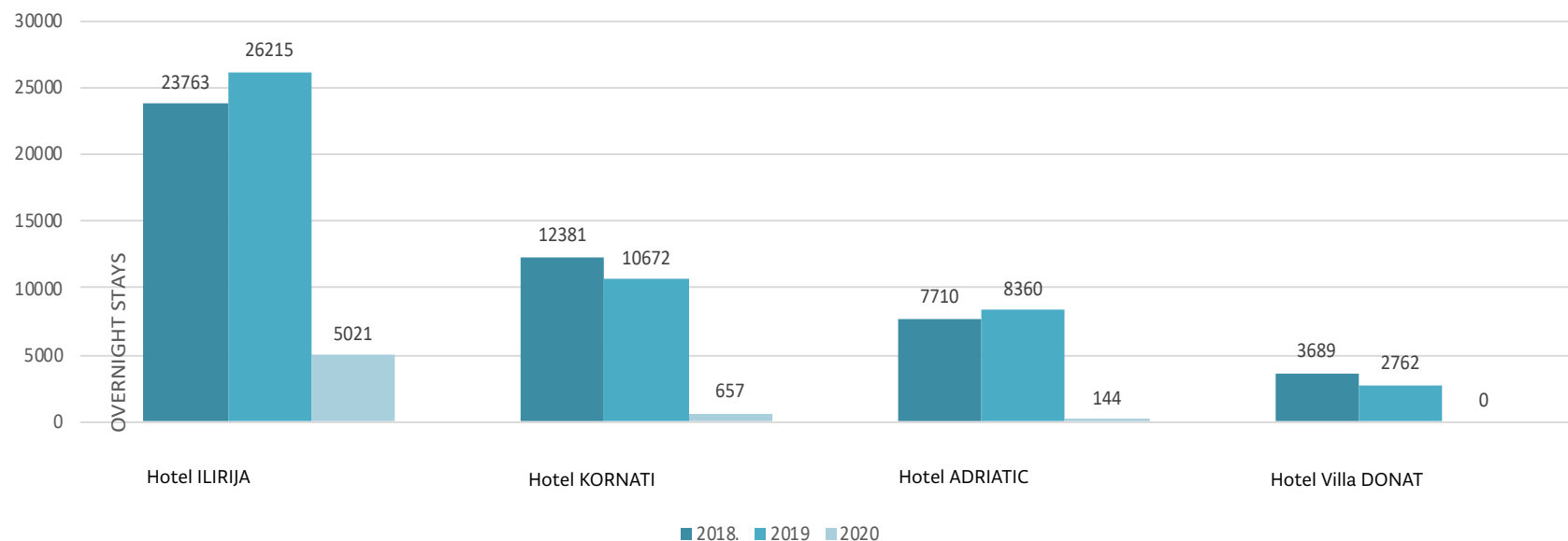
ILIRIJA D.D.	NUMBER OF ROOMS				NUMBER OF BEDS			
	2018	2019	2020	INDEX 2020/2019	2018	2019	2020	INDEX 2020/2019
ILIRIJA	165	165	165	1,00	337	338	338	1,00
KORNATI	106	106	106	1,00	216	230	230	1,00
ADRIATIC	100	100	100	1,00	210	210	210	1,00
DONAT	72	72	72	1,00	144	144	144	1,00
TOTAL	443	443	443	1,00	907	922	922	1,00

% Share of indiv. hotel (number of beds)

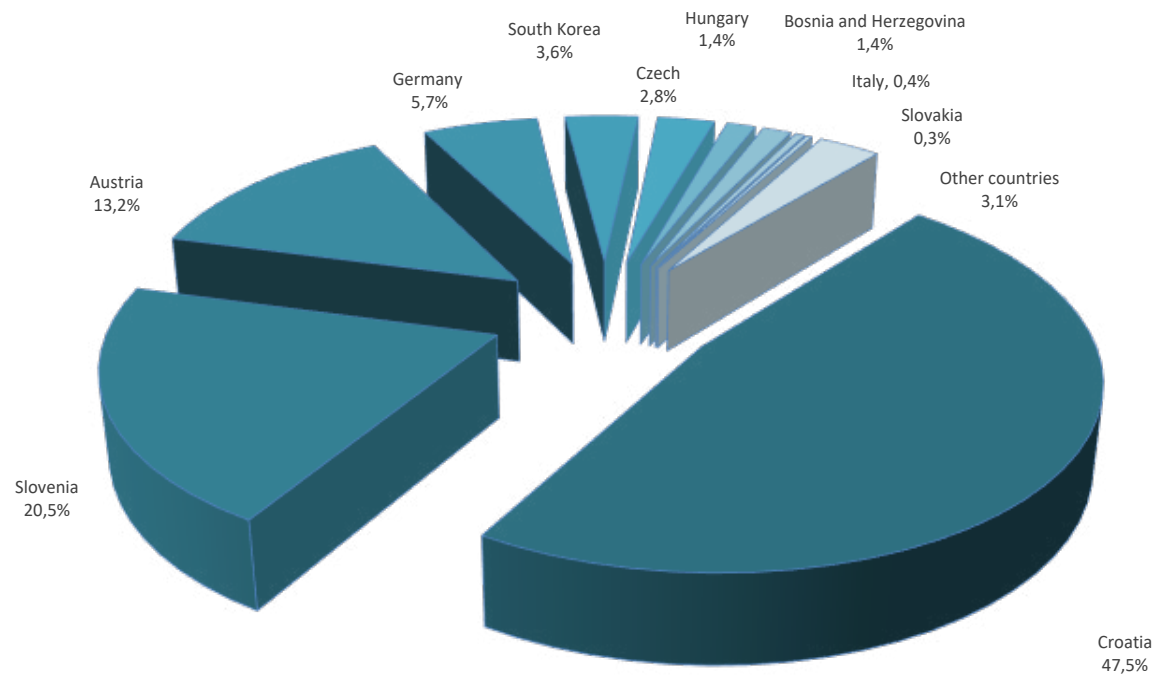


Overview and comparison of realised arrivals and overnight stays from 01/01 to 30/06/2020 with the same period in 2018 and 2019

PROFIT CENTER	HOTEL SECTOR							
	ARRIVALS			INDEX	OVERNIGHT STAYS			INDEX
	2018	2019	2020	2020/2019	2018	2019	2020	2020/2019
Hotel ILIRIJA	10.683	12.500	2.026	16	23.763	26.215	5.021	19
Hotel KORNATI	5.842	4.826	365	8	12.381	10.672	657	6
Hotel ADRIATIC	2.566	2.694	2	0	7.710	8.360	144	2
Hotel Villa DONAT	959	783	0	0	3.689	2.762	0	0
TOTAL	20.050	20.803	2.393	12	47.543	48.009	5.822	12



Graph of realised overnight stays by source markets for the period from 01/01/ to 30/06/2020



Occupancy rate for the period from 01/01 to 30/06/2020 and comparison with the same period in 2019

Percentage share

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total rooms	2019	%	2020	%	Total rooms	2019	%	2020	%	Total rooms	2019	%	2020	%	Total rooms	2019	%	2020	%	Total rooms	2019	%	2020	%
JANUARY (I)	5.115	1.050	20,53%	574	11,22%	3.286	165	5,02%	189	5,75%	3.100	156	5,03%	80	2,58%	2.232	0	0,00%	0	0,00%	13.733	1.371	9,98%	843	6,14%
FEBRUARY (II)	4.620	473	10,24%	620	13,42%	2.968	0	0,00%	211	7,11%	2.800	0	0,00%	0	0,00%	2.016	0	0,00%	0	0,00%	12.404	473	3,81%	831	6,70%
MARCH (III)	5.115	1.716	33,55%	278	5,43%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	1.716	12,50%	278	2,02%
APRIL (IV)	4.950	3.193	64,51%	0	0,00%	3.180	994	31,26%	0	0,00%	3.000	276	9,20%	0	0,00%	2.160	0	0,00%	0	0,00%	13.290	4.463	33,58%	0	0,00%
MAY (V)	5.115	3.779	73,88%	12	0,23%	3.286	2.066	62,87%	0	0,00%	3.100	1.592	51,35%	0	0,00%	2.232	312	13,98%	0	0,00%	13.733	7.749	56,43%	12	0,09%
JUNE (VI)	4.950	4.094	82,71%	1.187	23,98%	3.180	2.589	81,42%	0	0,00%	3.000	2.478	82,60%	0	0,00%	2.160	1.265	58,56%	0	0,00%	13.290	10.426	78,45%	1.187	8,93%
JULY (VII)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
AUGUST (VIII)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
SEPTEMBER (IX)	4.950	0	0,00%	0	0,00%	3.180	0	0,00%	0	0,00%	3.000	0	0,00%	0	0,00%	2.160	0	0,00%	0	0,00%	13.290	0	0,00%	0	0,00%
OCTOBER (X)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
NOVEMBER (XI)	4.950	0	0,00%	0	0,00%	3.180	0	0,00%	0	0,00%	3.000	0	0,00%	0	0,00%	2.160	0	0,00%	0	0,00%	13.290	0	0,00%	0	0,00%
DECEMBER (XII)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
TOTAL	60.225	14.305	23,75%	2.671	4,44%	38.690	5.814	15,03%	400	1,03%	36.500	4.502	12,33%	80	0,22%	26.280	1.577	6,00%	0	0,00%	161.695	26.198	16,20%	3.151	1,95%

Capacity occupancy rate from the period from 01/01 to 30/06/2020 and comparison with the same period in 2019

Occupancy days

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total rooms	2019	Days	2020	Days	Total rooms	2019	Days	2020	Days	Total rooms	2019	Days	2020	Days	Total rooms	2019	Days	2020	Days	Total rooms	2019	Days	2020	Days
JANUARY (I)	5.115	1.050	6	574	3	3.286	165	2	189	2	3.100	156	2	80	1	2.232	0	0	0	0	13.733	1.371	3	843	2
FEBRUARY (II)	4.620	473	3	620	4	2.968	0	0	211	2	2.800	0	0	0	0	2.016	0	0	0	0	12.404	473	1	831	2
MARCH (III)	5.115	1.716	10	278	2	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	1.716	4	278	1
APRIL (IV)	4.950	3.193	19	0	0	3.180	994	9	0	0	3.000	276	3	0	0	2.160	0	0	0	0	13.290	4.463	10	0	0
MAY (V)	5.115	3.779	23	12	0	3.286	2.066	19	0	0	3.100	1.592	16	0	0	2.232	312	4	0	0	13.733	7.749	17	12	0
JUNE (VI)	4.950	4.094	25	1.187	7	3.180	2.589	24	0	0	3.000	2.478	25	0	0	2.160	1.265	18	0	0	13.290	10.426	24	1.187	3
JULY (VII)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
AUGUST (VIII)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
SEPTEMBER (IX)	4.950	0	0	0	0	3.180	0	0	0	0	3.000	0	0	0	0	2.160	0	0	0	0	13.290	0	0	0	0
OCTOBER (X)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
NOVEMBER (XI)	4.950	0	0	0	0	3.180	0	0	0	0	3.000	0	0	0	0	2.160	0	0	0	0	13.290	0	0	0	0
DECEMBER (XII)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
TOTAL	60.225	14.305	87	2.671	16	38.690	5.814	55	400	4	36.500	4.502	45	80	1	26.280	1.577	22	0	0	161.695	26.198	59	3.151	7

Monthly comparison of revenues/overnight stays of Ilirija Resort hotel for the period from 01/01 to 30/06/2020 with the same period in the year 2019

MONTH	ILIRIJA d.d. - HOTEL INDUSTRY-GRANDTOTAL										
	GENERATED REVENUES			OVERNIGHT STAYS			AVERAGE PRICE IN HRK		AVERAGE PRICE IN €		
	2019	2020	INDEX	2019	2020	INDEX	2019	2020	2019	2020	INDEX
JANUARY	1.406.055,11	777.544,20	0,55	2.322	1.437	0,62	605,54	541,09	81,58	72,73	0,89
FEBRUARY	351.380,76	388.042,39	1,10	869	1.484	1,71	404,35	261,48	54,45	35,11	0,64
MARCH	963.108,71	199.027,83	0,21	3.084	503	0,16	312,29	395,68	42,06	52,42	1,25
APRIL	2.216.611,41	0,00	0,00	8.369	0	0,00	264,86	#DIV/0!	35,73	#DIV/0!	#DIV/0!
MAY	4.619.475,38	41.829,77	0,01	13.173	21	0,00	350,68	1.991,89	47,27	263,20	5,57
JUNE	7.728.383,78	806.424,91	0,10	20.192	2.377	0,12	382,74	339,26	51,77	44,84	0,87
JULY	11.236.894,24	0,00	0,00	29.848	0	0,00	376,47	#DIV/0!	51,06	#DIV/0!	#DIV/0!
AUGUST	13.389.920,46	0,00	0,00	31.415	0	0,00	426,23	#DIV/0!	57,63	#DIV/0!	#DIV/0!
SEPTEMBER	7.560.643,75	0,00	0,00	18.795	0	0,00	402,27	#DIV/0!	54,34	#DIV/0!	#DIV/0!
OCTOBER	3.914.412,58	0,00	0,00	12.200	0	0,00	320,85	0,00	43,05	0,00	0,00
NOVEMBER	866.306,40	0,00	0,00	3.358	0	0,00	257,98	0,00	34,69	0,00	0,00
DECEMBER	1.569.782,92	0,00	0,00	3.190	0	0,00	492,09	0,00	66,15	0,00	0,00
TOTAL	55.822.975,50	2.212.869,10	0,04	146.815	5.822	0,04	380,23	380,09	51,27	50,49	0,98
30/06/	17.285.015,15	2.212.869,10	0,13	48.009	5.822	0,12	360,04	380,09	48,70	50,24	1,03

Revenues per sold room 30/06/20	702,28 kn	93,29 €
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Revenues per sold room 30/06/19	659,78 kn	88,96 €
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Selected profit centers within the hotel sector

Lavender	2019		
31.12./	1.049.685,47	2020	INDEX
30/06/	240.990,32	58.334,03	0,24

Aquatic center	2019		
31.12.	2.397.917,11	2020	INDEX
30.06.	467.407,46	19.880,89	0,04

Tenis centar	2019		
31.12.	514.179,54	2020	INDEX
30.06.	212.690,84	106.991,31	0,50

Beach bar *	2019		
31.12.	284.975,84	2020	INDEX
30.06.	44.286,70	66,76	0,00

Hotel sector total

TOTAL	2019		
31.12.	60.069.733,46	2020	INDEX
30.06.	18.250.390,47	2.398.142,09	0,13

Revenues per sold room - 2020	761,07 kn	101,10 €
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Revenues per sold room - 2019	696,63 kn	93,93 €
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REVENUE BY ACTIVITIES

Hotel service revenue amounts to HRK 2,212,869.10, meaning that 13% of revenue of the previous financial year was generated.

Other revenue of the hotel sector amounted to HRK 185,272.99 and was equivalent to 19% of revenue generated in the same period in 2019.

The total revenue of the hotel sector amounted to HRK 2,398,142.09, i.e. 13% of revenue generated in the first half of 2019, accounting for 4.88% of the operating income of the Company for the observed period.



4.2 NAUTICS – MARINA KORNATI

Taking into account the circumstances in which the whole tourism industry operated, the nautical sector of the Company with its vessel accommodation service, i.e. the Marina Kornati, achieved by far the best result at the Company level, i.e. at the level of all its sectors, thus contributing to additional security of the whole business system of the Company. Considering the circumstances in which the business operations were conducted, the performance of the nautical sector certainly reflects a high standard of quality of services and contents offered, the reliability and security which, in extraordinary operating circumstances, business partners and guests sensed in the Company's approach to the organisation of its business processes and also almost a personalised approach to each client, which acknowledges the number of years during which their vessel stayed in the marina, that is the number of years of previous business collaboration.

In the first six months of 2020, 688 berth use contracts were concluded, of which 379 were contracts for individual vessels, representing a 3% decrease compared to the same period in 2019, when in the first six months 710 berth use contracts were concluded, of which 384 were contracts for individual vessels and 326 contracts for charter vessels. In view of the uncertainty brought about by the COVID-19 pandemic and the nautical market situation, in particular with regard to charter activities, resulting from the lockdown, the Company directed its best efforts in the nautical sector towards negotiating and

contracting vessels for individual guests. Thus, in the operating circumstances of the first half of 2020, a 3% decrease in physical turnover can be considered a success.

The consequences of the pandemic most strongly reflected on transit berth services pertaining to the arrival of vessels in transit, which, with 268 arrivals compared to 1,058 in the same period in 2019, equalled 25% of physical turnover generated in the same period of the previous financial year. Vessels in transit generated 15% more overnight stays as a result of changing the status of vessels from contracted to transit because their contracts expired on 31 March 2020 and the pandemic prevented them from departing.

In the reporting period, 1450 port service operations were carried out (vessel lifting, lowering and washing), which was a 25% decrease compared to the same period in 2019, whilst servicing revenue was 12% lower.

In the first six months, the Marina Kornati generated HRK 25,738,656.00, i.e. 95% of revenue achieved in the same period in 2019, which, in the circumstances in which the business operations of the tourism sector had been carried out since mid-March, was a quite successful result brought about by the Company's well organised nautical system, both operational and sales, which had adopted, taking into consideration the special circumstances, an individual approach to each guest/client.

Out of the total revenue generated by the marina, the

“contracted berth with accessories” item accounted for almost 84%, i.e. HRK 21,700,493.00, compared to the same period in 2019, when revenue, standing at HRK 21,802,605.00, was almost the same, meaning that contracted berth revenue was flat to the previous financial year, which is also the main reason why the achieved performance of the nautical sector in the first half of the year was more than satisfactory.

Transit berth revenue was HRK 763,830.00 compared to the same period in 2019, when HRK 928,697.00 was generated, which accounted for 82% of revenue achieved in 2019. A comparison of revenue and physical indicators of vessel arrivals and overnight stays clearly shows that transit berth revenue relates to vessels which on 31 March 2020 changed their status from contracted to transit vessels. Taking into account the fact that, as a result of the pandemic, the port service did not work during a period important for nautical operations (vessel servicing period), revenue obtained from the port service performed exceptionally well and represented 88% of revenue generated in the same period in 2019. In the first half of 2020, revenue amounted to HRK 1,680,368.00 compared to revenue of HRK 1,915,767.00 generated in 2019. Revenue from parking services that could not be impacted achieved only 28% of revenue generated in the same period in 2019 as a result of the absence of charter guests. As to the revenue structure of the marina at an annual operating level, contracted berth service accounts for

67% of the total revenue, transit berth for 6.3%, servicing for 6.2% and parking for 5%. Accordingly, despite all the difficulties and the operating conditions of the financial year, the Marina Kornati is on the right track to achieve the last year’s operating result.

The 22nd international nautical fair Biograd Boat Show, organised and hosted by the Company, will adjust this year’s edition to new circumstances, provided the epidemiologic situation remains favourable. In order to observe the epidemiological distancing measures, the largest boat fair in Central Europe will last one day longer, i.e. five days in total in the period from 21 to 25 October 2020. Since the fair takes place outdoors at sea, fresh air and open space provide for a safer environment.

With a view to meeting the international and national health and safety criteria, the Company carefully monitors the current status and prepares for the introduction of public safety measures, i.e. measures concerning the safety of exhibitors and visitors. As a Gold Member of the International Federation of Boat Show Organisers (IFBSO), the Company collaborates with its peers to adopt new safety measures and standards for the organisation of fairs.

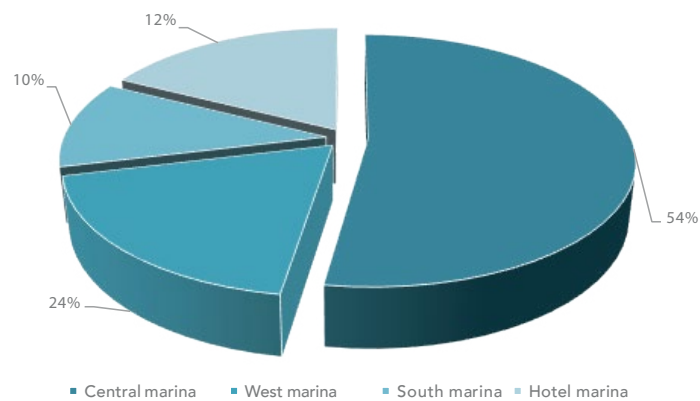
Since regattas are categorised as sports competitions and events in which a larger number of yachtspersons, mostly from Central European countries, participates, they have been postponed or cancelled, like most events that otherwise take place in the Marina Kornati.



Marina Kornati capacities

	Length of piers / m	Number of berths	Dry berth	Total number of berths
Central marina	923	365	70	435
West marina	262	190	0	190
South marina	180	80	0	80
Hotel marina	450	100	0	100
TOTAL	1.815	735	70	805

% Share of individual marina (number of berths)



Cumulative overview of physical turnover of the Marina Kornati for the period from 01/01 to 30/06/2020 and comparison with the same period in 2019

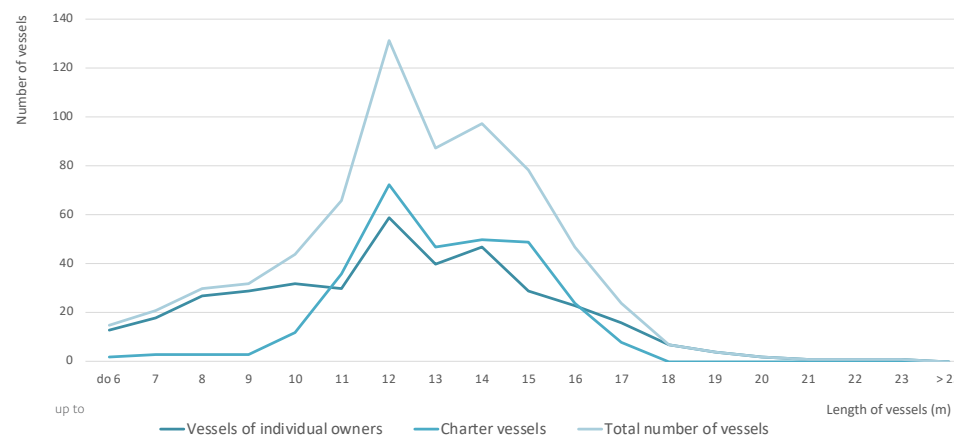
Physical turnover items		2020 by month												2020	2019	Index
Name of position	Measurement unit	1	2	3	4	5	6	7	8	9	10	11	12	Cumulative	Cumulative	2020/2019
Contract-based berth - individual	Contracted vessel	101	274	303	343	351	379							379	384	99
Contract-based berth - charter	Contracted vessel		10	21	271	290	309							309	326	95
TOTAL Contract-based berth	Contracted vessel	101	284	324	614	641	688							688	710	97
Transit berth-sailing in port	Sailing in port	5	17	31	52	80	268							268	1.058	25
Transit berth-overnight stay of vessel	Boat/day	150	444	797	1.607	2.694	3.990							3.990	3.472	115
Transit berth-overnight stay of vessel crew	Overnight stay of a person													0	0	#DIV/0!
Port service	Operation	180	387	568	687	965	1.450							1.450	1.945	75

Physical turnover items		2019 by month												2019	2018.	Index
Name of position	Measurement unit	1	2	3	4	5	6	7	8	9	10	11	12	Cumulative	Cumulative	2019/2018
Contract-based berth - individual	Contracted vessel	99	248	303	353	374	384							384	396	97
Contract-based berth - charter	Contracted vessel	0	2	81	291	315	326							326	319	102
TOTAL Contract-based berth	Contracted vessel	99	250	384	644	689	710							710	715	99
Transit berth-sailing in port	Sailing in port	1	9	30	143	526	1.058							1.058	1.005	105
Transit berth-overnight stay of vessel	Boat/day	132	320	563	1.364	2.301	3.472							3.472	3.356	103
Transit berth-overnight stay of vessel crew	Overnight stay of a person													0	0	#DIV/0!
Port service	Operation	118	402	673	1.070	1.485	1.945							1.945	1.926	101

Vessels on berth contract for the period from 01/01 to 30/06/2020 and comparison with the same period in 2019

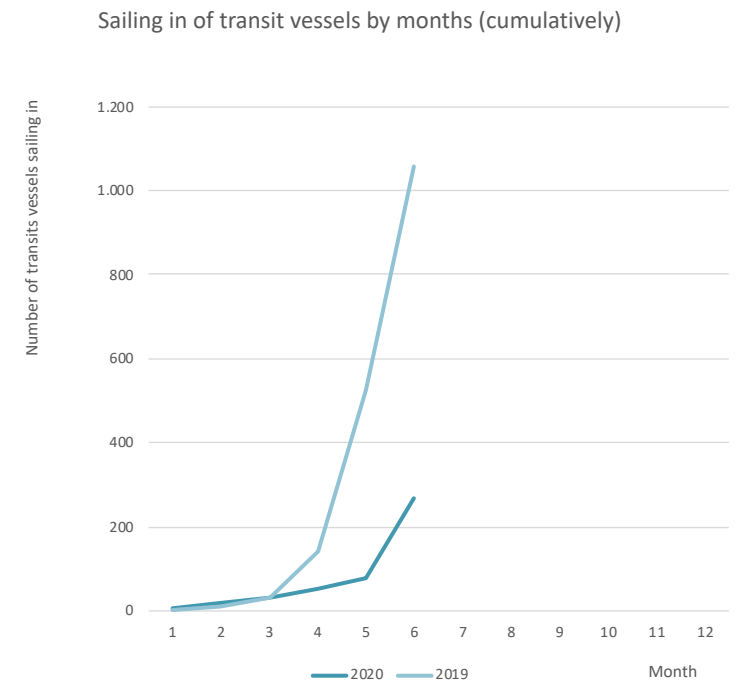
Purpose	Type of berth	Position of berth	01/01-30/06	% Total	01/01-30/06	% Total	Index
			2020	Vessels	2019	Vessels	
VESSEL OF INDIVIDUAL OWNERS	Annual berth in the sea	Central aquatorium	280	41	270	38	104
		South aquatorium	42	6	45	6	93
		Western aquatorium	1	0	1	0	100
		Hotel port	27	4	30	4	90
	Annual berth on the land	Marina land	4	1	4	1	100
	Seasonal berth in the sea	Marina aquatorium	14	2	24	3	58
		Hotel port	11	2	10	1	110
Total individual vessels:			379	55	384	54	99
CHARTER VESSELS	Annual berth in the sea	Central aquatorium	117	17	103	15	114
		South aquatorium	0	0	0	0	#DIV/0!
		Western aquatorium	189	27	223	31	85
		Hotel port	3	0	0	0	#DIV/0!
	Total charter vessels:			309	45	326	46
Total vessels 2020:			688	100	710	100	97

Vessels on berth contract from 01/01-30/06/2020



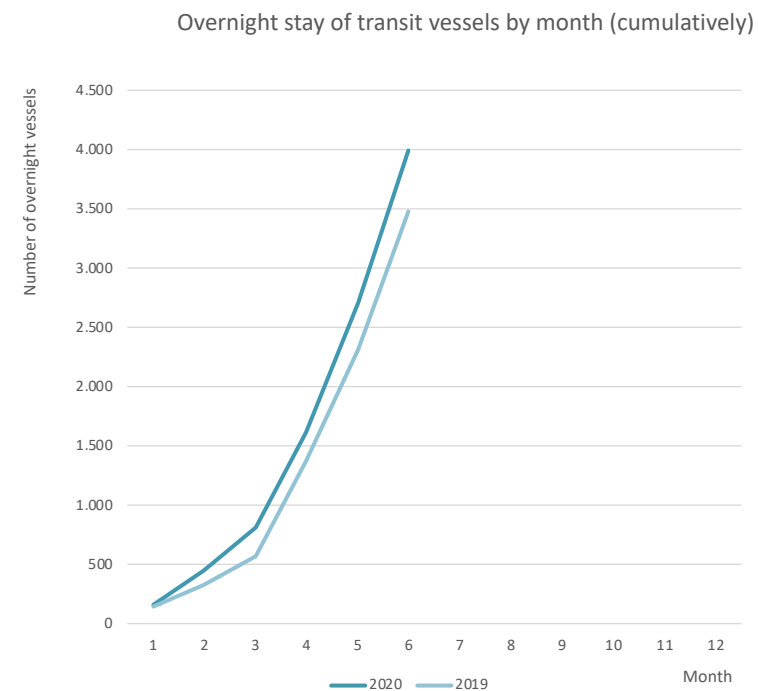
Transit berth – inbound vessels sailing into the port in the period from 01/01 to 30/06/2020 and comparison with the same period in 2019

2020	Individually monthly			Cumulatively monthly		
	2020	2019	INDEX	2020	2019	INDEX
Month	2020/2019			2020/2019		
1	5	1	500	5	1	500
2	12	8	150	17	9	189
3	14	21	67	31	30	103
4	21	113	19	52	143	36
5	28	383	7	80	526	15
6	188	532	35	268	1.058	25
7						
8						
9						
10						
11						
12						
Total 2020	268					
Total 2019		1.058				
Index 2020/2019		25				



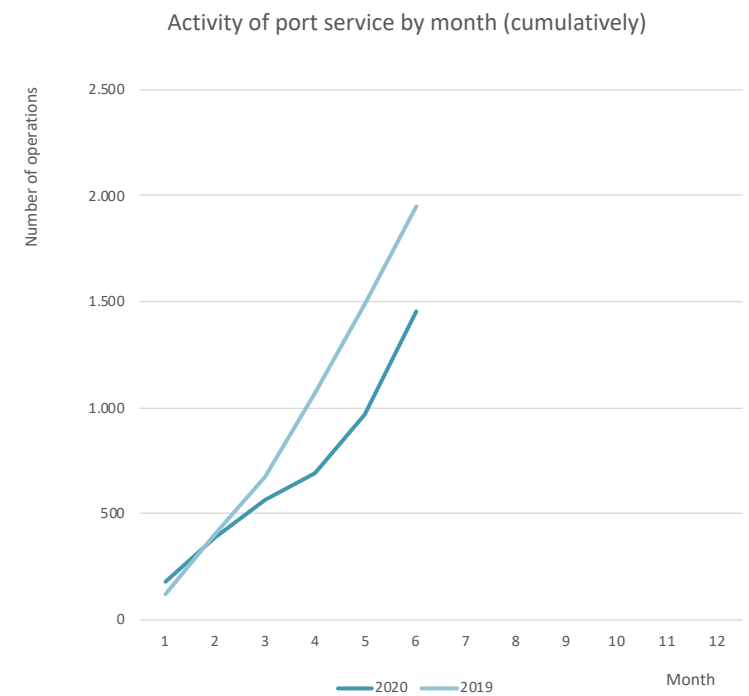
Transit berth – vessel overnight stays in the period from 01/01 to 30/06/2020 and comparison with the same period in 2019

2020	Individually monthly			Cumulatively monthly		
	2020	2019	INDEX	2020	2019	INDEX
Month	2020/2019			2020/2019		
1	150	132	114	150	132	114
2	294	188	156	444	320	139
3	353	243	145	797	563	142
4	810	801	101	1.607	1.364	118
5	1.087	937	116	2.694	2.301	117
6	1.296	1.171	111	3.990	3.472	115
7						
8						
9						
10						
11						
12						
Total 2020	3.990					
Total 2019		3.472				
Index 2020/2019			115			



Activities of port services in the period from 01/01 to 30/06/2020 and comparison with the same period in 2019

2020	Individually monthly			Cumulatively monthly		
	2020	2019	INDEX	2020	2019	INDEX
Month	2020/2019			2020/2019		
1	180	118	153	180	118	153
2	207	284	73	387	402	96
3	181	271	67	568	673	84
4	119	397	30	687	1.070	64
5	278	415	67	965	1.485	65
6	485	460	105	1.450	1.945	75
7						
8						
9						
10						
11						
12						
Total 2020	1.450					
Total 2019		1.945				
Index 2020/2019			75			



Revenue generated by Marina Kornati for the period from 01/01 to 30/06/2020 individually by months and comparison with the same period of the year 2019

REVENUES OF MARINA KORNATI 2020 SEPARATE BY MONTHS																
Revenue positions		Months 2020												2020	2019	Index
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.	TOTAL	2020/2019
I	Daily berths	32.900	46.712	75.157	95.259	229.069	284.733							763.830	928.697	82
II	Contracted berth with accessories	4.052.194	6.716.752	1.213.953	6.446.857	1.743.239	1.527.498							21.700.493	21.802.605	100
III	Port service	447.000	227.908	222.515	42.506	275.600	464.839							1.680.368	1.915.767	88
IV	Vehicle parking	1.029	6.456	3.136	192	10.108	200.751							221.672	794.230	28
V	Other services	10.772	47.371	4.058	788	10.878	105.502							179.369	209.739	86
VI	Business cooperation	0	0	0	0	1.102.707	72.216							1.174.923	1.233.598	95
VII	Boat fair and events	2.277	17.060	0	0	0	-1.336							18.001	107.980	17
	TOTAL:	4.546.172	7.062.259	1.518.819	6.585.602	3.371.601	2.654.203							25.738.656	26.992.617	95

REVENUES OF MARINA KORNATI 2019 SEPARATE BY MONTHS																
Revenue positions		Months 2019												2019	2018	Index
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.	TOTAL	2019/2018
I	Daily berths	1.649	32.993	58.793	173.766	253.713	407.784							928.697	823.718	113
II	Contracted berth with accessories	3.601.219	5.969.253	3.932.524	6.304.731	1.352.030	642.848							21.802.605	21.041.952	104
III	Port service	117.641	280.502	328.496	376.837	451.647	360.644							1.915.767	1.826.507	105
IV	Vehicle parking	1.452	2.352	18.968	117.644	231.024	422.790							794.230	711.027	112
V	Other services	1.141	17.349	-22.713	26.029	34.922	153.011							209.739	267.988	78
VI	Business cooperation	0	7.410	0	1.198.675	23.800	3.713							1.233.598	1.199.526	103
VII	Boat fair and events	4.044	0	8.415	0	24.605	70.916							107.980	66.055	163
	TOTAL:	3.727.146	6.309.859	4.324.483	8.197.682	2.371.742	2.061.705							26.992.617	25.936.773	104

4.3 CAMPING - CAMPSITE "PARK SOLINE"

In the first six months of 2020 the business activities of "Park Soline" were carried out under circumstances affected by the COVID-19 pandemic. Until the beginning of March, business activities of the camping sector were conducted within the framework planned for 2020, but the declaration of the pandemic strongly affected planned and achieved business results in regards to both physical and financial indicators.

Until June 30 2020, the camp "Park Soline" realised 4,804 arrivals, representing 37.22% of arrivals compared to the same period last year, while the total number of overnight stays amounted to 35% of such stays compared to the same period last year. 92% of the total number of overnight stays were realized in June, after European countries began to open their borders and allow free movement. 46.37% of the total number of overnight stays realised until the end of June 2020 were stays of Slovenian guests, followed by Croats with 22.52% of the total number.

The results achieved in June can be attributed to the timely reaction to the new circumstances, and carefully planned marketing investments on a daily basis, and partly to excellent occupancy during the holidays at the end of June in Croatia and Slovenia, and the end of the school year.

All four business segments of the camp (lump sum, individual stays, allotment and mobile homes) recorded the following indicators regarding arrivals and overnight stays

compared to the previous year: the market segment referring to the allotment recorded 17.56% in overnight stays and 20.04% in arrivals; the market segment referring to lump sum realised 59.68% in arrivals and 57.05% in overnight stays compared to the first six months of 2019; the market segment referring to individual stays realised 22.97% in arrivals and 22.21% in overnight stays; while mobile homes as a segment realise 45.76% in arrivals and 44.88% in overnight stays in the first six months of this year compared to the reference period in 2019.

A decrease in the number of overnight stays was recorded for guests from the Czech Republic, Austria and Germany as regards the fixed lease and individual guests because these countries were leaders in those market segments in 2019. Slightly better results were achieved in the segment of mobile homes and lump sum, in which guests from Slovenia and Croatia accounted for the largest share in total overnight stays.

Revenue generated from 1 January 2020 to 30 June 2020 amount to HRK 9,014,867.76 and account for 74% of the achieved results compared to the same period in 2019. Mobile homes generated 44% of last year's revenue as of 30 June 2019. Agencies (fixed lease) recorded 68% of realised results, while individual stays recorded 20% and lump sum 100% compared to the revenue for the same period the previous business year. Revenue from other services stayed at 42% of the last year's revenue generated until 30 June 2019.

Average number of days of stay has decreased in total and

by segments. The total average number of days of stay at the camp until 30 June 2019 was 5.59 days, while in the same period in 2020 that number decrease to 5.26 days.

In the structure of realized overnight stays, the five leading outbound markets include 1. the Slovenian market with a 46% share of overnight stays; 2. the Croatian market with a 23% share; 3. the Czech market with 14% of overnight stays; 4. the German market with 7% of overnight stays; and 5. the Austrian market with 3% of overnight stays. In the business segment of mobile homes, the largest share of overnight stays is recorded by guests from the Slovenian market (60.39%), Croatian market (18.79%) and German market (5.74%). In the business segment of camping units,

the largest share of overnight stays is recorded by guests from the German market (30.05%), Slovenian market (25.95%) and Austrian market (13.02%).

At the same time, when it comes to market segments, lump sum payments and guests in mobile homes prevail in the structure of overnight stays, with a share of 38% and 34% in overnight stays respectively. The share of overnight stays regarding lump sum increased by 14%, as well as regarding mobile homes by 8%, while the share of overnight stays regarding the fixed lease decreased by 15% and regarding individual guests by 7%.

Compared to the results of Croatian camping tourism at the national level, the camp "Park Soline" achieved a higher

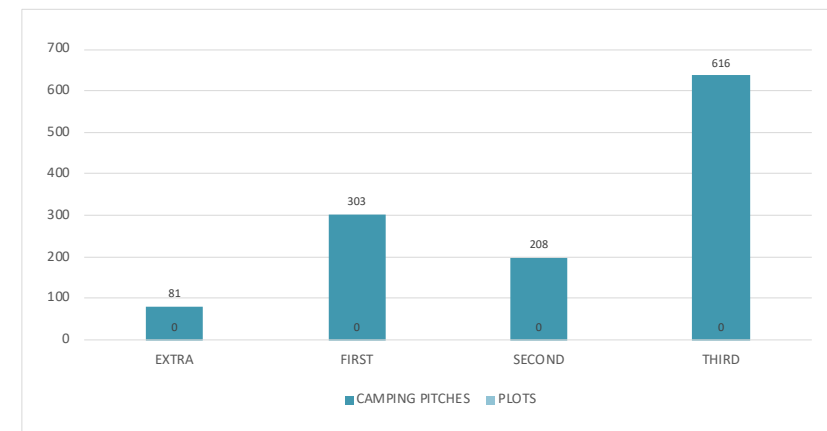
than average result until June 30 2020, which we consider to be a success considering the new circumstances of operation in the tourism sector and especially considering the fact that the borders of the key outbound camping markets have just opened.

The overnight stay index of the camp "Park Soline" in June 2020, compared to the same period last year, accounted for 44.73%, while at the same time, at the national level, Croatian camping in the same period recorded an overnight stay index of 37.29%. The annual overnight stay index of the camp "Park Soline" for the period from January to June accounted for 35.05%, while the overnight stay index of the entire Croatia accounted for 30.18%.



Capacities of the camp „Park Soline“

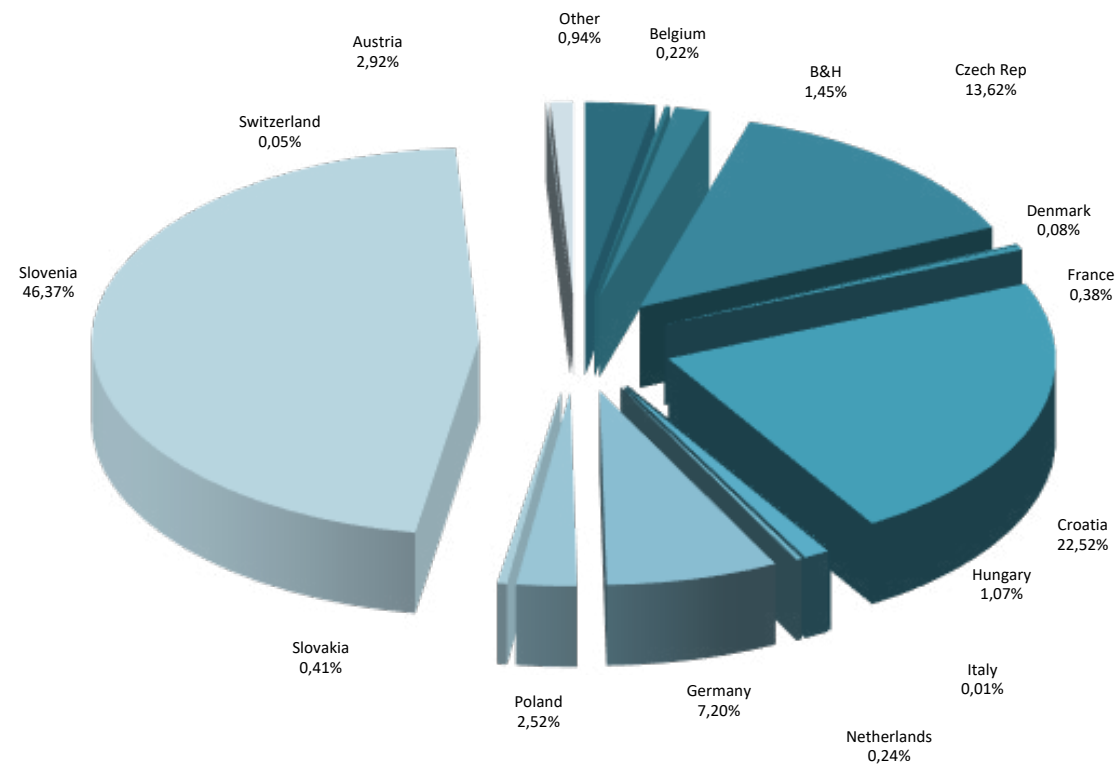
		2016	2017	2018	2019	2020
I	EXTRA ZONE					
	CAMPING PITCHES	81	81	81	81	81
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	81	81	81	81	81
II	FIRST ZONE					
	CAMPING PITCHES	326	326	303	303	303
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	326	326	303	303	303
III	SECOND ZONE					
	CAMPING PITCHES	182	182	198	208	208
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	182	182	198	208	208
IV	THIRD ZONE					
	CAMPING PITCHES	347	347	638	628	616
	CAMPING PLOTS	187	194	0	0	0
	TOTAL	534	541	638	628	616
Σ	GRANDTOTAL					
	CAMPING PITCHES	936	936	1220	1220	1208
	CAMPING PLOTS	187	194	0	0	0
	GRANDTOTAL	1123	1130	1220	1220	1208



Arrivals and overnight stays by outbound market and average days of stay for the period from 01/01/2020 to 30/06/2020 and a comparison with the same period in 2019

Market	2020		2019		INDEX 2020/2019		AVERAGE DAYS OF STAY	
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	2020	2019
Austria	121	739	545	2.774	22,20	26,64	6,11	5,09
Belgium	9	56	44	168	20,45	33,33	6,22	3,82
Bosnia and Herze- govina	77	367	153	545	50,33	67,34	4,77	3,56
Czech Republic	583	3.444	2.595	17.177	22,47	20,05	5,91	6,62
Denmark	8	18	61	381	13,11	4,72	2,25	6,25
France	13	96	160	854	8,13	11,24	7,38	5,34
Croatia	1.209	5.694	1.444	7.158	83,73	79,55	4,71	4,96
Italy	1	4	130	582	0,77	0,69	4,00	4,48
Hungary	52	271	259	1.363	20,08	19,88	5,21	5,26
Netherlands	7	62	288	2.018	2,43	3,07	8,86	7,01
Germany	312	1.820	1.648	10.252	18,93	17,75	5,83	6,22
Poland	114	637	637	4.045	17,90	15,75	5,59	6,35
Slovakia	28	103	206	930	13,59	11,08	3,68	4,51
Slovenia	2.217	11.723	4.237	21.215	52,32	55,26	5,29	5,01
Switzerland	6	12	126	440	4,76	2,73	2,00	3,49
Other	47	237	373	2.238	12,60	10,59	5,04	6,00
TOTAL	4.804	25.283	12.906	72.140	37,22	35,05	5,26	5,59

Realised overnight stays by outbound markets for the period from 01/01/2020 to 30/06/2020



Cumulative overview of daily and monthly occupancy of camp accommodation units for the period from 01/03/2020 to 30/06/2020

MONTH	MARCH				APRIL				MAY			
	SEGMENT	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %
MOBILE HOMES ILIRIJA	6.975	58	0,83%	0,26	6.750	0	0,00%	0,00	6.975	86	1,23%	0,38
AGENCIES	7.254	7.254	100,00%	31,00	7.020	7.020	100,00%	30,00	7.254	7.254	100,00%	31,00
LUMP SUM	6.820	6.820	100,00%	31,00	6.600	6.600	100,00%	30,00	6.820	6.820	100,00%	31,00
INDIVIDUALS PITCHES STANDARD MARE - CAMPING PLACE STANDARD III ZONE	10.819	7	0,06%	0,02	10.470	0	0,00%	0,00	10.819	51	0,47%	0,15
INDIVIDUALS CAMPING PLACE STANDARD IV ZONE	5.580	0	0,00%	0,00	5.400	0	0,00%	0,00	5.580	0	0,00%	0,00
INDIVIDUALS TOTAL	16.399	7	0,04%	0,01	15.870	0	0,00%	0,00	16.399	51	0,31%	0,10
TOTAL	37.448	14.139	37,38%	11,59	36.240	13.620	37,58%	11,27	37.448	14.211	37,95%	11,76

MONTH	JUNE				TOTAL				
	SEGMENT	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %
MOBILE HOMES ILIRIJA	6.750	2.075	30,74%	9,22	225	27.450	2.219	8,08%	9,86
AGENCIES	7.020	7.020	100,00%	30,00	234	28.548	28.548	100,00%	122,00
LUMP SUM	6.600	6.600	100,00%	30,00	220	26.840	26.840	100,00%	122,00
INDIVIDUALS PITCHES STANDARD MARE - CAMPING PLACE STANDARD III ZONE	10.470	1.183	11,30%	3,39	349	42.578	1.241	2,91%	3,56
INDIVIDUALS CAMPING PLACE STANDARD IV ZONE	5.400	0	0,00%	0,00	180	21.960	0	0,00%	0,00
INDIVIDUALS TOTAL	15.870	1.183	7,45%	2,24	529	64.538	1.241	1,92%	2,35
TOTAL	36.240	16.878	46,57%	13,97	1208	147.376	58.848	39,93%	48,72

Camp revenue for the period from 01/01/2020 to 30/06/2020 and a comparison with the same period in 2019

SEGMENT		2019					2020			INDEX	
		GENERATED IN 2019			CONTRACTED TILL 30/06/2019		GENERATED TILL 30/06/2020			2020/2019	
		NUMBER OF PITCHES	OVERNIGHT STAYS	REVENUES	REALIZED OVERNIGHT STAYS	REVENUES	NUMBER OF PITCHES	REALIZED OVERNIGHT STAYS	CONTRACTED REVENUE	OVERNIGHT STAYS	REVENUES
1	MOBILE HOMES ILIRIJA	200	71.669	13.080.977,08 kn	19.013	1.779.204,08 kn	225	8.533	788.527,71 kn	45	44
2	AGENCIES	270	84.853	4.961.578,20 kn	21.549	3.517.996,26 kn	234	3.783	2.381.956,39 kn	18	68
3	INDIVIDUALS	508	63.976	6.409.705,47 kn	14.488	824.697,81 kn	529	3.218	162.085,92 kn	22	20
4	LUMP SUM	242	69.989	5.534.344,91 kn	17.090	5.450.506,71 kn	220	9.749	5.438.192,64 kn	57	100
5	OTHER SERVICES	-	-	2.049.767,64 kn	-	576.182,31 kn	0		244.105,10 kn	#DIV/0!	42
TOTAL:		1220	290.487	32.036.373,30 kn	72.140	12.148.587,17 kn	1208	25.283	9.014.867,76 kn	35	74

4.4 COMMERCIAL-SHOPPING CENTER CITY GALLERIA

The Commercial – Shopping Center City Galleria is located in a heavily residential area in the immediate centre of Zadar, just a ten-minute walk from the old town. Due to the good location of the building near the main bus station and the fact it is surrounded by some of the main city roads, the business and shopping centre City Galleria is exceptionally easy to spot and access by a large number of local residents and foreign visitors. The whole area is becoming a new city central zone and is composed of a number of new housing and commercial projects that have recently been completed or are currently being implemented, allowing for a significant positive impact to the number of visitors to the centre.

The total gross area of the building is more than 28,500 m², spread over a total of six floors including two floors for an underground garage and four floors with commercial and retail space. The total gross area of the building comprises of an underground garage with an area of 10,863.50 m², commercial premises with a total net rentable area of 9,897.60 m², and connecting areas.

The gastronomic offer of the centre includes a diverse selection of local products at the open city market, which according to its business and the interest of lessees is currently the most popular location in the city; and has been expanded by an offer of local prod-

ucts in the fish market, butcher shops, specialized food and beverage stores, health food stores and a supermarket. The offer of shopping stores and services of the centre consists of clothing, footwear and sportswear boutiques; electronic equipment store; stores for home decoration and beauty salons; service and repair activities; sport activities; cafes; and the first and only multiplex cinema in the city with six cinema halls. The business activities of the centre also include office space for companies that can be leased on the third floor of the centre. The aforementioned facilities are conceptually divided into floors, with the ground floor of the centre designed as a space with a mixed offer of food and services; the first floor operates as a fashion floor with an offer of footwear, clothing and fashion accessories boutiques, as well as a perfumery/cosmetics store; the second floor of the centre is designed as a floor for entertainment and recreation with the offer of cafes, entertainment, cosmetics, sports and shopping facilities; while the third floor is intended for the lease of office space. Levels -2 and -1 of the centre accommodate an underground garage with more than 400 parking spaces, which is available for use to visitors 24 hours a day.

Lessees carrying out their business activity in the business and shopping centre City Galleria include, among others, Cinestar multiplex cinema, Müller cosmetics store and perfumery, SPAR supermarket,

CCC shoes&bags, PEPCO store selling clothes for the whole family, toys and home accessories, which are almost all international market leaders. We can also emphasize our other international and domestic renowned lessees, such as Gyms4You chain of gyms, the bank Zagrebačka banka, and the stores Timberland, Shooster, Adidas, Nike&Converse, Ghetaldus, Farmacia, ShoeBeDo, TELE2, Sancta Domenica and others. As of 30 June 2020, the occupancy of the centre amounted to 99.77% of all capacities, that is, 37 commercial lease agreements were active, with a surface area range from 9,80 m² to 1.836 m².

When the World Health Organization declared the epidemic on a global level from March 2020 and the pandemic of coronavirus causing COVID-19 there have been significant disruptions in operation. In March 2020, the lessees operating on the total of 57.4% of the net rentable centre area were unable to operate, while other lessees were able to operate in a very limited scope and with reduced working hours. As of 11 May 2020 most of the lessees were allowed to once again resume their activities, first in a limited scope, and later in full, in compliance with anti-epidemic and hygienic measures. As of 30 June 2020, Cinestar multiplex cinema, located on the second floor of the centre, has yet not been allowed to resume operations.

Business revenue of the City Galleria centre, generat-

ed in the first half of 2020 through lease of commercial premises, common costs, use of common parts of the centre, lease of advertising space and garage revenues amount to HRK 6,585,236.55, while in the same period of 2019 they amounted to HRK 7,030,232.29, which accounts for 93.67%. Revenue from the lease of advertising space and the use of common areas recorded an increase, the category of revenue from commercial premises lease recorded a decrease of 6.63%, revenue from common areas recorded a decrease of 3.26%, and the largest decrease by 29.57% was recorded in the category of garage revenue. Other business revenue, relating to insurance claims, amount to HRK 50,993.25 in the first half of 2020.

In the abovementioned period 67,15% of business revenue, i.e. HRK 4,455,995.12, was generated from office space leases. The average lease per square metre of office space amounted to EUR 10.06, or around 75.21 HRK/m², for the period in question. The largest lessees in terms of leased area are Spar Hrvatska d.o.o., Müller trgovina d.o.o., and Blitz - Cinestar d.o.o. These three lessees lease 49.04% of the net rentable area of the business and shopping centre of City Galleria. In addition to the commercial premises lease, the business revenue generated from calculating common costs to the lessees amounted to HRK 1,538,418.32, representing 23,18% of total revenue; revenue from leasing and the commercial use of common centre

areas amounts to HRK 327,186.49, i.e. 4,93%; revenue from collection of single parking fees and leasing of parking spaces amounts to HRK 244,572.05, i.e. 3,69%; and, as a smallest share, revenue from leasing advertising space on the centre façade amounts to HRK 19,064.57, representing 0,29% of the total generated revenue.

The occupancy of the public underground garage of the centre decreased by 23.92% in the first half of 2020 and amounted to 272,777 vehicles, while in the same period in 2019 it amounted to 358,530 vehicles. Revenue generated from the garage of the business and shopping centre City Galleria in the amount of HRK 244,572.05 was mostly generated from single parking fees collected from visitors to the garage accounting for 79.81% of that revenue, i.e. in the amount of HRK 195,192.80. Compared to last year, the decrease in the occupancy of the centre garage amounted to 70.85% in April 2020 alone, which caused a decrease of 95.82% in revenue from single parking fees in the same month. The negative trend of occupancy and decrease in revenue from the garage recorded through March and April, continued in May, while there was a slight increase of occupancy in June resulting in similar numbers from 2019.

Due to the significant and unpredictable disruptions

in the operations of all global and domestic markets, in these circumstances we responsibly approach the whole situation and monitor the development of events on a daily basis. The technical, security and cleaning services continue to maintain and guard the property, with stricter security and disinfection measures of common centre areas being applied. Common air-conditioning, ventilation, video surveillance and fire protection systems are fully functional, while we continue to care for the property of the company and our business partners. It is our goal, as a socially responsible company, to take care of the health of our employees and visitors at this moment, and after the situation returns to normal to continue with our business processes in full.



Operating revenues of the Commercial - Shopping Center City Galleria in Zadar for the period from 01/01 – 30/06/2020 and comparison with those in the same period in 2019

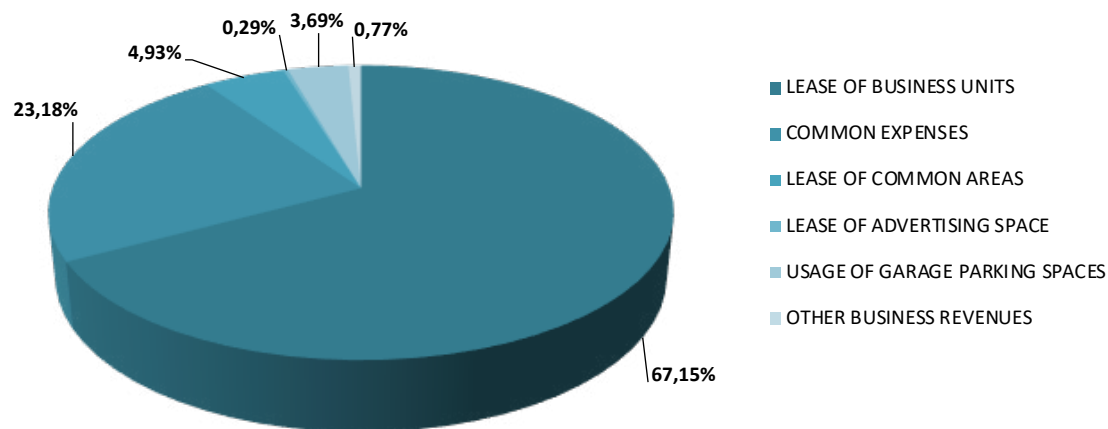
DESIGNATION	DESCRIPTION	NUMBER OF ACTIVE CONTRACTS	SURFACE AREA (m ²)	REVENUES 01-06/2020	%	REVENUES 01-06/2019	%	INDEX 2020/2019
1	LEASE OF BUSINESS UNITS	37	9.897,60*	4.455.995,12 KN	67,15%	4.772.537,78 kn	67,62%	93
2	COMMON EXPENSES	36	7.173,53**	1.538.418,32 KN	23,18%	1.590.309,52 kn	22,53%	97
3	LEASE OF COMMON AREAS	23	999,80	327.186,49 KN	4,93%	302.394,35 kn	4,28%	108
4	LEASE OF ADVERTISING SPACE	8	121,8	19.064,57 KN	0,29%	17.740,22 kn	0,25%	107
5	USAGE OF GARAGE PARKING SPACES	410***	10.863,50	244.572,05 KN	3,69%	347.250,42 kn	4,92%	70
REVENUES:				6.585.236,55 kn	99,23%	7.030.232,29 kn	99,60%	94
6	OTHER BUSINESS REVENUES			50.993,25 KN	0,77%	28.022,91 kn	0,40%	182
TOTAL REVENUES				6.636.229,80 KN	100,00%	7.058.255,20 kn	100,00%	94

* Total net leasable surface area

** Total net leasable area for calculation of common expenses

*** Number of parking spaces in the garage

OPERATING REVENUES OVERVIEW 01-06/2020



4.5 ILIRIJA TRAVEL

Ilirija Travel as a destination management company (agency) that, by developing new services and contents, creates an integrated and complementary tourist product, that is to say we offer our guests additional services, has been hit particularly hard by the Covid-19 pandemic in the first half of 2020, as well as the entire event, MICE and incentive industry.

The total revenue amounts to HRK 1,350,860.93, and compared to the revenue of HRK 4,966,088 generated in the same period in 2019, this amounts to 25% of the revenue generated in the first half of last year. The revenue was mostly generated from Arsenal facility in Zadar before the pandemic was declared and all facilities shut down.

Throughout most of this period the very services we develop through the system of the destination management company Ilirija Travel, and which support activities mainly realised before and after the tourist season, were banned or provided under much more complex safety and health measures due to which the clients were unable to use our services.

The data on the number of individual events and special programs organised through the agency and specific facilities of the company, which reached the number of 27 at the end of first half of the year, compared to 352 in the same period in 2019, paint an even more striking picture of the problems caused by the global pandemic. In 2019, these events were visited by 27,131 participants and in the same period 7,535 persons this year. Special programs, concerts, incentive travel, events, conferences, congresses, weddings, ex-

cursions, regattas etc. were for the most part of this half of the year banned or reduced to a permitted number of persons and in compliance with measures due to which clients lost interest in their organisation.

Without the part of the activity conducted in the Arsenal facility in Zadar at the beginning of 2020 and before the ban, we would hardly be able to record any revenue, as Arsenal generated revenue of HRK 976,332.13. Other than the time when the revenue was generated, this is the result of the fact that Arsenal, as a multifunctional area belonging to cultural heritage spaces, represents the cultural area of Zadar, the people, as well as institutions and subjects of the entire city and county, and not tourists and guests. Other facilities and services that belong to Ilirija Travel, and are to a large extent connected to the company's accommodation facilities, have recorded a decrease in turnover that exceeds 90%. The event boat Nada, as well as the heritage hotel and agritourism complex, which principally provide services to groups from the country and abroad and in cooperation with renowned domestic and foreign agencies which carry out activities related to business or corporate tourism, have recorded nearly no results. Given the development opportunities in the global, European and Mediterranean, and thus in domestic tourism, this will be a particularly challenging year for the agency segment of the offer and additional services. The announced turnover during the summer months does not promise a significant increase in revenue, and the predictions connected to the post season, significant mostly because of the business and incentive segment, so far seem to be extremely restrained due to the uncertain nature of the pandemic.

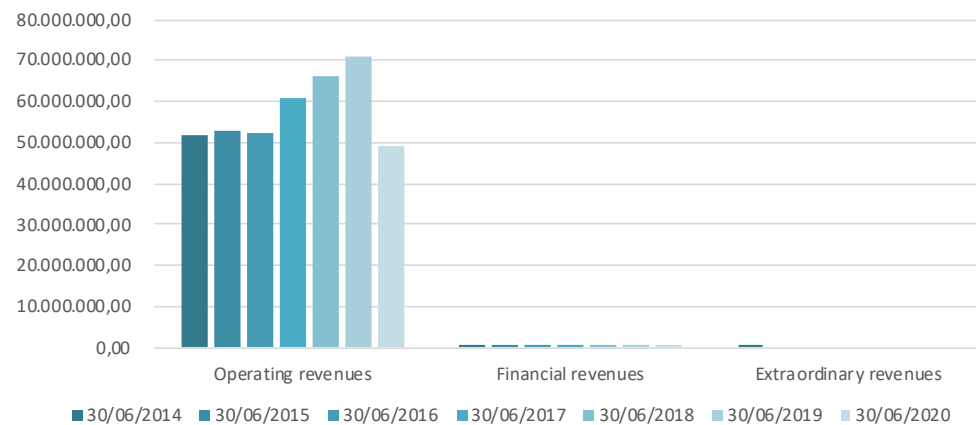
5 FINANCIAL OPERATING RESULTS AT THE LEVEL OF THE COMPANY

5.1 FINANCIAL OPERATING RESULTS OF THE COMPANY

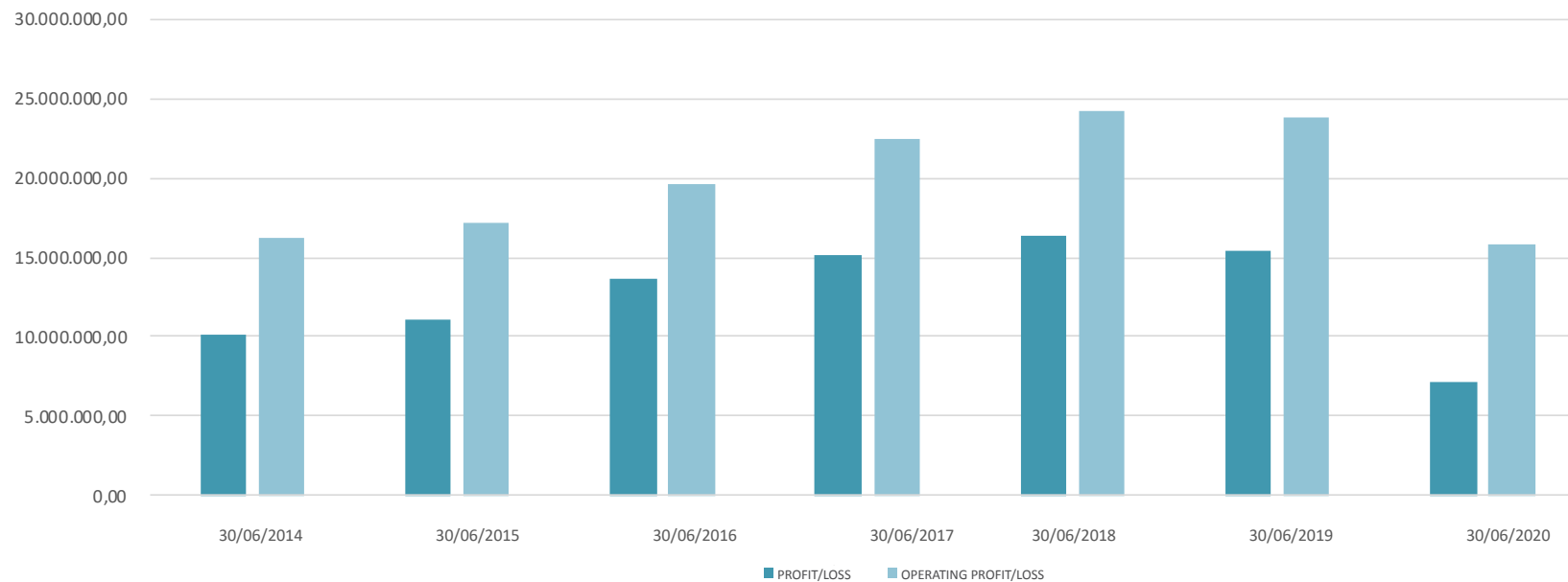
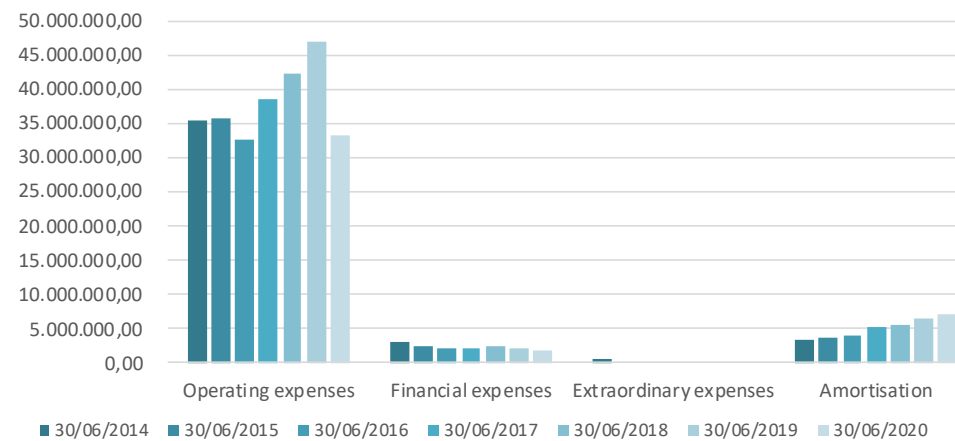
Overview of financial operating results in the period from 01/01-30/06/2020 and comparison to those in same period from 2014 to 2019

DESCRIPTION	30/06/2014	30/06/2015	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020/	Index 2020/2019
Operating revenues	51.595.070,54	52.895.311,21	52.119.553,90	60.835.505,20	66.358.980,89	70.834.035,22	49.102.175,85	69,32
Financial revenues	51.457,30	48.367,93	59.307,67	46.580,99	41.311,15	26.730,05	23.692,02	88,63
Extraordinary revenues	344.066,81	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
TOTAL REVENUES	51.990.594,65	52.943.679,14	52.178.861,57	60.882.086,19	66.400.292,04	70.860.765,27	49.125.867,87	69,33
Operating expenses	35.328.010,53	35.780.726,91	32.459.221,51	38.421.030,46	42.169.136,63	47.013.307,18	33.258.340,33	70,74
Financial expenses	2.879.690,51	2.323.711,09	1.955.680,90	2.185.302,75	2.345.497,67	2.074.129,76	1.682.229,49	81,11
Extraordinary expenses	491.533,09	0,00	0,00	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	3.192.603,30	3.735.110,10	4.112.990,64	5.100.666,64	5.577.738,24	6.398.448,00	7.075.711,81	110,58
TOTAL EXPENSES	41.891.837,43	41.839.548,10	38.527.893,05	45.706.999,85	50.092.372,54	55.485.884,94	42.016.281,63	75,72
PROFIT/LOSS	10.098.757,22	11.104.131,04	13.650.968,52	15.175.086,34	16.307.919,50	15.374.880,33	7.109.586,24	46,24
OPERATING PROFIT/LOSS	16.267.060,01	17.114.584,30	19.660.332,39	22.414.474,74	24.189.844,26	23.820.728,04	15.843.835,52	66,51
EBITDA	16.171.051,03	17.162.952,23	19.719.640,06	22.461.055,73	24.231.155,41	23.847.458,09	15.867.527,54	66,54

REVENUES 2014-2020



EXPENSES 2014-2020



1

Total revenue for the first half of 2020 is HRK 49,125,867.87 and it dropped by 30.67% compared to the same period in 2019 due to a drop in operating revenue, which is within the expected limits, considering the operating conditions due to the COVID-19 pandemic.

Operating revenue for the period observed is HRK 49,102,175.85 and, compared to the same period in the previous year, it dropped by 30.68% due to reduced realisation on domestic and foreign markets.

Revenue from sales is HRK 45,420,839.58, which is 35.16% lower than the first half of the previous year when it amounted to HRK 70,046,605.65 due to a 73% drop in revenue from sales on the foreign market and a 29% drop from sales on the domestic market. Revenue from sales represents 92.50% of operating revenue and 92.46% of total revenue.

2

Total expenses are HRK 42,016,281.63 and, compared to the same period in 2019, they show a 24.28% drop due to an 18.89% drop in financial expenses and a 29.26% drop in operating expenses.

Operating expenses in the period observed are HRK 33,258,340.33 and they are by HRK 13,754,966.85 lower than in the same period in 2019.

3

Operating profit i.e. profit from the Company's business activities is HRK 15,843,835.52, and shows a 33.49% drop compared to the same period in 2019.

EBITDA i.e. earnings before depreciation, interest and taxes, has been generated in the amount HRK 15,867,527.54, and shows a 33.46% drop compared to the same period in the previous year.

EBIT i.e. earnings before financing expenses, has been generated in the amount HRK 8,791,815.73, and shows a 49.62% drop.

Profit for the first half of 2020 is HRK 7,109,586.24, and shows a 53.76% drop compared to the same period in 2019.

Due to the absence of any business activity from mid-March to, in some business segments, mid-May (hotel sector, destination management company and catering facilities in the said sectors), while other sectors of

the Company have carried out their business processes within an adapted business scope until mid-May, whether due to the ban on carrying out business activities (tenants in the Commercial Business Centre City Galleria) or restrictions of movement, which primarily affected the tourism sectors that were carrying out their activities within an adapted scope (nautical sector and camping), or ultimately the realised revenue, operating and total, that were within the limits of expectation, considering special business conditions due to the global pandemic.

All of the above affected the realisation of operating profitability, or operative profit, EBITDA, EBIT, and profit, along with the fact that apart from the absence of business activities or their performance in significantly altered circumstances, the Company also completed its ongoing investments in the preparation for the current financial year, and maintained full employment, which also affected operative profitability in the first semester of 2020.

**Financial statements of the Company
as at 30/06/2020 and comparison with the same period in 2019 and 2018**

REVENUES	2018	2019	INDEX 2019/2018	2020	INDEX 2020/2019
Revenues on the domestic market	56.568.515,80	59.982.954,37	106	42.584.755,52	71
Revenues on foreign market	9.393.850,46	10.433.716,30	111	2.838.180,70	27
Other operating revenues	396.614,63	417.364,55	105	3.679.239,63	882
OPERATING REVENUES	66.358.980,89	70.834.035,22	107	49.102.175,85	69
FINANCIAL REVENUES	41.311,15	26.730,05	65	23.692,02	89
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL REVENUES	66.400.292,04	70.860.765,27	107	49.125.867,87	69
EXPENSES					
Raw material and material costs	8.750.180,65	8.953.465,21	102	3.675.474,68	41
Costs of services	7.092.570,65	8.414.814,27	119	6.291.850,99	75
Gross salaries	16.639.195,22	19.181.663,91	115	15.037.967,78	78
Other expenses	9.687.190,11	10.463.363,79	108	8.253.046,88	79
TOTAL EXPENSES	42.169.136,63	47.013.307,18	111	33.258.340,33	71
AMORTISATION	5.577.738,24	6.398.448,00	115	7.075.711,81	111
FINANCIAL EXPENSES	2.345.497,67	2.074.129,76	88	1.682.229,49	81
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL EXPENSES	50.092.372,54	55.485.884,94	111	42.016.281,63	76
PROFIT/LOSS	16.307.919,50	15.374.880,33	94	7.109.586,24	46
OPERATING PROFIT	24.189.844,26	23.820.728,04	98	15.843.835,52	67
EBITDA	24.231.155,41	23.847.458,09	98	15.867.527,54	67

REVENUES BY ACTIVITIES:

Hotel sector revenue has been realised in the amount of HRK 2,398,075.33, and show an 87% drop compared to the same period in the previous financial year as a result of closing of facilities in the hotel sector from mid-March to the end of May (29 May) due to the COVID-19 epidemic, i.e. the slowing down of new bookings from the moment of opening of the accommodation facilities, also due to the restriction of movement on a national and an international level, subject to frequent changes due to the change in the epidemiological situation, both in Croatia and key outbound markets in the hotel sector.

Revenue from nautical services is HRK 26,235,993.31, and it is lower by 8% compared to the same period in 2019, as a result of lower realisation of revenue for vessel accommodation services, especially when it comes to daily berth revenue, which is lower by 8% because of the absence of arriving vessels due to the COVID-19 global pandemic, and, consequently, the activities of the port service. Additionally, in absolute terms, the drop in parking revenue was much more significant, mostly affected by the low turnover in charter companies, which was supposed to generate significant business activity in the following period

(from March onwards), and apart from this, the revenue from the hospitality sector was also unexpectedly low.

Revenue from camping services is HRK 9,234,427.43, showing a 28% drop, resulting mostly from a 55.68% drop in mobile home bookings, and an 80.35% drop in bookings for individual plots, due to domestic and international restrictions of movement up to the second half of May in the Company's key camping sector markets, which had a great impact on both cancelling the existing and making of new bookings. At the same time, revenue from agencies with a fixed lease on lots with mobile homes, trailers and tents suffered a 32.29% drop due to different invoice distribution compared to 2019. Revenue from lump sum guests has remained on the same level as in 2019.

Revenues from the real estate sector i.e. Commercial-Shopping Center City Galleria was realised in the amount of HRK 6,636,229.80, and it is lower by 6% compared to the same period in 2019, as a direct consequence of the COVID-19 pandemic, since a group of tenants were not allowed to carry out their activities until 11 May, and, consequently, due to decisions of

competent bodies and for the purpose of initiating the overall offer and the centre services, the Company additionally regulated lease issues and common costs for tenants unable to carry out their activities, which had an impact on the realisation of revenue in the first semester of 2020.

Revenue from other activities, i.e. profit centres, including Ilirija Travel, and hospitality, has been realised in the amount of HRK 143,928.69.

TOTAL: Operating revenue per activity amounts to HRK 49,102,175.85, and it dropped by 30.68% compared to the same period in 2019.



5.2 FINANCIAL STATUS OF THE COMPANY

KEY FINANCIAL INDICATORS OF THE STATUS OF THE COMPANY AS AT 30/06/2020

Since the table providing an overview of the Company's key indicators covers the period 2010–2020 (eleven years), the realised described indicators are also listed in absolute amounts and growth rates

1

The value of the Company's assets as at 30 June 2020 is HRK 492,271,518.95, showing an increase by HRK 12,323,856.14 or 2.57% compared to the same period in 2019, when it was HRK 479,947,662.81, and its increase is a result of investments.

The value of the Company's assets has increased from HRK 278,712,268.53 in 2020, by HRK 213,559,250.42 or 76.62%.

2

The Company's total liabilities amount to HRK 138,418,558.33, dropping by HRK 10,286,673.07 or 6.92% compared to HRK 148,705,231.40 for the same period in 2019, as a result of a reduction in current liabilities of the Company.

Total liabilities of the Company ending with 30 June 2020 are lower by HRK 10,042,688.32 or 6.76% compared to total liabilities of the Company on 30 June 2010, when they amounted to HRK 148,461,246.65.

3

Equity and reserves of the Company as at 30 June 2020 are HRK 353,852,960.62, showing an increase by HRK 22,610,529.21 or 6.83% compared to the same period in 2019, when they amounted to HRK 331,242,431.41.

Comparing equity and reserves of the Company as at 30 June 2020, they increased by HRK 223,601,938.74 or 171.67% compared to the same the same period in 2010, when they amounted to HRK 130,251,021.88.

4

Total revenue of the Company amounts to HRK 49,125,867.87, dropping by HRK 21,734,897.40 or 30,67% compared to the same period in 2019, when it amounted to HRK 70,860,765.27, resulting from a significant drop in operating revenue or sales revenue in tourism sectors of the Company (hotel sector, destination management company, and camping sector), which had a significant share in revenue in the previous year's reporting period.

Total revenue of the Company, compared to the same period in 2010 when it amounted to HRK 37,374,076.04, increased by HRK 11,751,791.83 or 31.44%.

5

Operating profit of the Company was realised in the amount of HRK 15,843,835.52, showing a decrease of HRK 7,976,892.52 or 33.49% compared to the same period in 2019, when it was HRK 23,820,728.04, as a result of a drop in total or operating revenue, a simultaneous increase in investment costs, and the preservation of the material status of employees, along with the preservation of full employment.

Comparing the operating profit generated in the first six months of 2020 compared to the same period in 2010, when it amounted to HRK 10,521,211.79, a 50.59% increase can be seen.

6

EBITDA was realised in the amount of HRK 15,867,527.54, dropping by 33.46% or HRK 7,979,930.55 compared to HRK 23,847,458.09 for the same period in 2019.

The realised EBITDA in the reporting period has increased by HRK 5,321,619.43 or 50.46% compared to the first semester of 2010, when it amounted to HRK 10,545,908.11.

7

The Company's profit in the reporting period amounts to HRK 7,109,586.24, dropping by HRK 8,265,294.09 or 53.76% compared to the second quarter in 2019, when it amounted to HRK 15,374,880.33.

Profit realised in the reporting period of 2020, compared to the profit generated in the same period of 2010, which amounted to HRK 5,093,835.17, has increased by HRK 2,015,751.07 or 39.57%.

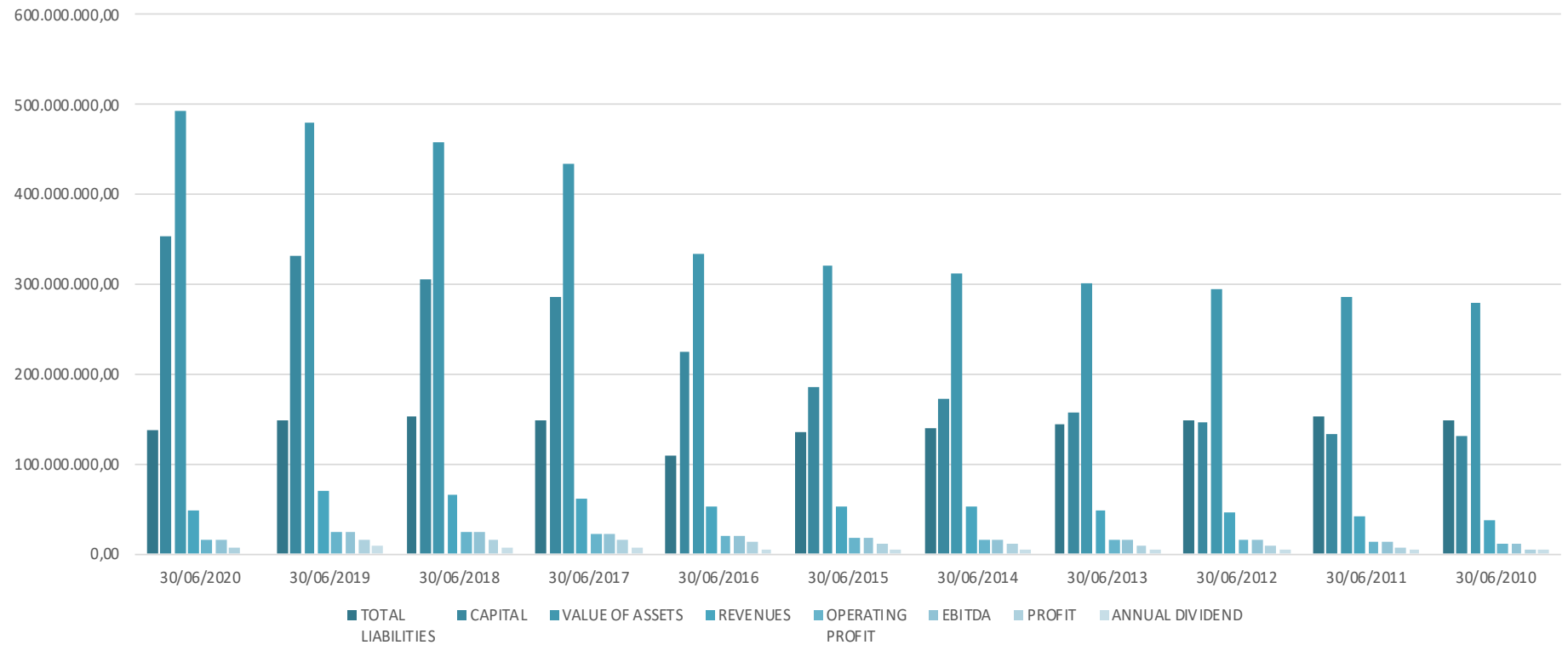


CUMULATIVE COMPARATIVE OVERVIEW

of fundamental operating results and indicators on the position of assets, capital and liabilities of the Company as at 30/06/2020 and also for the period from 2010 to 2019

YEAR	TOTAL LIABILITIES	CAPITAL	VALUE OF ASSETS	REVENUES	OPERATING PROFIT	EBITDA	PROFIT	ANNUAL DIVIDEND
1	2	3	4	5	6	7	8	9
30/06/2020	138.418.558,33	353.852.960,62	492.271.518,95	49.125.867,87	15.843.835,52	15.867.527,54	7.109.586,24	0,00
30/06/2019	148.705.231,40	331.242.431,41	479.947.662,81	70.860.765,27	23.820.728,04	23.847.458,09	15.374.880,33	8.417.962,00
30/06/2018	152.451.480,22	305.291.785,40	457.743.265,62	66.400.292,04	24.189.844,26	24.231.155,41	16.307.919,50	7.221.240,00
30/06/2017	148.635.775,69	284.842.454,32	433.478.230,01	60.882.086,19	22.414.474,74	22.461.055,73	15.175.086,34	6.016.540,00
30/06/2016	109.454.544,00	225.089.988,45	334.544.532,45	52.178.861,57	19.660.332,39	19.719.640,06	13.650.968,52	4.937.148,00
30/06/2015	135.582.449,17	185.222.056,71	320.804.505,88	52.943.679,14	17.114.584,30	17.162.952,23	11.104.131,04	3.740.790,00
30/06/2014	140.571.098,89	171.392.497,49	311.963.596,38	51.990.594,65	16.267.060,01	16.171.051,03	10.098.757,22	3.740.790,00
30/06/2013	143.828.125,16	156.257.179,19	300.085.304,35	48.648.448,85	15.757.208,14	15.163.931,08	9.524.968,84	3.740.790,00
30/06/2012	147.859.329,10	145.748.085,20	293.607.414,30	45.443.237,36	14.886.389,82	14.552.468,48	8.367.007,92	3.740.790,00
30/06/2011	152.283.384,61	133.915.880,37	286.199.264,98	40.978.324,58	13.512.192,50	13.237.398,15	7.014.753,50	3.740.790,00
30/06/2010	148.461.246,65	130.251.021,88	278.712.268,53	37.374.076,04	10.521.211,79	10.545.908,11	5.093.835,17	3.740.790,00

Graph of fundamental operating results and indicators on the position of assets, capital and liabilities of the Company as at 30/06/2020 and also for the same period from 2010 to 2020.



OPERATING AND OTHER COSTS

Operating costs for the reporting period of 2020 amount to HRK 33,258,340.33, and they have decreased by HRK 13,754,966.85 or 29% compared to the same period in the previous financial year.

FINANCIAL EXPENSES

Financial expenses in the period observed amount to HRK 1,682,229.49, and they have decreased by 18.89% compared to the first quarter of 2019.

LIQUIDITY

One of the primary Company goals in the significantly changed business environment and in the absence of the hospitality and tourism industry activities caused by the global COVID-19 pandemic is to maintain its current liquidity for the duration of the global pandemic. The Company is, therefore, undertaking activities to diversify its existing and secure new financing sources to overcome this period, it is trying to minimize and optimize all of its operating costs, and is actively co-

operating with all significant creditors by settling the liabilities they had at the moment of the declaration of the global pandemic.

Also, the Company concluded an Annex to the Loan Agreement with the commercial bank Erste&Steiermarkische Bank d.d., postponing all outstanding liabilities for long-term loans for a period of one year, and at the same time converted the existing short-term loan in the amount of EUR 600,000.00 due in summer of 2020 to a mid-term loan in the same amount with a repayment term of three years and a grace period of one year, which is significantly better for maintaining the Company's current liquidity. The credit obligations of the Company have not increased.

The Company initiated a procedure at Erste&Steiermarkische Bank d.d. for postponing all monthly instalments for the financial lease in the period from 1 April 2020 to 30 April 2021, and the annex to the Agreement is currently being formally and legally drafted.

SHARE DISTRIBUTION

There was no share distribution in the reported period.

COLLECTION OF FUTURE REVENUE

Even now the collection of outstanding receivables and those that are yet to mature has proven to be difficult, to the extent that could affect the Company's financial situation and performance. Therefore, the Company actively monitors and manages both future trade receivables and trade receivables existing at the time when the COVID-19 pandemic was declared. The Company seeks to collect the receivables in the most appropriate manner, taking into account the aggravated circumstances and applying measures of payment in instalments where possible, but it also undertakes compulsory collection measures, including the activation of collaterals to collect its claims.

The Company is aware of potential difficulties in collecting claims, especially with customers with fixed leases who failed to realise their business goals, which is why for those customers the Company will additionally regulate collection for the purpose of maintaining current liquidity and the stability of cash flow.

6 ADDITIONAL INFORMATION

6.1 INVESTMENTS IN 2020

The Company invested HRK 9,188,625.44 mainly in the camping and nautical sector for the purpose of improving the overall quality and standards of existing services, i.e. for maintaining the four-star rating level at the Soline Park camp and raising the rating for the Kornati Marina to the four-anchor level. Taking into account the circumstances caused by the COVID-19 pandemic and the fact that the Company is benefiting from incentives in the form of exemption from paying corporation tax for the period 2018-2020, the Company successfully completed all ongoing investments in capacities and facilities in all sectors.

Investments in the camping sector were focused on modernizing the camp accommodation capacities and upgrading its equipment and design, renovation and adaptation of all sanitary facilities, improving its infrastructure, installation of optical network and improvement of the Wi-Fi signal, paving roads, construction of paths and parking lots inside the camp, and its further horticultural landscaping.

In the nautical sector, the Company aims to raise the rating level of the Kornati Marina from two- to four-anchor level. All investments made in the first quarter of 2020 relate to the improvement of the service quality and standards in the Kornati Marina with special emphasis on common, business and catering facilities within the marina, landscaping of the C pier crossing bridge in the southern waters of the marina, adaptation of sanitary facilities and further horticultural landscaping of the marina environment.

6.2 NON-PERFORMING ASSETS

An additional impact on the value of Company shares comes from non-performing assets, which are owned by the Company, but they are neither used for core activities of the Company, nor do they provide economic benefits to the Company.

The most important non-performing assets owned by the Company are unused land plots (10–12 acres in total) at highly attractive locations:

Land plot, Sv. Filip i Jakov: The Company owns a building site of approximately 2.5 acres in Sv. Filip i Jakov, of which only a smaller portion is used (Villa Donat), while approximately 20,000 m² of the site is unused. According to the preliminary design, the Company plans to build 8 detached villas with apartments at the unused portion of the land plot, and expand the existing accommodation and service facilities. The Municipality of Sv. Filip i Jakov adopted a Detailed Plan for the Development of a Mixed Hospitality and Tourism Zone (T1-hotel).

Land plot, Villa Primorje: The Company owns approximately 2.5 acres of land near the Villa Primorje Hotel, of which only a smaller portion is used (approximately 10% of the total surface area). Apart from the existing physical plan, there is a possibility of building a settlement of traditional Dalmatian villas at the unused portion of the plot. The un-

used part of the plot is in direct contact with a building site.

Land plot, 'Ilirija' Tennis Centre: The Company owns approximately 4.9 acres of land in Biograd na Moru within the borders of the Soline Park, where only a smaller portion is used (Ilirija Tennis Centre at approximately 25% of the total surface area), which does not generate any income for the Company. Apart from completing the planning documentation for the plot, there is a possibility of building a modern multifunctional medical and tourist hotel recreation centre.

Land plot, Polača: The Company owns a building site of approximately 2.5 acres in Polača, located along the state road, which connects Biograd with the local motorway (regional importance). The site is equipped with basic communal infrastructure and Ilirija d.d. plans to use it to build a dry marina, which would be functionally connected with the existing nautical capacities owned by Ilirija d.d.

6.3 SIGNIFICANT EVENTS

The Company concluded a Memorandum of Understanding on the principles of accession to the reporting program on the study of listed medium and small enterprises of Southeast Europe with Zagrebačka burza d.d. (the Zagreb Stock Exchange). Consequently, the Company will participate in the two-year program of Zagrebačka burza d.d. (the Zagreb Stock Exchange) and the European Bank for Reconstruction and Development, which aims to increase public availability of investment research reporting for listed SMEs, as well as to provide additional unexplored information on said companies.

At the meeting held on 4 March 2020, the Company's Supervisory Board gave its consent to the Management Board for the conclusion of Annex 2 to the Loan Agreement concluded with Erste&Steiermarkische Bank d.d. pertaining to the reduction of the existing interest rate.

On 13 March 2020, the Company released the Information on the impact of COVID-19 on business.

The Company released 2,055 of its own shares, which represent a 0.085% share in the share capital, under the Share Transfer Agreement, concluded with the Company's employees in compliance with the Decision of the Company's Management Board on allocation of

the treasury shares to the Company's employees free of charge as a reward for the business results achieved in 2019. Prior to disposing of the shares, the Company had 9,888 own shares, constituting 0.409% of the share capital, while following the disposal, it has a total of 7,833 own shares, constituting 0.325% of the Company's share capital.

In the reporting period, the Company acquired 298 own shares as a result of corporate actions, as well as the acquisition and disposal of shares, while as at 30 June 2020, the Company held 7,833 own shares, constituting 0.32% of the share capital.

At the meeting held on 28 April 2020, the Company's Supervisory Board accepted the Management Board's Annual Report on the Company's Business and Situation for 2019, the Report on the Acquisition of Own Shares in 2019, the Audit Report on the Company's Business for 2019, and the Report of the Supervisory Board on Performed Supervision of Business Activities in 2019. In addition, annual financial statements for 2019 (Cash Flows, Financial Management and Condition Report), the proposal for the Decision on Profit Allocation, the proposal for the Decision on the Appointment of the Company's Auditor for 2020 and the Policy on the Admission of Members of the Management Board were

established. The Supervisory Board suggested that realized profit for the financial year 2019, in the amount of HRK 31,333,914.00 after tax, be allocated as follows:

- HRK 9,400,000.00 into legal reserves, and
- HRK 21,933,914.00 into the retained profit.

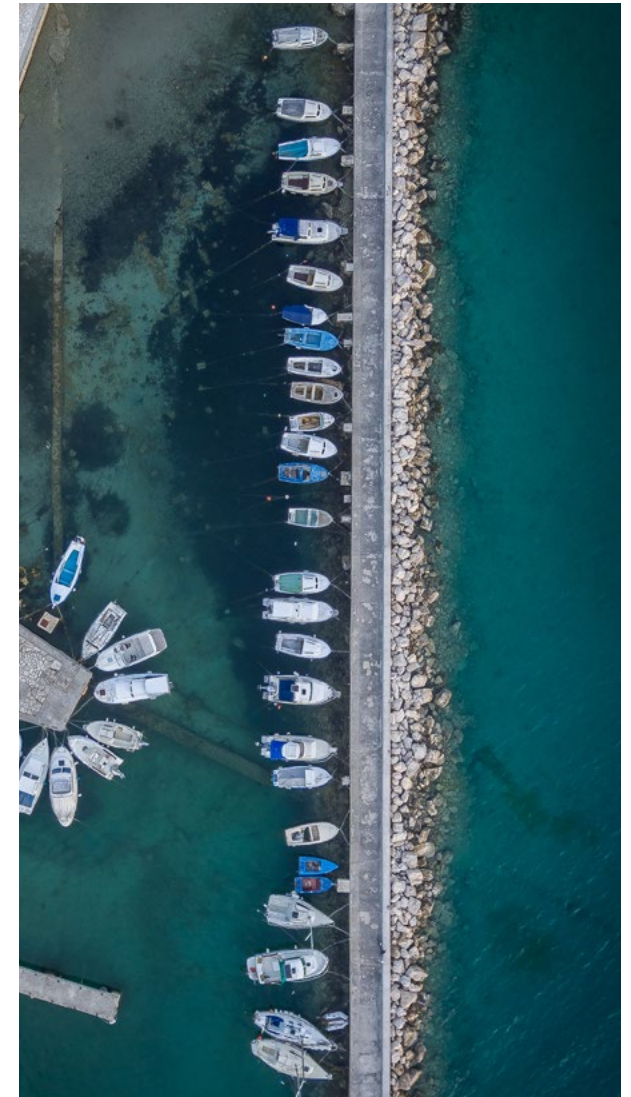
At the meeting held on 15 June 2020, the Supervisory Board adopted the decision on the appointment of Mr. Goran Ražnjević as the only member of the Management Board for a new term in the duration of 5 years, namely from 18 June 2020 to 18 June 2025.

The Regular General Assembly of the Company shall be held on 10 August 2020, and it shall cover the following agenda:

- the Management Board's Report on the Company's Business and Situation for 2019,
- the Management Board's Report on the Acquisition of Own Shares for 2019,
- the Supervisory Board's Report on Performed Supervision of Business Activities in 2019,
- the Auditor's Report on the Performed Audit of the Company's Business,

- taking note of the Decision on the Establishment of the Company's Basic Annual Financial Statements for 2019
- the Decision on the Allocation of Profit of Ilirija d.d. for the financial year 2019
- granting discharge to the Company's Management Board,
- granting discharge to the Members of the Supervisory Board for the performed supervision of the Company's business in the previous period,
- adoption of the Decision on the Approval of the Policy on the Admission of Members of the Management Board, and
- appointment of the Company's auditor for 2020.

At the meeting held on 25 June 2020, the Supervisory Board gave its consent to the Management Board for the conclusion of Annexes to Long-Term Loan Agreements concluded with Erste&Steiermarkische Bank d.d., as well as for the conclusion of a Loan Agreement for Permanent Working Assets with Erste&Steiermarkische Bank d.d.



6.4 OTHER

LEGAL MATTERS

The sentence of the High Commercial Court of the Republic of Croatia from 2016 upheld the sentence of the Commercial Court in Zadar, identifying Ilirija d.d. as the owner of the entire real estate property on Cadastral Plot 3232, in the Cadastral Municipality of Biograd, with a surface area of 48,705 m², namely the "Ilirija Tennis Centre" with the surrounding land. Thus, the dispute regarding the ownership right over the "Ilirija Tennis Centre" was finally disposed of in favour of the Company.

By the Decision of the Constitutional Court of the Republic of Croatia No. U-III-4392/16 of 5 July 2017, the Constitutional Complaint of the Company was adopted, and the sentence of the Supreme Court of the Republic of Croatia was set aside. The sentence set aside rejected the review of Ilirija d.d. in the case pertaining to the compensation of damages against the town of Biograd na Moru, for the purpose of conversion of the real estate "Primorje" from a construction area into the so-called "Area with landscape features", and the case was referred back to the Supreme Court of the Republic of Croatia.

The sentence of the County Court in Zadar, No. 6 Gž-751/16-2 of 13 June 2017 reversed the sentence of the Municipal Court in Zadar, Permanent Service in Biograd na Moru, of January 2016, and rejected the claim of the town of Biograd na Moru as unfounded. By said claim, the town of Biograd na Moru requested that the Forest Land Lease Agreement concluded between Ilirija d.d. and Hrvatske šume d.o.o. Zagreb, Forest Administration, Split Branch, be declared null and void. Thus, the dispute was finally disposed of in favour of Ilirija d.d., and given the fact that the land in question is tourist land not assessed in the process of conversion and privatization, Ilirija d.d. has already, within the legal deadline, submitted a request to the Government of the Republic of Croatia through the Ministry of Tourism of the Republic of Croatia, for a concession on the co-owned part of the Republic of Croatia, for the use of the Park Soline Camp for 50 years, which is pending as for other joint-stock companies with the same status in the conversion process.

As for the disputes in which the Company participates, both actively or passively, we estimate that such disputes cannot significantly disrupt the Company's business, nor can they cause significant financial expenses for the Company or negatively affect the Company's current and future financial results.

BUSINESS MONITORING AND REPORTING ON A DAILY, WEEKLY AND MONTHLY BASIS

At the level of all sectors and the Company as a whole, a business monitoring system for all business segments was established, namely for monitoring on a daily, weekly and monthly basis in accordance with the applicable Croatian and world reporting standards for the tourism industry. This enabled timely and quality monitoring of achieved operating results as well as the development of quality forecasts and business plans throughout the business year, which created the foundations for a more efficient and rational management of the entire business process, as well as improved and accelerated the overall reporting process at all levels, and especially in the operational part of the Company's business.

MERGERS AND ACQUISITIONS

There were no mergers and acquisitions.



7 BUSINESS EXPECTATIONS IN 2020

Business expectations for 2020 were made in accordance with the circumstances on 20/07 (July 20) 2020. In the first half of March 2020, namely on 11 March 2020, the World Health Organization (WHO) declared the pandemic of coronavirus, the causal agent of COVID-19, which affected most countries in the world, including Europe and the Republic of Croatia. Among the most affected countries are also the key emission markets of Croatian tourism, including those of the Company. The protection of human health and life, both globally and nationally, has changed the daily lives of individuals, but it has also drastically affected economic activities and, consequently, the Company as well. Given the measures taken in order to prevent the spread of coronavirus, namely pertaining to the ban and restriction of international and national traffic, the ban on border crossing, the restriction and ban on social gatherings, the work ban for bars and restaurants, etc., economic and business activities of hospitality and tourism-related business entities are the most vulnerable ones in current circumstances related to the global coronavirus pandemic, and it is realistic to expect that due to the nature of said activities they will be among the last ones to recover following the pandemic.

All of the above affected the Company as well, given that it performs its core hospitality and tour-

ism-related activities in the hotel sector, camping sector, nautical sector, a number of smaller hospitality facilities, the destination management sector and a shopping centre. With the easing of epidemiological measures, accommodation units as well as bars and restaurants in the hotel sector and the DMC Ilirija Travel were opened. They were the only ones not in business in the period from mid-March to the end of May. Thus, on 29 May 2020, the Company performed activities in all its sectors.

Business activities in the remaining part of the financial year will depend exclusively on the epidemiological situation on the domestic market and key international markets, which will require that the Company quickly adapt to market changes. That significantly complicates marketing and sales activities, as well as business planning and service quality in the hotel sector, camping sector and the DMC Ilirija Travel. Any change in the epidemiological situation significantly affects booking trends, so the success of the main season is questionable, especially in the hotel sector, hotel Ilirija****, the largest of the Company's hotels, being the only one open out of the four hotels in total and operating at an occupancy level of 60% of its capacity. In addition, in business activities of the destination management company Ilirija Travel epidemiological recommendations and measures given by the

competent bodies regarding the organization of events and gatherings of larger numbers of people mostly lead to the postponement of events for next year or their cancellation. Therefore, the Company has no significant expectations regarding the success of the hotel sector and the DMC Ilirija Travel. In the nautical sector, where vessel accommodation and reception services are provided for approximately 725 vessels, the Company has been performing its regular activities the entire time, and so have the partners who, as our business collaborators, perform their activities in the marina, and especially those related to charters. We therefore expect the results from the first half of the year to continue in the remaining part of the financial year, which will further contribute to the stabilization of business at the level of the Company. In addition, as for the camping sector, given the epidemiological situation on key markets, we expect the positive trend from June to continue, considering that as at 20 July 2020 the occupancy of the camp was at 50% of its capacity. In the remaining part of the financial year, and especially in the main season we expect the positive trend to continue in the camping sector, provided that there is no significant deterioration of the epidemiological situation in Croatia. In the real-estate sector, all but one tenant, who has not yet been allowed to work by the competent bodies, perform their regular activities, and the Com-

pany thus expects the business process to proceed smoothly in the remaining part of the financial year.

Consequently, the Company's business activities, given all the measures and activities taken for the purpose of adjusting business processes, we consider the achieved business results, and the positive outcomes of all profitability indicators for the first half of 2020, to be a success. In addition, as at 20 July 2020 the Company managed to realise, for the month of July, 58% of the last year's business revenue for the same period, which provides the Company with additional security for the upcoming part of the business year.

As for the preservation of current liquidity, the conclusion of the Addendum to the Loan Agreement between the Company and the commercial bank Erste&Steiermarkische Bank d.d. is of particular importance. Said Addendum defers all due liabilities pertaining to the principal amount of long-term credit liabilities for a period of one year. In addition, the Company has also converted the existing short-term loan in the amount of EUR 600,000.00 with repayment maturity in the summer of 2020 into a medium-term loan in the same amount, with a repayment period of three years and more favourable terms, as well as with a grace period of one year. The procedure of deferral of the payment of all monthly

financial leasing instalments has been initiated with the commercial bank Erste&Steiermarkische Bank d.d. for the period from 1 April 2020 to 30 April 2021, and the formal-legal procedure of drafting an annex to the agreement is under way. It is especially important to point out that in order to preserve liquidity, the Company did not increase its loan liabilities.

In the upcoming period, the Company will, if the need arises, take all the necessary measures and steps to maintain long-term business stability of the Company and smooth performance of the business process in sectors and profit centres in compliance with and implementation of all health, epidemiological and sanitary measures and recommendations issued by the competent bodies, as well as to preserve the Company's current liquidity, assets and capacities, while also securing jobs and social and material rights of employees. Furthermore, given the first indicators in the main season, the Company also has an optimistic attitude towards the preservation of all vital business functions at the level of all its sectors in the second half of the business year, i.e. until 31 December 2020.



Ilijija d.d.

NOTES

The Company has all the permits required for the performance of its activities, such as the decisions on categorization and on the meeting of the minimum technical work requirements, as well as water rights permits, etc.

Goran Ražnjević,
President of the Management Board

ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



Annex 1

ISSUER'S GENERAL DATA

Reporting period: 01/01/2020 to 30/06/2020

Year: 2020

Quarter: 2

Quarterly financial statements

Registration number (MB): 03311953 Issuer's home Member State code:

Entity's registration number (MBS):

Osobni identifikacijski broj (OIB): 05951496767 LEI: 74780000VOGH8Q3K5K76

Institution code: 1271

Name of the issuer: ILIRIJA d.d. BIOGRAD NA MORU

Postcode and town: 23210 BIOGRAD NA MORU

Street and house number: TINA UJEVIĆA 7

E-mail address: ilirija@zd.t-com.hr

Web address: www.ilirjabiograd.com

Number of employees (end of the reporting period): 290

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

Audited: RN (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: STRPIĆ ZORKA

(only name and surname of the contact person)

Telephone: 023/383178

E-mail address: zorkas@ilirjabiograd.com

Audit firm: REVICON d.o.o. ZADAR

(name of the audit firm)

Certified auditor: MARTINA MUSTAĆ

(name and surname)

BALANCE SHEET			
balance as at 30/06/2020			
in HRK			
Submitter:ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	446.242.271	454.568.164
I INTANGIBLE ASSETS (ADP 004 to 009)	003	401.369	384.055
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	0	0
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	401.369	384.055
II TANGIBLE ASSETS (ADP 011 to 019)	010	445.802.208	454.145.415
1 Land	011	43.295.284	43.295.283
2 Buildings	012	255.098.996	257.661.253
3 Plant and equipment	013	61.752.869	66.972.477
4 Tools, working inventory and transportation assets	014	0	0
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	1.536.041	1.689.314
7 Tangible assets in preparation	017	7.035.570	8.115.489
8 Other tangible assets	018	0	0
9 Investment property	019	77.083.448	76.411.599
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	38.694	38.694
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	38.694	38.694
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	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
V DEFERRED TAX ASSETS	036	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	30.262.524	37.448.737
I INVENTORIES (ADP 039 to 045)	038	3.030.542	1.520.370
1 Raw materials and consumables	039	3.030.542	1.520.370
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	0	0
5 Advances for inventories	043	0	0
6 Fixed assets held for sale	044	0	0

7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	21.016.683	17.084.643
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	12.773.137	13.781.644
4 Receivables from employees and members of the undertaking	050	930.274	877.236
5 Receivables from government and other institutions	051	7.313.272	2.197.230
6 Other receivables	052	0	228.533
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	2.284.224	1.041.820
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	0	0
8 Loans, deposits, etc. given	061	2.284.224	1.041.820
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	3.931.075	17.801.904
D) PREPAID EXPENSES AND ACCRUED INCOME	064	3.691.848	254.618
E) TOTAL ASSETS (ADP 001+002+037+064)	065	480.196.643	492.271.519
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	331.242.431	353.852.960
I INITIAL (SUBSCRIBED) CAPITAL	068	229.146.480	229.146.480
II CAPITAL RESERVES	069	2.932.389	2.932.389
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	25.805.276	27.697.949
1 Legal reserves	071	12.477.986	14.677.986
2 Reserves for treasury shares	072	6.975.716	6.975.716
3 Treasury shares and holdings (deductible item)	073	-1.171.105	-1.478.432
4 Statutory reserves	074	0	0
5 Other reserves	075	7.522.679	7.522.679
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Fair value of financial assets available for sale	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	57.983.406	86.966.556
1 Retained profit	082	57.983.406	86.966.556
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	15.374.880	7.109.586
1 Profit for the business year	085	15.374.880	7.109.586
2 Loss for the business year	086	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
B) PROVISIONS (ADP 089 to 094)	088	0	0
1 Provisions for pensions, termination benefits and similar obligations	089	0	0
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	0	0
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	0	0
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	103.947.630	106.068.664

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	103.947.630	106.068.664
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
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	35.569.639	29.118.735
1 Liabilities to undertakings within the group	108	0	0
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	7.993.061	9.746.367
7 Liabilities for advance payments	114	0	0
8 Liabilities to suppliers	115	12.302.491	13.298.941
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	3.506.024	1.469.356
11 Taxes, contributions and similar liabilities	118	6.307.075	3.430.776
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	5.460.988	1.173.295
E) ACCRUALS AND DEFERRED INCOME	122	9.436.943	3.231.160
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	480.196.643	492.271.519
G) OFF-BALANCE SHEET ITEMS	124	0	0

STATEMENT OF PROFIT OR LOSS					
for the period 01/01/2020 to 30/06/2020					
in HRK					
ILIRIJA d.d. BIOGRAD NA MORU					
Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 126 to 130)	125	70.834.035	45.468.332	49.102.176	25.503.704
W	126	0	0	0	0
2 Income from sales (outside group)	127	70.416.671	45.264.845	45.426.872	22.077.158
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	417.364	203.487	3.675.304	3.426.546
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	53.411.756	31.990.562	40.334.053	18.735.088
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	17.368.279	12.032.018	9.967.326	4.883.214
a) Costs of raw materials and consumables	134	8.953.465	6.461.193	3.675.475	1.846.582
b) Costs of goods sold	135	0	0	0	0
c) Other external costs	136	8.414.814	5.570.825	6.291.851	3.036.632
3 Staff costs (ADP 138 to 140)	137	19.181.664	11.178.111	15.037.968	7.000.264
a) Net salaries and wages	138	11.483.759	6.738.694	9.134.100	4.312.610
b) Tax and contributions from salary costs	139	4.973.622	2.852.537	3.766.427	1.692.970
c) Contributions on salaries	140	2.724.283	1.586.880	2.137.441	994.684
4 Depreciation	141	6.398.448	3.199.224	7.075.712	3.600.835
5 Other costs	142	10.404.247	5.522.681	6.991.450	3.019.982
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	59.118	58.528	1.261.597	230.793
III FINANCIAL INCOME (ADP 155 to 164)	154	26.730	12.984	23.692	14.575
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	26	13	77	1
8 Exchange rate differences and other financial income	162	26.704	12.971	23.615	14.574
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	0	0	0	0
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	2.074.129	1.042.925	1.682.229	1.254.325
1 Interest expenses and similar expenses with undertakings within the group	166	0	0	0	0

2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0	0	0
3 Interest expenses and similar expenses	168	2.074.129	1.042.925	1.682.229	1.254.325
4 Exchange rate differences and other expenses	169	0	0	0	0
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	0	0	0	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	70.860.765	45.481.316	49.125.868	25.518.279
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	55.485.885	33.033.487	42.016.282	19.989.413
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	15.374.880	12.447.829	7.109.586	5.528.866
1 Pre-tax profit (ADP 177-178)	180	15.374.880	12.447.829	7.109.586	5.528.866
2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	15.374.880	12.447.829	7.109.586	5.528.866
1 Profit for the period (ADP 179-182)	184	15.374.880	12.447.829	7.109.586	5.528.866
2 Loss for the period (ADP 182-179)	185	0	0	0	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	186	0	0	0	0
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192	0	0	0	0
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
XVII INCOME TAX (ADP 182+189)	195	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196	0	0	0	0
1 Profit for the period (ADP 192-195)	197	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	0	0	0	0
1 Attributable to owners of the parent	200	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	202	0	0	0	0
"II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)"	203	0	0	0	0
1 Exchange rate differences from translation of foreign operations	204	0	0	0	0
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	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0
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	
8 Other changes in equity unrelated to owners	211	0	0	
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0	
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	0	0	
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	0	0	
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)				
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	0	0	
1 Attributable to owners of the parent	216	0	0	
2 Attributable to minority (non-controlling) interest	217	0	0	

STATEMENT OF CASH FLOWS - indirect method				
for the period 01/01/2020 to 30/06/2020				
in HRK				
Submitter: ILIRIJA d.d. BIOGRAD NA MORU				
Item	ADP code	Same period of the previous year	Current period	
1	2	3	4	
CASH FLOW FROM OPERATING ACTIVITIES				
1 Pre-tax profit	001	15.374.880	7.109.586	
2 Adjustments (ADP 003 to 010):	002	8.499.307	8.781.633	
a) Depreciation	003	6.398.448	7.075.712	
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	0	
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	26.730	23.692	
e) Interest expenses	007	2.074.129	1.682.229	
f) Provisions	008	0	0	
g) Exchange rate differences (unrealised)	009	0	0	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0	
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	23.874.187	15.891.219	
3 Changes in the working capital (ADP 013 to 016)	012	2.771.748	2.783.542	
a) Increase or decrease in short-term liabilities	013	-6.167.481	-6.450.904	
b) Increase or decrease in short-term receivables	014	7.367.801	7.186.213	
c) Increase or decrease in inventories	015	133.593	-1.306.407	
d) Other increase or decrease in working capital	016	1.437.835	3.354.640	
II Cash from operations (ADP 011+012)	017	26.645.935	18.674.761	
4 Interest paid	018	0	0	
5 Income tax paid	019	0	0	
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	26.645.935	18.674.761	
Cash flow from investment activities				
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0	
2 Cash receipts from sales of financial instruments	022	0	0	
3 Interest received	023	0	51	
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	0	
III Total cash receipts from investment activities (ADP 021 to 026)	027	0	51	
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-12.927.760	-8.325.893	
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	0	0	
IV Total cash payments from investment activities (ADP 028 to 032)	033	-12.927.760	-8.325.893	
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-12.927.760	-8.325.842	
Cash flow from financing activities				
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	4.707.505	2.613.547	
4 Other cash receipts from financing activities	038	0	0	
V Total cash receipts from financing activities (ADP 035 to 038)	039	4.707.505	2.613.547	
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-8.146.660	-8.743.552	
2 Cash payments for dividends	041	-3.119.387	-2.968	
3 Cash payments for finance lease	042	-3.448.551	-1.654.345	
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	0	

5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-14.714.598	-10.400.865
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-10.007.093	-7.787.318
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	3.711.082	2.561.601
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	219.993	15.240.303
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	3.931.075	17.801.904

STATEMENT OF CASH FLOWS - indirect method				
for the period 01/01/2020 to 30/06/2020 in HRK				
Submitter: ILIRIJA d.d. BIOGRAD NA MORU				
Item	ADP code	Same period of the previous year	Current period	
1	2	3	4	
CASH FLOW FROM OPERATING ACTIVITIES				
1 Cash receipts from customers	001	0	0	
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0	
3 Cash receipts from insurance premiums	003	0	0	
4 Cash receipts from tax refund	004	0	0	
5 Cash payments to suppliers	005	0	0	
6 Cash payments to employees	006	0	0	
7 Cash payments for insurance premiums	007	0	0	
8 Other cash receipts and payments	008	0	0	
I Cash from operations (ADP 001 to 008)	009	0	0	
9 Interest paid	010	0	0	
10 Income tax paid	011	0	0	
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 009 to 011)	012	0	0	
Cash flow from investment activities				
1 Cash receipts from sales of fixed tangible and intangible assets	013	0	0	
2 Cash receipts from sales of financial instruments	014	0	0	
3 Interest received	015	0	0	
4 Dividends received	016	0	0	
5 Cash receipts from repayment of loans and deposits	017	0	0	
6 Other cash receipts from investment activities	018	0	0	
II Total cash receipts from investment activities (ADP 013 to 018)	019	0	0	
1 Cash payments for the purchase of fixed tangible and intangible assets	020	0	0	
2 Cash payments for the acquisition of financial instruments	021	0	0	
3 Cash payments for loans and deposits	022	0	0	
4 Acquisition of a subsidiary, net of cash acquired	023	0	0	
5 Other cash payments from investment activities	024	0	0	
III Total cash payments from investment activities (ADP 020 to 024)	025	0	0	
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 019 + 025)	026	0	0	
Cash flow from financing activities				
1 Cash receipts from the increase of initial (subscribed) capital	027	0	0	
2 Cash receipts the from issue of equity financial instruments and debt financial instruments	028	0	0	
3 Cash receipts from credit principals, loans and other borrowings	029	0	0	
4 Other cash receipts from financing activities	030	0	0	
IV Total cash receipts from financing activities (ADP 027 to 030)	031	0	0	
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	032	0	0	
2 Cash payments for dividends	033	0	0	
3 Cash payments for finance lease	034	0	0	
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	035	0	0	
5 Other cash payments from financing activities	036	0	0	
V Total cash payments from financing activities (ADP 032 to 036)	037	0	0	
C) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 031 +037)	038	0	0	
1 UNREALISED EXCHANGE RATE DIFFERENCES IN CASH AND CASH EQUIVALENTS	039	0	0	
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 012+026+038+039)	040	0	0	
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	041	0	0	
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD(ADP 040+041)	042	0	0	

STATEMENT OF CHANGES IN EQUITY																		
for the period from 01/01/2020 to 30/06/2020																	in HRK	
Item	ADP code	Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Attributable to owners of the parent				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	Minority (non-controlling) interest	Total capital and reserves
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)	
Previous period																		
1 Balance on the first day of the previous business year	01	229.146.480	2.932.389	12.477.986	6.975.716	1.081.205	0	7.522.679	0	0	0	0	59.161.331	0	317.135.376	0	317.135.376	
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	229.146.480	2.932.389	12.477.986	6.975.716	1.081.205	0	7.522.679	0	0	0	0	59.161.331	0	317.135.376	0	317.135.376	
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	15.374.880	15.374.880	0	15.374.880	
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	0	0	0	0	0	0	0	0	
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	2.200.000	0	89.900	0	0	0	0	0	0	-3.377.925	0	-1.267.825	0	-1.267.825	
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	0	0	0	0	0	0	0	0	0	0	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	229.146.480	2.932.389	14.677.986	6.975.716	1.171.105	0	7.522.679	0	0	0	0	55.783.406	15.374.880	331.242.431	0	331.242.431	
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																		
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	2.200.000	0	89.900	0	0	0	0	0	0	-3.377.925	0	-1.267.825	0	-1.267.825	
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	2.200.000	0	89.900	0	0	0	0	0	0	-3.377.925	15.374.880	14.107.055	0	14.107.055	

ILIRIJA d.d.

BIOGRAD NA MORU

Biograd na Moru, 20/07/2020

Statement made by the persons responsible for the preparation of the financial statements for the period from 01/01/2020–30/06/2020

According to Article 403-410 of the Capital Market Act, we declare that:

Financial statements of Ilirija d.d., Biograd na Moru, Tina Ujevića 7, Tax No. OIB: 05951496767, for the period January - June of 2020 have been prepared in accordance with International Financial Reporting Standards and Croatian Accounting Act.

The financial statements give a true and fair view of the financial position of the Company as at 30/06/2020, operating results and cash flows of the Company in accordance with International Financial Reporting Standards.

The Management's Report gives a true overview of operating results and position of the Company as at 30/06/2020.

Accounting Manager:

Zorka Strpić



Management Board:

Goran Ražnjević



ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



ILIRIJA D.D.

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