

Security:	SUKC-R-A
ISIN:	HRSUKCRA0001
LEI:	7478000070X8LWJUBX45
Home member state:	Croatia
Market segment:	Official market

Zagreb, March 16, 2020

Zagreb Stock Exchange
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Announcement regarding COVID-19 impact

Sunce hoteli d.d., Trpinjska 9, Zagreb, OIB: 06916431329 ("**Sunce**" or the "**Company**"), pursuant to the issued recommendations of ESMA (European Securities and Markets Authority), addressed to issuers and financial market participants in connection with the disclosure of business activities concerning the impact of the COVID-19 virus on the financial markets, states as follows.

The ability of the COVID-19 financial impact assessment to our business remains limited due to rapidly changing circumstances and uncertain travel demand, therefore, we are currently unable to reliably quantify the impact of the COVID-19 epidemic on the financial results of the 2020 business year.

In line with other companies in the tourism sector, following the escalation of COVID-19 in our main markets, the entry of new bookings slowed significantly, however, primarily for the period April, May and June of the current year, while the decline is also evident in other months of the season.

Compared to the same day of the previous year, sales is down 16%, mostly due to increased cancellations in April and May and slowing sales in the previous two weeks for the rest of the season. Prior to the escalation of the situation caused by COVID-19, booking was at the level of the previous year.

Further on, following the recommendations of the relevant state institutions, in order to protect the health of our guests and employees and to optimize business operations, the Company has decided to prolong the opening of all hotels in its destinations.

Given the business model of the Company and the location of our hotels, the Company is highly seasonally oriented (which means a lower share of the so-called MICE segment), therefore pre-season accounts for a smaller share of total annual revenue. Thus, for example, the Company has only one facility open during its regular operations in the first quarter, while April, May and June in the business year 2019 accounted for 2%, 7% and 15% of the Company's annual revenue.

We plan to provide more information on the impact of COVID-19 on our operations, primarily on July and August (which accounts for approximately 60% of revenue, and are key to generating the Company's profitability) at the latest during first quarter 2020 result announcement, on the basis of information that we will then have at our disposal.

SUNCE HOTELI d.d.

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