Hotel Kvarner 4*, Opatija

ANNUAL REPORT 2023

LIBURNIA RIVIERA HOTELI d.d.

Opatija, February 2024

CONTENT

The Opatija Riviera

KEY MESSAGES

KEY FINANCIAL INDICATORS

in EUR million	2022	2023	'23/'22
Total revenues	51.0	58.9	16%
Operating revenues	50.5	58.8	16%
Sales revenues	47.9	55.9	17%
Board revenues	39.2	45.7	17%
Operating expenses	37.5	46.2	23%
EBITDA	12.8	12.4	-3%
Adjusted EBITDA	12.8	13.4	4%
Adjusted EBITDA margin	25.4%	22.8%	-260bps
EBIT	-0.7	2.5	/
EBT	-2.0	0.6	/
	31/12/2022	31/12/2023	%
Net debt	42.3	37.3	-12%
Net debt / Adjusted EBITDA	3.3x	2.8x	-15%

KEY OPERATING INDICATORS

	2022	2023	'23/'22
Number of acc. units (operating)	2,126	2,131	0.2%
Operating occupancy (%)	64.3%	67.9%	360bps
Accommodation units sold	312,724	356,764	14%
Overnights	605,350	680,010	12%
Average daily rate (in EUR)	125	128	2%
RevPAR (in EUR)	81	87	8%

Note: Details and explanations of indicators can be found on page 7 in the chapter "Company results"

BUSINESS RESULTS

In the year 2023, Liburnia Riviera Hoteli d.d. (hereinafter: Liburnia Riviera or the Company) reported double-digit revenue growth, driven by the continued strategical evolution of its business model primarily focused on long-term sustainable growth and development. Record-breaking revenues totalled EUR 58.9 million (2022: EUR 51.0 million). They were driven by the successful implementation of the evolved business model, an increased demand on our source markets after our proactive promotional activities, better positioning and management of our tourism properties and improved guest relations.

Despite macroeconomic uncertainties and high inflation, the reported trends showed continual strong operating and financial indicators. During the year 2023, the Company's adjusted EBITDA went up by EUR 0.6 million and totalled EUR 13.4 million. Along with cost optimization to reduce inflationary pressures, the growth of salary costs and other employee benefits to ensure sufficient high-quality workers for the current and next business seasons, the key impact on achieving stronger operating results was a 17% sales revenue growth totalling EUR 55.9 million (2022: EUR 47.9 million; 2019: EUR 41.5 million). An active approach to improve the tourism portfolio with a focus on year-round operations, the development of our products, services lines and events and the mix of marketing and sales channels and related price management resulted in an increase in physical indicators (+44,040 accommodation units sold,+74,660 overnights) while the average daily rate grew to EUR 128 (+2% vs. 2022; +32% vs. 2019).

The Company's activities focused on year-round operations received great feedback, so operating occupancy grew from 64.3% to 67.9%. There was a 24% increase in the number of sold accommodation units in the first half of the year 2023 and thus a EUR 3.4 million (+29%) increase in board revenue vs.

2022 comparative period. In the last quarter, a 16% increase in accommodation units sold along with a 5% ADR increase drove a 21% board revenue increase (+EUR 1.2 million). The strong results achieved in the pre and post season period, despite an unusually large number of rainy and cold days, continued in the main summer season, where board revenues grew by EUR 2.0 million while the average rate grew by 4% and reached EUR 162.

HUMAN RESOURCES MANAGEMENT

Liburnia Riviera has strived to be the leader in year-long operations in Kvarner tourism and secure a skilled workforce needed to improve service quality and guest satisfaction. Thus, at the beginning of April 2023, the Company signed a new collective agreement with the trade unions to increase workers' material rights, improve working conditions for permanent and seasonal employees and increase bonus payments. These measures represent the continuation of the program to improve conditions and the working environment through investing in training programs, increasing the number of permanent employment contracts and adapting the organization to changes in tourism. The aim of these measures is to adequately valorize the Company's employees as its key resource needed to secure stability, quality and long-term business sustainability. It is certainly worth noting that recruitment and preparation for the 2023 season started earlier due to the earlier opening of our destination properties. As of 31/12/2023, the Company employs 755 people, of which 370 are permanent workers.

INVESTMENTS

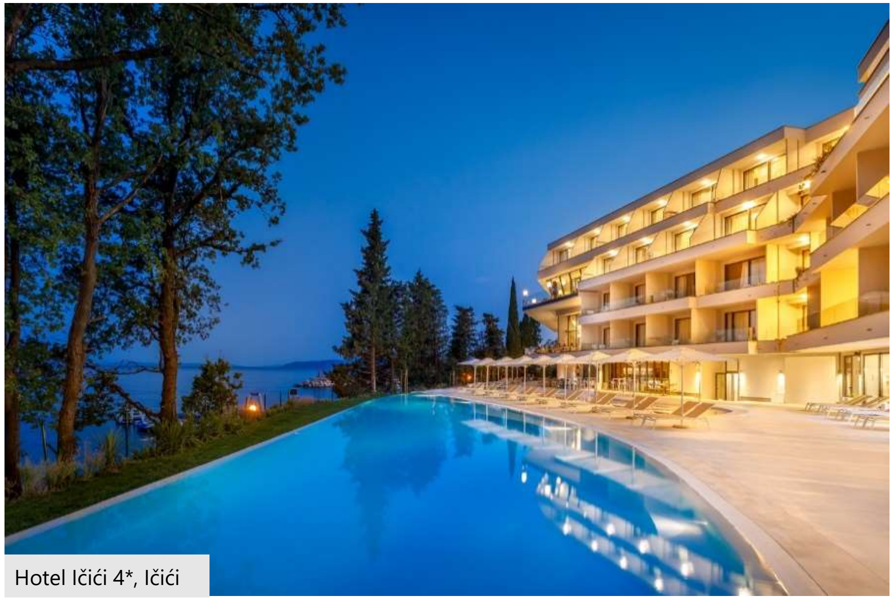
During 2023, investments were focused on necessary works to enhance service quality and prepare facilities for the current and upcoming business seasons. One of the investment highlights was Hotel Ambasador beach, which has been completely renovated and now represents an added value to the five-star hotel's offer. The reconstruction and refurbishment of the beach involved the use of natural materials for finishing and decking, the construction of the "Bura" beach bar, as well as simpler and adapted accesses to the sea. A pleasant stay on the beach is facilitated by adapted lighting, blending the newly refurbished beach seamlessly into the maritime landscape of Opatija's Lungomare. In May, the first phase of the façade reconstruction at Kvarner hotel was completed according to its historical value and conservation conditions. The first phase included the reconstruction of the sea-facing hotel side, conservation works and the preparation of lighting installations for the hotel's exterior. Special materials equivalent to those used during the original construction of the hotel were used for the renovation.

The reporting period included continued investments in software solutions aimed at digital transformation and business optimization, as well as projects aimed at increasing energy efficiency and Wi-Fi network coverage. The investments in the reporting period were worth EUR 4.1 million.

OUTLOOK

The increased demand for the Company's properties continued in 2024 as well, as evidenced by 33% more reservations on the books for the current year period (mid of February 2024 vs. mid of February 2023). However, the Company is unable to predict with certainty the effect of incoming new bookings in 2024, especially due to the strong last-minute trend, but also because of a simpler cancelling policy.

Tourism is one of the healthiest and most resilient branches of the Croatian economy, given that it is completely market-oriented, enabling direct benefits for a significant part of the population. Along with a convenient geographical location of the Company's destinations, the positive impact of the euro introduction and Croatia's entry into the Schengen area from 1 January 2023 (in addition to the earlier positive impact on Croatia's credit rating) Croatia's attractiveness as an excellent European tourist destination will continue in 2024, too. However, the entire tourism sector is facing numerous challenges. Therefore, it is important that all stakeholders in tourism, with the support of the Government of the Republic of Croatia, employ the right, quick solutions to create offers and products having high added value and quality, ensure quality in human resources, encourage investments, innovations and digital transformation of tourism, thus strengthening the business sustainability, and increasing the competitiveness of the Croatian tourism sector.



Hotel Ičići 4*, Ičići

ABOUT LIBURNIA RIVIERA

Liburnia Riviera is one of the largest hospitality companies in the Republic of Croatia with almost EUR 60 million in annual revenues. Opatija, also known as the 'Pearl of the Adriatic' or 'Queen of Tourism', represents an exclusive Adriatic resort with a long history of tourism dating back to 1844, and Liburnia Riviera's tourism portfolio has been highly integrated into international tourist markets for more than 100 years. Liburnia Riviera has more than 2,100 keys in its operational tourism portfolio where in its 13 hotels, 2 villas, 2 apartment complexes and one camping resort it can host more than 4,800 guests per day. Catering for the perfect holiday and authentic experiences for them, there are over 1,000 high-season employees.

Adhering to the vision of positioning Opatija and surrounding municipalities as one of the best tourist destinations in the Mediterranean, destination Liburnia riviera needs a significant strategic shift in tourism development that will ultimately result in further improvements and upscaling of tourist products and experiences. As the largest hotelier on the Liburnia riviera the Company is focused on a strategy to stimulate growth and create new value, recognizing the started reorganization to be the first step in building a solid ground for sustainable investments in high value-added products, talents, innovative services and destinations, as well as international branding.

SIGNIFICANT BUSINESS EVENTS

CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

During the first nine months of 2023, the Company's Management Board was composed by the president of the Management Board, Mr. Karl Eckerstorfer, and a member of the Management Board, Mr. Dušan Mandič. However, in October 2023 there was a change in the composition of the Management Board due to the president's and member's resignations (Mr. Eckerstorfer and Mr. Mandič) effective as of 31 October 2023, after which the Supervisory Board of the Company adopted a decision on 17 October 2023 appointing Mr. Ante Barić as the new president of the Management Board, starting from 1 November 2023, while it appointed Mr. Filip Močibob as the new member of the Management Board, starting from the appointment decision date.

At the beginning of 2023, the Company's shareholder, GITONE Adriatic d.o.o., made a decision by which it appointed Mr. Ante Barić as the ninth member of the Supervisory Board of the Company, who, as a result of his transfer to the position of president of the Management Board, submitted his resignation with effect from 31 October 2023. Also, the Company received the resignation of a member of the Supervisory Board at the beginning of July 2023, Mr. Thomas Mayer, with effect from 10 August, after which, at the General Assembly of the Company, Mrs. Dita Chrastilová was appointed as deputy.

At the General Assembly of the Company held on 29 December 2023 the following persons were re-appointed as Supervisory Board members: Mr. Johannes Böck, Mr. Alexander Paul Zinell, Mr. Philip Göth and Ms. Ana Odak.

Also, Manfred Kainz was appointed as Supervisory Board member by shareholder decision of GITONE Adriatic d.o.o. on 29 December 2023. His term of service started on the same day.

LIBURNIA RIVIERA GENERAL ASSEMBLY

The General Assembly of the Company was held on 10 August 2023 during which the following points were adopted:

• the report on the remuneration of the Management Board and the Supervisory Board of the Company for 2022 was approved together with the auditor's report on its examination;

• the realized loss of the Company for 2022 in the total amount of HRK 4,169,004 (EUR 553,322) was allocated to the loss brought forward;

• the Management Board was discharged for the management of the Company's affairs in 2022 and the Supervisory Board was discharged for the supervision of the management of the Company's affairs in the year 2022;

• in accordance with the legal provision related to the introduction of the euro, the adjustment of the amount of the Company's share capital and shares was approved, along with the amendment of the articles of association, whereby the share capital was reduced by EUR 79,430.96 to EUR 92,305,500.00 and was divided into 302,641 ordinary registered shares, with a nominal amount of EUR 305;

• Grant Thornton revizija d.o.o (auditing company from Zagreb) was appointed to perform the audit of Liburnia Riviera in 2023;

• Mrs. Dita Chrastilová was elected as a new member of the Supervisory Board, until the expiration of the mandate of the current members of the Supervisory Board, starting from 10 August 2023.

On 29 December 2023, the General Assembly of the Company adopted the only agenda point i.e. appointment of the Supervisory Board members as mentioned in the "Changes in the Management and Supervisory Board."

COMPANY RESULTS

KEY FINANCIAL INDICATORS [1]

in EUR million	2022	2023	'23/'22
Total revenues	51.0	58.9	16%
Operating revenues	50.5	58.8	16%
Sales revenues	47.9	55.9	17%
Bord revenues[2]	39.2	45.7	17%
Operating expenses[3]	37.5	46.2	23%
EBITDA[4]	12.8	12.4	-3%
Adjusted EBITDA[5]	12.8	13.4	4%
Adjusted EBITDA margin	25.4%	22.8%	-260bps
EBIT	-0.7	2.5	/
EBT	-2.0	0.6	/
	31/12/2022	31/12/2023	%
Net debt[6]	42.3	37.3	-12%
Net debt / Adjusted EBITDA	3.3x	2.8x	-15%

KEY OPERATING INDICATORS

	2022	2023	'23/'22
Number of acc. units (operating)	2,126	2,131	0.2%
Operating occupancy (%)[7]	64.3%	67.9%	360bps
Accommodation units sold	312,724	356,764	14%
Overnights	605,350	680,010	12%
Average daily rate (in EUR)	125	128	2%
RevPAR (in EUR)[7]	81	87	8%

REVENUES

During 2023, total revenues were EUR 58.9 million (2022: EUR 51.0 million), up by 16% vs. last year's comparable period. They were driven by the following:

a) sales revenues, up by 17% (EUR +8.0 million) and totaling EUR 55.9 million, mainly consisting of board revenues (EUR +6.5 million; +17%). Along with a 2% ADR growth, board revenues grew strongly mainly due to a larger number of accommodation units sold (+14% and totaling 356,764 units sold) and overnights (+12% and totaling 680,010 overnights). These results were driven by i) more operating days due to the earlier opening of the hotels following the strategy of further extending the tourist season and positioning Opatija as a year-round destination, whereby the Ambasador, Bellevue, Istra, Excelsior, Imperial and Admiral hotels were open during Q1, ii) the strong recovery of the group and M.I.C.E segment due to the business normalization and calming of the COVID-19 pandemic and iii) the development of products and services and many interesting events with added value for guests (e.g. Dora National Eurovision Song Contest, Imperial Spirit Cocktail Festival, RetrOpatija, Liburnia Summer Vibes, Chocolate festival, Advent in Opatija...). The outlet food and beverage segment also contributed to the significant increase in sales revenues (EUR +1.0 million; +16%) as a result of upgrading products and service quality in F&B outlets. This is evidenced by inclusion of the fine-dining restaurant Cubo at Ambasador hotel in the new edition of the renowned Gault&Millau guide, as well as the Travellers' Choice award to

[1] Classified according to Annual Financial Statement standard (GFI POD-RDG) EBIT and EBITDA are recorded on the basis of operating income.
[2] In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry) board revenues include accommodation revenues and board food and beverage revenues.
[3] Operating costs calculated according to the formula operating expenses - depreciation - value adjustment – provisions.
[4] EBITDA (earnings before interest, taxes, depreciation and amortization) is calculated according to the formula: operating income - operating expenses + depreciation + value adjustments.
[5] Adjusted EBITDA is calculated by the formula: EBITDA - extraordinary operating result and one-time items. Extraordinary operating result and one-time items (2023: EUR 1.0 million; 2022: EUR 0 million).
[6] Net debt: long-term and short-term liabilities to banks and other financial institutions + other liabilities in accordance with IFRS 16 (leases) - cash and cash equivalents.
[7] Operating occupancy and RevPar are calculated based on the number of operating accommodation units whereby RevPar is calculated according to the formula: Operating occupancy (%) x Average daily rate.

the Strauss Cafe at Palace Bellevue hotel, which is ranked among the 10% of restaurants with the best reviews on the world's largest travel platform;

b) **other operating income** increased by EUR 0.3 million compared to the same period in 2022, amounting to EUR 2.9 million. In 2023, it was mainly income from rents, write-offs of previous years' liabilities and income from cancelling long-term provisions.

OPERATING EXPENSES

in EUR million	2022	2023	23'/22'
Total operating expenses	51.2	56.3	10%
Material costs	18.3	22.9	25%
Staff costs	15.3	19.5	27%
Depreciation and amortization	12.9	9.8	-24%
Provisions and value adjustments	0.8	0.3	-63%
Other operating expenses	3.8	3.8	0%

Total operating expenses during 2023 were EUR 56.3 million, up by 10% (EUR +5.1 million). They consisted of:

a) **material costs** representing 41% (36% in 2022). They grew by 25% (EUR +4.6 million) and reached EUR 22.9 million mainly due to increased direct costs of raw materials driven by business growth (+12% overnights) vs. last year's comparable period and inflationary pressures. They (especially those related to energy sources) were kept under control primarily by optimizing the cost structure and using the state aid;

b) the share of **staff costs** within total operating expenses grew (35%) vs. past comparable period (30% in 2022). The 27% growth (EUR +4.2 million) to EUR 19.5 million was primarily due to the following: i) business growth (+74,660 overnights; +12%) and the related increased employees' working hours and ii) increased benefits;

c) **depreciation** represented 17% of total operating expenses (25% in 2022). It fell by 24% (EUR -3.1 million) to EUR 9.8 million due to the adjustment of individual depreciation groups with the expected lifetime of fixed assets;

d) **provisions and value adjustments** fell by EUR 0.5 million and totalled EUR 0.3 million of which EUR 0.1 million represented provisions for court cases, while the remaining EUR 0.2 million represented value adjustments of mainly long-term assets;

e) **other operating expenses** represented 7% of total expenses (7% in 2022). They totalled EUR 3.8 million.

OPERATING RESULT (EBITDA)

The reported operating result (adjusted EBITDA) was EUR 13.4 million, up by EUR 0.6 million compared to the same period last year. This growth in operating result was achieved despite an unusually large number of rainy and cold days during the high season (end of July and beginning of August) and the negative impact of inflationary pressures on material costs (EUR +4.6 million). This was achieved through an active approach to improving the tourism portfolio and enriching the tourist offer, as well as a mix of marketing and sales channels with a focus on price management, optimization of operating costs, and active management of operational efficiency at all levels of operations.

FINANCIAL RESULT

The financial result was EUR -1.9 million (EUR -1.3 million in 2022). The main reason for the EUR 0.6 million lower financial performance vs. past comparable period was mainly the net increase in interest expenses caused by the withdrawal of long-term and short-term credit lines in 2022 and 2023 to strengthen the Company's liquidity and the increase in reference interest rates in credit arrangements with a variable interest rate.

GROSS/NET PROFIT

Profit before tax increased by EUR 2.6 million and totalled EUR 0.6 million due to lower depreciation costs caused by the adjustment of individual depreciation groups with the expected lifetime of fixed assets. Net profit amounted to EUR 1.4 million, representing an increase of EUR 2 million compared to the previous comparative period.

ASSETS AND LIABILITIES

in EUR million	31/12/2022	31/12/2023	'23/'22
Fixed assets	115.4	110.5	-4%
Current assets	14.3	11.6	-19%
Prepaid expenses and accrued income	0.1	0.2	100%
TOTAL ASSETS	129.8	122.3	-6%
Capital and reserves	68.1	69.5	2%
Provisions	1.9	1.5	-21%
Long-term liabilities	43.1	31.9	-26%
Short term liabilities	15.8	19.3	22%
Accruals and deferred income	0.9	0.1	-86%
TOTAL LIABILITIES	129.8	122.3	-6%

As at 31/12/2023, the total value of the Company's assets was EUR 122.3 million, down by 6% vs. 31 December 2022. Fixed assets were EUR 110.5 million, decreasing by EUR 4.9 million mostly because of the following: i) calculated amortization totalling EUR 9.8 million, ii) investments in maintaining and improving the quality of tourism products and services totalling EUR 4.1 million and iii) increased deferred tax assets by EUR 0.8 million due to tax losses carried forward and other temporary differences.

Total current assets decreased by EUR 2.7 million and totalled EUR 11.6 million mainly due to a decrease in cash by EUR 2.8 million to EUR 6.9 million (2022: EUR 9,7 million) resulting from the repayment of a short-term debt and other short-term liabilities in 2023.

Total capital and reserves were EUR 69.5 million and they increased by 2% due to EUR 1.4 million net profit during 2023.

Total long-term liabilities decreased by EUR 11.2 million totalling EUR 31.9 million due to the reclassification of credit liabilities from long-term to short-term based on their maturity in 2024.

Total short-term liabilities were EUR 19.3 million, up by 22% compared to 31 December 2022. The EUR 3.5 million increase in short-term liabilities was primarily influenced by: i) increased short-term debt by EUR 3.3 million, ii) increased liabilities for advances (+EUR 0.6 million), and iii) decreased liabilities to employees by EUR 0.6 million due to severance payments during the year (that had been provisioned earlier).

RISKS IN THE COMPANY'S BUSINESS

The tourism industry has been changing rapidly over recent years. This is a result of changes in travel patterns, the emergence of low-cost airlines and various online agencies, new technologies and changes in booking trends, as well as in the very expectations of guests. Considering that the tourism industry represents a business of global proportions, it is very closely linked to the real and financial economy, macroeconomic and geopolitical aspects, and environmental sustainability, Company assesses the probability of the occurrence of a particular risk at the macro and micro level for each segment of the business and its potential consequences, or impact on the business processes and system of Liburnia Riviera.

The aim of risk management is to further encourage the creation of sustainable value and to assure the Company's many stakeholders. The risk management process consists of the following steps: a) identification of potential risks in the business, b) analysis and assessment of the occurrence of identified risks, c) defining activities and responsibilities for effective risk management, d) supervision and monitoring of measures taken to eliminate and/or reduce the occurrence of risk events, and e) exchange of information on risk management results.

The Company, like most companies in the tourism sector, is exposed to a number of risks in daily business that can be divided into the following categories:

1) FINANCIAL RISKS

Financial risks include interest rate, credit, price and liquidity risk.

Part of the debt with banks contracted at variable interest rates partially exposes the Company to the risk of changing interest outflows at cash flow, while credit risk arises from money, term deposits and trade receivables. Credit risk is minimized by arranging deals with customers who have an appropriate credit history, arranging prepayments or payments through security deposits and credit cards for individual customers. The Company also acquires insurance instruments for receivables (bills of exchange, promissory notes and guarantees) thus allaying the risks of non-performing of its claims for the services provided. The Company continuously monitors tour operators and travel agencies with which it does regular business, while actively checking their financial competencies, and in the end, it implements forced collection by activating insurance measures to collect its receivables.

The Company is not an active participant in the capital markets in terms of trading with equity and debt securities, therefore it is not significantly exposed to price risk.

Sound liquidity risk management ensures that the Company ensures day-to-day control and provision of sufficient amounts of free cash through operating cash flows and adequate amounts of currently agreed and future credit lines to meet its obligations. Credit lines for 2023 are contracted with reputable financial institutions, while in general credit repayments are aligned with the period of significant cash inflows from operational activities. The Company monitors the level of available funds through daily cash and debt reports. Long-term cash flow forecasts, as well as annual (monthly) forecasts, are based on the set budget. After meeting the needs of working capital management the surplus is deposited in the treasury. From there the funds are invested in interest-bearing current accounts, time deposits, money market deposit accounts and marketable securities. Only instruments with suitable maturities and sufficient liquidity are selected, according to the forecast needs for liquid funds.

2) BUSINESS RISKS

The Company is exposed to business risks related to competitiveness and business stability. Since the Company owns real estate, this business model requires intensive capital engagement to maintain high-quality products and services. Capital intensive investment projects in increasing the quality of services and products may exceed budget expectations, construction does not have to be completed on time, in the meantime, changes to urban planning regulations, other laws and fiscal policy may take effect and may lead to the opening of litigations with suppliers and contractors or inconsistent quality of work. These risks may adversely affect the Company's cost increase, as well as weaker cash flow and lower revenues.

Given that in conditions of a stable market, excluding the impact of the pandemic, almost 90% of the Company's guests are guests from abroad, the stability of macroeconomic indicators in their domicile countries is very important, where the price of goods and services that directly affect the purchasing power of guests play a significant role. The extreme seasonality of Croatian tourism as an industry poses a significant risk and impact on business results, as it leads to insufficient use of available tourist capacities and resources. Therefore, the Company at all levels of management strives to develop the tourist offer, using its comparative advantages and expertise while pondering strategically about the development of the tourist product.

Without high-quality human resources management, the development of the Company is not possible, and the expansion of the labor market in recent years has identified risks related to deficit positions, the development of new knowledge and specific skills. The Company's ability to provide support to its business may be impaired if the Company is unable to hire, train and retain the sufficient number of workers necessary for the realization of its business strategy and sustainable growth and development, especially during the high season from June to September. Therefore, the Company continuously engages in a dialogue with social partners and ensures a high level of workers' rights, starting with wage competitiveness, motivation and reward systems, untie career development, health care programs and numerous training programs.

3) OTHER RISKS

The Company is exposed to operational risk, i.e., direct and indirect losses arising from the Company's flawed internal and external processes. An incorrect assessment of a development opportunity may affect the Company's ability to deliver business growth and long-term value for shareholders. Given the complexity of the organization, systematic work is being done on the analysis of data that actively monitors the Company's business actions, thus providing a timely work frame for valid business decisions.

The Company is aware of the risk of exposure to cyber-attacks which may result in significant disruptions to operations and financial losses due to declining revenues, costs of repairing damage from attacks, and significant fines in the event of data security breaches, as well as the reliability of IT business solutions. Hence, the Company continuously works on its further development with a focus on data protection projects, improvement of existing and development and implementation of new, modern business systems.

Apartments Belvedere 4*, Lovran

CORPORATE GOVERNANCE

The Company continuously, to the greatest extent possible, develops and operates, in accordance with the good practice of corporate governance prescribed by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange d.d. Business strategy, policy, key acts and business practices have established governance standards, aimed at contributing to transparent and efficient business.

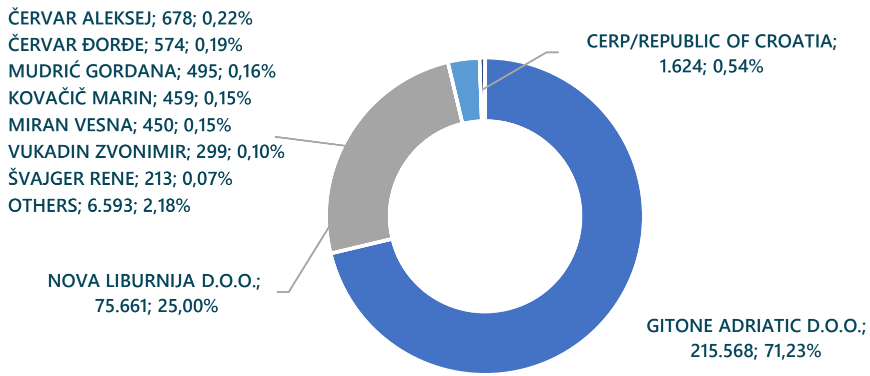
During 2023, for the most part, the Company has followed and applied the recommendations set out in the Code, disclosing all information as foreseen by the positive regulations and information beneficial for the interest of the Company's shareholders.

In accordance with the requirements of the Code, and in accordance with the provisions of the Companies Act, the Supervisory Board conducts internal supervision of the Company with regular inspections of presented reports. Members of the Supervisory Board are regularly provided with detailed information on the management and operations of the Company. At the meetings of the Supervisory Board, all matters within the competence of that body prescribed by the Companies Act and the Statute of the Company are discussed and decided. In addition, the Supervisory Board performs internal control and oversight through the Audit Committee, which provides expert support to the Supervisory Board and the Management Board in the effective performance of corporate governance, risk management, financial reporting and control obligations of the Company. Since 2021, the Strategic Development, Investment and Construction Committee, and the Procurement Committee have also been active within the Supervisory Board, with the purpose of accelerating internal processes of apt decision-making in cooperation with the Company's management, with the aim of implementing further planned investments in the shortest possible time frame.

Management ensures that the Company keeps business and other books and business documentation, draws up bookkeeping documents, realistically assesses assets and liabilities, compiles financial and other reports in accordance with accounting regulations and standards and applicable laws and regulations.

The Company does not have a formal diversity policy in place regarding gender, age, education or profession in executive, managerial and supervisory bodies. Executive/managerial roles in the Company are appointed depending on the needs of specific business activities, requiring certain knowledge, professional qualification, and the capacity of potential role holder, without taking into account diversity with regards to gender or age. The Company also requires certain knowledge, education and capacity of potential job holders in these bodies in management and supervisory boards, and in accordance with the criteria and decisions of the Supervisory Board and the Assembly of the Company.

Overview of the largest shareholders of the Company on 31 December 2023:



In accordance with the Statute of the Company, shareholders' right to vote is not limited to a certain percentage or number of votes, nor are there time restrictions for exercising voting rights. Each ordinary share carries one vote at the General Assembly. The Company's rights and obligations arising from the acquisition of its own shares are exercised in accordance with the provisions of the Companies Act (ZTD). On 31 December 2023, the Company holds 4 of its own shares, and in 2023, the Company did not acquire its own shares.

Members of the Company's Management and Supervisory Board are not direct or indirect holders of the Company's shares in terms of the Companies Act (ZTD), and thus do not represent significant holders of the Company's shares in terms of the Companies Act (ZTD) and the Corporate Governance Code, thereby ensuring their independence as provided by the applicable legislation. The Management Board of the Company shall be appointed and revoked by the Supervisory Board.

During 2023, the Company's Management Board was composed by the President of the Management Board, Mr. Karl Eckerstorfer, and a member of the Management Board, Mr. Dušan Mandič. However, in October 2023 there was a change in the composition of the Management Board due to the President's and Member's resignations (Mr. Eckerstorfer and Mr. Mandič) effective as of 31 October 2023, after which the Supervisory Board of the Company adopted a decision on 17 October 2023 appointing Mr. Ante Barić as the new President of the Management Board, starting from 1 November 2023, while it appointed Mr. Filip Močibob as the new member of the Management Board, starting from the appointment decision date.

The Authority of members of the Management Board is fully aligned with the provisions of the Companies Act (ZTD) and is regulated in more detail by the provisions of the Statute.

Company's Assembly appoints and revokes the Supervisory Board, in accordance with the Statute of the Company and the Companies Act (ZTD), and on 31 December 2023 is composed of the following members:

- Mr. Johannes Böck, president,
- Mrs. Dita Chrastilová, deputy,
- Mr. Philip Göth, member,
- Mr. Alexander Paul Zinell, member,
- Mr. Davor Žic, member,
- Mr. Danijel Jerman, member,
- Mr. Rikardo Gregov, member,
- Mrs. Ana Odak, member,
- Mr. Manfred Kainz, member.

At the beginning of 2023, the Company's shareholder, GITONE Adriatic d.o.o., made a decision by which it appointed Mr. Ante Barić as the ninth member of the Supervisory Board of the Company, who, as a result of his transfer to the position of President of the Management Board, submitted his resignation with effect from 31 October 2023. Also, the Company received the resignation of a member of the Supervisory Board at the beginning of July 2023, Mr. Thomas Mayer, with effect from 10 August, after which, at the General Assembly of the Company, Mrs. Dita Chrastilová was appointed as deputy. At the General Assembly of the Company held on 29 December 2023 the following persons were re-appointed as supervisory board members: Mr. Johannes Böck, Mr. Alexander Paul Zinell, Mr. Philip Göth and Ms. Ana Odak. As a rule, the Management Board and the Supervisory Board work in meetings, by decision-making without holding meetings, by correspondence, all in accordance with the provisions of positive regulations. The General Assembly is convened, operates and has the authority in accordance with the provisions of the ZTD as well as the provisions of the Statute of the Company, and the invitation and proposals of decisions, as well as the decisions taken, are made public in accordance with the provisions of the Companies Act (ZTD), the Capital Market Act and the Rules of the Zagreb Stock Exchange d.d. The rules on the appointment and revocation of members of the Management Board and members of the Supervisory Board are defined by the Statute, and in accordance with the provisions of the Companies Act (ZTD). The appointment rules do not contain any restrictions on diversity with regards to gender, age, education, profession and similar limitations.

The Supervisory Board, to perform its function more efficiently as well as the tasks prescribed by the provisions of the Law on Audit and the Code of Corporate Governance, includes:

Audit Committee: Mr. Johannes Böck, President, Mr. Philip Göth and Mrs. Ana Odak, members,

Strategic Development, Investments and Constructions Committee: Mr. Johannes Böck, President and Mr. Ante Barić and Mrs. Ana Odak, members,

Procurement Committee: Mr. Johannes Böck, President and Mr. Ante Barić and Mrs. Ana Odak, members.

NON-FINANCIAL REPORT

Pursuant to article 21.a (Official Gazette 78/15, 134/15, 120/16, 116/18, 42/20, 47/20, 114/22, 82/13) of the Accounting Act, the Company publishes a non-financial report for the business year 2023.

Following the characteristics of the tourism activity performed by the Company, where, in addition to the social component and human resources, one of the most important resources is the environment, the Company pays special attention to the principles of socially responsible business operations. The Company's comprehensive approach to corporate social responsibility, in relation to key shareholders with whom the company maintains continuous communication, is part of the Company's strategy in which sustainable destination development and support to the local community, as well as environmental protection, employee and guest satisfaction are part of regular business. Therewith the Company sustainably develops the local community by enriching the tourist offer by expanding the tourist infrastructure and supporting cultural, gastronomic, educational and entertainment programs, projects and initiatives that improve the attractiveness and competitiveness of the destination and contribute to the prolongation of the tourist season and, thus, preserving its cultural identity and the value of the local community.

Ecology and sustainable development

Environmental responsibility is one of the biggest challenges of the future, actively monitored by the Company and in which it directs a large part of its resources in order to maintain a high level of competitiveness and sustainability. Tourism intensively applies environmentally responsible concepts as environmental protection contributes to economic growth, employment and increased competitiveness as well as comparative advantages. The entire business of the Company is based on ecologically sustainable systems and the Company pays special attention to the preservation and protection of the environment. The company engages authorized firms to conduct measurements of emissions of pollutants into the air from stationary sources and has an ISO 50001:2018 energy certificate. The strategic goal of the Company is to continuously improve the quality of services, including continuous improvement and increase of energy efficiency (electricity, heating oil, gas, water) and procurement of energy-efficient products and services. Water conservation, as one of the most important natural resources, and its rational use in the Company's business is achieved by controlling and optimizing water consumption, as well as informing guests about the importance of conscious water use. In order to increase energy savings, the Company uses energy-saving devices and high-energy efficiency equipment. The selection of non-hazardous from hazardous waste, at the place of its generation, increases the amount of secondary raw materials that can be recycled and reduces the amount of waste that is permanently disposed of in landfills. Waste disposal is performed by companies authorized for the disposal of certain types of waste and acting in accordance with the principles of environmental protection. The Company also regularly disposes of organic waste (e.g. food leftovers from the kitchen) in an environmentally and legally prescribed manner, which favours the development of bacteria.

Employment and ensuring workers' rights

The Company achieves the highest employment in the high tourist season, i.e., in the period from June to September. As of 31 August 2023, the Company employed 855 employees, of which 367 for an indefinite period of time and 488 for a definite period of time. The Company reaches its lowest employment outside the tourist season, in February. As of 28 February 2023, the Company employed 610 employees, of which 346 for an indefinite period of time and 264 for a definite period of time. During 2023, average employment increased compared to 2022 due to the full recovery of tourist and business activities, especially in the high season due to strong demand for tourist accommodation in the Republic of Croatia and consequently increased need for seasonal employment. Investment and comprehensive care of human resources are one of the primary business objectives of the Company, which ensures employee satisfaction with material working and accommodation conditions, and consequently a high level of quality service to guests. Thus, at the beginning of April 2023, the Company signed a new collective agreement with the trade unions to increase workers' material rights, improve working conditions for permanent and seasonal employees and increase bonus payments. These measures represent the continuation of the program to improve conditions and the working environment through investing in training programs, increasing the number of permanent employment contracts and adapting the organization to changes in tourism. In addition to its commitment to complying with all legal requirements and internal health and safety standards of its employees, contractual partners and guests, providing additional benefits to employees (e.g., hot meals for all employees), talent management and career development, the Company continuously invests in accommodation facilities for its seasonal workers at locations from Opatija to Medveja.

The formal legal relations with employees are regulated by sources that regulate employment relations and respect the provisions of the Labour Act, the Collective Agreement for Hotel and Catering Business, the Collective Agreement concluded by the Company with trade union branches operating in the Company, which include the Istria, Kvarner and Dalmatia Trade Union and the Trade Union for tourism and services of Croatia, as well as employment contracts of each individual worker. Negotiations with the Trade Unions are renewed every year and are conducted in good faith, so there is a continuous agreement on the rights of workers and the obligations of the employer, as well as the obligations of workers to the employer. The Workers' Council was established in the Company in accordance with the provisions of the Labour Act. Communication with the Workers' Council and the representatives of the Trade Union takes place directly in all situations prescribed by the sources of labour law. The employer informs the representatives of workers and trade unions about the situation in the Company, business results and other issues that are important for workers.

Respecting human rights

In accordance with the provisions of the Labour Act, the Company fulfils its obligations based on the protection of the dignity, life, health and privacy of employees as well as the protection of personal data. When recruiting and promoting, the Company provides candidates with equal opportunities and treatment. Attention is also paid to guests and all guests are approached equally regardless of nation, religion, skin colour or gender. Direct or indirect discrimination against a job applicant and the person employed, on the basis of race or ethnicity or colour, gender, language, religion, national or social origin, property status, education, social status, marital or family status, age, health status, disability, genetic inheritance, expression or sexual orientation is not permitted. The Company protects the dignity of employees during the performance of work by ensuring working conditions in which they will not be exposed to harassment by superiors, associates or persons with whom the employee regularly comes into contact in the performance of their duties. The Company organizes work in a way that ensures the health and life of workers, as well as protective clothing and footwear in accordance with regulations on safety at work. The Company applies high ethical standards in its business, implements a policy of zero tolerance towards corruption and promotes the same in relations with partners. High business standards are set forbidding to accept or give bribes in order to gain an advantage for oneself or the Company.

Personal data protection

The Company values the protection of the privacy of employees, guests and partners. Their personal data are protected, and special attention was paid to the harmonization of personal data protection procedures with the provisions of the General Regulation and the Act on the Implementation of the General Regulation on Data Protection. Rules and procedures have been adopted, and in the implementation of the solution based on the provisions of the General Regulation, increased attention has been paid to the collection of personal data of website visitors and guests at the receptions of facilities. Technical measures have been taken to more effectively protect personal data. Personal data are systematized in accordance with the General Regulation and internal regulations, and procedures for access to personal data are provided. The Company carries out the implemented policies and procedures and continuously improves the data protection system of data processed.

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD FOR COMPILING THE ISSUER'S REPORTS

Opatija, 22 February 2024

The Management Board is required to prepare financial statements for each financial year that present fairly, in all material respects, the financial position of the Company and its performance and cash flows, in accordance with International Financial Reporting Standards adopted by the European Union and is responsible for keeping appropriate accounting records to prepare these financial statements at any time. The Management Board has the general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Management is responsible for selecting appropriate accounting policies that are in line with applicable accounting standards and should be applied consistently thereafter; make reasonable and prudent judgments and estimates, prepare financial statements based on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Management Board is also responsible for the preparation and content of management reports as well as statements on the application of the Code of corporate governance and non-financial report, in accordance with the Croatian Accounting Act. The management report, report of the corporate governance code and non-financial report for the period from 1.1.2023 to 31.12.2023 were approved for issuance by the Management Board.

Pursuant to Articles 462 to 471 of the Capital Market Act (Official Gazette 65/18, 17/20, 83/21, 151/22), the Management Board issues this statement:

Audited unconsolidated financial statements of Liburnia Riviera Hoteli d.d. have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Croatian Accounting Act.

Audited unconsolidated financial statements for the period from 1.1.2023 to 31.12.2023 give a true and fair view of the Company's assets and liabilities, financial position, profit or loss.

The management report, together with the audited financial statements for the stated period, contains an objective presentation of the development and results of operations and the position of the Company with a description of the most significant risks and uncertainties to which the Company is exposed.

Mr. Ante Barić,
President of the Management Board

LIBURNIA RIVIERA HOTELI
DIONIČKO DRUŠTVO
OPATIJA 13

Mr. Filip Modibob,
Member of the Management Board

ISSUER'S GENERAL DATA

Reporting period:	1.1.2023	to	31.12.2023
Year:	2023		

Annual financial statements

Registration number (MB):	03166619	Issuer's home Member State code:	HR
Entity's registration number (MBS):	040008080		
Personal identification number (OIB):	15573308024	LEI:	74780000COJHFR9WBI35
Institution code:	1121		
Name of the issuer:	LIBURNIA RIVIERA HOTELI d.d. OPATIJA		
Postcode and town:	51410		OPATIJA
Street and house number:	MARŠALA TITA 198		
E-mail address:	liburnia@liburnia.hr		
Web address:	www.liburnia.hr		
Number of employees (end of the reporting	755		
Consolidated report:	KN	(KN-not consolidated/KD-consolidated)	
Audited:	RD	(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:	Laković Alen (only name and surname of the contact person)		
Telephone:	+ 385 (0)51 710-391		
E-mail address:	alen.lakovic@liburnia.hr		
Audit firm:	Grant Thornton revizija d.o.o. Zagreb (name of the audit firm)		
Certified auditor:	Dalibor Briški (name and surname)		

BALANCE SHEET
balance as at 31.12.2023

in EUR

Submitter: LIBURNIA RIVIERA HOTELI d.d.			
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**	115.431.296	110.520.325
I INTANGIBLE ASSETS (ADP 004 to 009)	**003**	2.575.232	2.862.067
1 Research and development	**004**	162.757	125.542
2 Concessions, patents, licences, trademarks, software and other rights	**005**	1.034.993	935.497
3 Goodwill	**006**	0	0
4 Advances for the purchase of intangible assets	**007**	0	0
5 Intangible assets in preparation	**008**	247.088	541.559
6 Other intangible assets	**009**	1.130.394	1.259.469
II TANGIBLE ASSETS (ADP 011 to 019)	**010**	107.009.065	101.147.920
1 Land	**011**	16.251.192	16.251.192
2 Buildings	**012**	69.039.691	63.351.662
3 Plant and equipment	**013**	3.017.084	2.642.177
4 Tools, working inventory and transportation assets	**014**	12.776.877	11.043.842
5 Biological assets	**015**	0	
6 Advances for the purchase of tangible assets	**016**	2.523.089	2.431.695
7 Tangible assets in preparation	**017**	2.885.357	4.911.963
8 Other tangible assets	**018**	515.775	515.389
9 Investment property	**019**	0	
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	**020**	3.228.169	3.105.834
1 Investments in holdings (shares) of undertakings within the group	**021**	3.228.169	3.105.834
2 Investments in other securities of undertakings within the group	**022**	0	0
3 Loans, deposits, etc. to undertakings within the group	**023**	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	**024**	0	0
5 Investment in other securities of companies linked by virtue of participating interests	**025**	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	**026**	0	0
7 Investments in securities	**027**	0	0
8 Loans, deposits, etc. given	**028**	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**	2.618.830	3.404.504
C) CURRENT ASSETS (ADP 038+046+053+063)	**037**	14.328.998	11.616.892
I INVENTORIES (ADP 039 to 045)	**038**	737.375	691.631
1 Raw materials and consumables	**039**	652.143	621.488
2 Work in progress	**040**	0	0
3 Finished goods	**041**	0	0
4 Merchandise	**042**	44.725	41.533
5 Advances for inventories	**043**	40.507	28.610
6 Fixed assets held for sale	**044**	0	0
7 Biological assets	**045**	0	0
II RECEIVABLES (ADP 047 to 052)	**046**	3.884.322	4.053.128
1 Receivables from undertakings within the group	**047**	0	0
2 Receivables from companies linked by virtue of participating interests	**048**	1.899.899	1.914.199
3 Customer receivables	**049**	1.760.655	1.780.106
4 Receivables from employees and members of the undertaking	**050**	20.700	51.255
5 Receivables from government and other institutions	**051**	171.115	269.174
6 Other receivables	**052**	31.953	38.394
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	**053**	637	637
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**	637	637

8 Loans, deposits, etc. given	061	0	0
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	9.706.664	6.871.496
D) PREPAID EXPENSES AND ACCRUED INCOME	064	61.783	142.164
E) TOTAL ASSETS (ADP 001+002+037+064)	065	129.822.077	122.279.381
OFF-BALANCE SHEET ITEMS	066	7.098	8.373
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	68.068.631	69.470.093
I INITIAL (SUBSCRIBED) CAPITAL	068	92.384.936	92.305.505
II CAPITAL RESERVES	069	0	0
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	6.173.449	6.252.880
1 Legal reserves	071	5.975.017	5.975.017
2 Reserves for treasury shares	072	1.221	1.221
3 Treasury shares and holdings (deductible item)	073	-1.221	-1.221
4 Statutory reserves	074	0	0
5 Other reserves	075	198.432	277.863
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. 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
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	-29.936.432	-30.489.754
1 Retained profit	084	0	0
2 Loss brought forward	085	29.936.432	30.489.754
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-553.322	1.401.462
1 Profit for the business year	087	0	1.401.462
2 Loss for the business year	088	553.322	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	1.869.369	1.471.340
1 Provisions for pensions, termination benefits and similar obligations	091	241.962	289.716
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	1.627.407	1.181.624
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	0	0
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	43.113.565	31.854.542
1 Liabilities to undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	099	0	0
3 Liabilities to companies linked by virtue of participating interests	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities to banks and other financial institutions	103	42.002.032	30.835.004
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	1.111.533	1.019.538
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	15.856.464	19.351.598
1 Liabilities to undertakings within the group	110	205.659	316.554
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	0	0
3 Liabilities to companies linked by virtue of participating interests	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities to banks and other financial institutions	115	8.674.072	12.003.551
7 Liabilities for advance payments	116	1.448.394	2.037.614
8 Liabilities to suppliers	117	1.815.223	1.942.799
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	2.298.297	1.714.430
11 Taxes, contributions and similar liabilities	120	785.161	810.658
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	629.658	525.992
E) ACCRUALS AND DEFERRED INCOME	124	914.048	131.808
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	129.822.077	122.279.381
G) OFF-BALANCE SHEET ITEMS	126	7.098	8.373

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2023. to 31.12.2023.

in EUR

Submitter: LIBURNIA RIVIERA HOTELI d.d.

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (AOP 002 do 006)	001	50.501.391	58.766.148
1 Income from sales with undertakings within the group	002	66.729	201.046
2 Income from sales (outside group)	003	47.883.103	55.671.083
3 Income from the use of own products, goods and services	004	0	
4 Other operating income with undertakings within the group	005	17.709	80.210
5 Other operating income (outside the group)	006	2.533.850	2.813.809
II OPERATING EXPENSES (AOP 08+009+013+017+018+019+022+029)	007	51.216.833	56.294.137
1 Changes in inventories of work in progress and finished goods	008		
2 Material costs (AOP 010 do 011)	009	18.321.380	22.912.028
a) Costs of raw material	010	9.022.446	12.312.688
b) Costs of goods sold	011	1.271	22.196
c) Other external costs	012	9.297.663	10.577.144
3 Staff costs (AOP 014 do 016)	013	15.346.816	19.508.064
a) Net salaries and wages	014	10.408.503	13.446.905
b) Tax and contributions from salaries expenses	015	3.205.487	3.962.377
c) Contributions on salaries	016	1.732.826	2.098.782
4 Depreciation	017	12.946.914	9.812.840
5 Other expenses	018	0	0
6 Value adjustments (AOP 020+021)	019	556.654	154.664
a) fixed assets other than financial assets	020	523.030	145.897
b) current assets other than financial assets	021	33.624	8.767
7 Provisions (AOP 023 do 028)	022	212.071	146.262
a) Provisions for pensions, termination benefits and similar obligations	023	0	0
b) Provisions for tax liabilities	024	0	0
c) Provisions for ongoing legal cases	025	212.071	146.262
d) Provisions for renewal of natural resources	026	0	0
e) Provisions for warranty obligations	027	0	0
f) Other provisions	028	0	0
8 Other operating expenses	029	3.832.998	3.760.279
III FINANCIAL INCOME (AOP 031 do 040)	030	471.404	177.928
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0
4 Other interest income from operations with undertakings within the group	034	47.160	54.343
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0
6 Income from other long-term financial investments and loans	036	0	
7 Other interest income	037	505	123.585
8 Exchange rate differences and other financial income	038	423.739	0
9 Unrealised gains (income) from financial assets	039	0	0
10 Other financial income	040	0	0
IV FINANCIAL EXPENDITURE (AOP 042 do 048)	041	1.732.049	2.034.151
1 Interest expenses and similar expenses with undertakings within the group	042	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0
3 Interest expenses and similar expenses	044	1.269.487	2.032.715
4 Exchange rate differences and other expenses	045	452.475	0
5 Unrealised losses (expenses) from financial assets	046	0	0
6 Value adjustments of financial assets (net)	047	0	0
7 Other financial expenses	048	10.087	1.436
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	049	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0
IX TOTAL INCOME (AOP 001+030+049 +050)	053	50.972.795	58.944.076
X TOTAL EXPENDITURE (AOP 007+041+051 + 052)	054	52.948.882	58.328.288

XI PRE-TAX PROFIT OR LOSS (AOP 053-054)	055	-1.976.087	615.788
1 Pre-tax profit (AOP 053-054)	056	0	615.788
2 Pre-tax loss (AOP 054-053)	057	-1.976.087	0
XII INCOME TAX	058	-1.422.765	-785.674
XIII PROFIT OR LOSS FOR THE PERIOD (AOP 055-059)	059	-553.322	1.401.462
1 Profit for the period (AOP 055-059)	060	0	1.401.462
2 Loss for the period (AOP 059-055)	061	-553.322	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 (AOP 063-064)	062	0	0
1 Pre-tax profit from discontinued operations	063		
2 Pre-tax loss on discontinued operations	064		
XV INCOME TAX OF DISCONTINUED OPERATIONS	065		
1 Discontinued operations profit for the period (AOP 062-065)	066		
2 Discontinued operations loss for the period (AOP 065-062)	067		
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (AOP 055+062)	068		
1 Pre-tax profit (AOP 068)	069		
2 Pre-tax loss (AOP 068)	070		
XVII INCOME TAX (AOP 058+065)	071		
XVIII PROFIT OR LOSS FOR THE PERIOD (AOP 068-071)	072		
1 Profit for the period (AOP 068-071)	073		
2 Loss for the period (AOP 071-068)	074		
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 (AOP 076+077)	075	0	0
1 Attributable to owners of the parent	076		
2 Attributable to minority (non-controlling) interest	077		
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	078	-553.322	1.401.462
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (AOP 80 + 87)	079	0	0
III Items that will not be reclassified to profit or loss (AOP 081 do 085)	080	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081		
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082		
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083		
4 Actuarial gains/losses on the defined benefit obligation	084		
5 Other items that will not be reclassified	085		
6 Income tax relating to items that will not be reclassified	086		
IV Items that may be reclassified to profit or loss (AOP 088 do 095)	087	0	0
1 Exchange rate differences from translation of foreign operations	088		
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089		
3 Profit or loss arising from effective cash flow hedging	090		
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091		
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092		
6 Changes in fair value of the time value of option	093		
7 Changes in fair value of forward elements of forward contracts	094		
8 Other items that may be reclassified to profit or loss	095		
9 Income tax relating to items that may be reclassified to profit or loss	096		
V NET OTHER COMPREHENSIVE INCOME OR LOSS (AOP 080+087 - 086 - 096)	097	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 078+097)	098	-553.322	1.401.462
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 100+101)	099	0	0
1 Attributable to owners of the parent	100		
2 Attributable to minority (non-controlling) interest	101		

STATEMENT OF CASH FLOWS - indirect method
for the period 1.1.2023 to 31.12.2023

in EUR

Submitter: LIBURNIA RIVIERA HOTELI d.d.			
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**	-1.976.087	615.788
2 Adjustments (ADP 003 to 010):	**002**	13.826.017	11.435.885
a) Depreciation	**003**	12.946.913	9.812.840
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	**004**	523.030	145.897
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	**005**	-33.624	8.767
d) Interest and dividend income	**006**	-46.655	-177.928
e) Interest expenses	**007**	1.269.487	2.032.715
f) Provisions	**008**	-970.628	-398.029
g) Exchange rate differences (unrealised)	**009**	62.542	0
h) Other adjustments for non-cash transactions and unrealised gains and losses	**010**	74.952	11.623
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	**011**	11.849.930	12.051.673
3 Changes in the working capital (ADP 013 to 016)	**012**	903.026	-909.594
a) Increase or decrease in short-term liabilities	**013**	1.727.871	-714.918
b) Increase or decrease in short-term receivables	**014**	-628.958	-240.420
c) Increase or decrease in inventories	**015**	-195.887	45.744
d) Other increase or decrease in working capital	**016**	0	0
II Cash from operations (ADP 011+012)	**017**	12.752.956	11.142.079
4 Interest paid	**018**	-1.092.913	-1.637.719
5 Income tax paid	**019**	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	**020**	11.660.043	9.504.360
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	**021**	170.765	34.650
2 Cash receipts from sales of financial instruments	**022**	0	
3 Interest received	**023**	505	123.585
4 Dividends received	**024**	0	
5 Cash receipts from repayment of loans and deposits	**025**	0	
6 Other cash receipts from investment activities	**026**	0	132.723
III Total cash receipts from investment activities (ADP 021 to 026)	**027**	171.270	290.958
1 Cash payments for the purchase of fixed tangible and intangible assets	**028**	-7.363.151	-4.141.012
2 Cash payments for the acquisition of financial instruments	**029**	0	
3 Cash payments for loans and deposits for the period	**030**	0	-500
4 Acquisition of a subsidiary, net of cash acquired	**031**	0	
5 Other cash payments from investment activities	**032**	0	
IV Total cash payments from investment activities (ADP 028 to 032)	**033**	-7.363.151	-4.141.512
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	**034**	-7.191.881	-3.850.554
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	**035**	0	
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	**036**	0	
3 Cash receipts from credit principals, loans and other borrowings	**037**	15.781.797	5.330.000
4 Other cash receipts from financing activities	**038**	0	
V Total cash receipts from financing activities (ADP 035 to 038)	**039**	15.781.797	5.330.000
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	**040**	-12.398.520	-13.562.544
2 Cash payments for dividends	**041**	0	
3 Cash payments for finance lease	**042**	-163.524	-256.430
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	**043**	0	
5 Other cash payments from financing activities	**044**	0	
VI Total cash payments from financing activities (ADP 040 to 044)	**045**	-12.562.044	-13.818.974
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	**046**	3.219.753	-8.488.974
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**	7.687.915	-2.835.168
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**049**	2.018.749	9.706.664
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	**050**	9.706.664	6.871.496

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2023 to 31.12.2023

in EUR

Item	ADP code	Attributable to owners of the parent: Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 do 6 - 7 + 8 do 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	92.384.936	0	5.975.017	1.221	1.221	0	198.432	0	0	0	0	0	0	-29.936.432	0	68.621.953		68.621.953
2 Changes in accounting policies	02	0	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		0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	92.384.936	0	5.975.017	1.221	1.221	0	198.432	0	0	0	0	0	0	-29.936.432	0	68.621.953	0	68.621.953
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0			0	-553.322	-553.322		-553.322
6 Exchange rate differences from translation of foreign operations	06	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
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0		0	0					0		0
9 Gains or losses on efficient cash flow hedging	09	0	0	0	0	0	0	0	0	0		0					0		0
10 Gains or losses 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
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11	0	0	0	0	0	0										0		0
12 Actuarial gains/losses on defined benefit plans	12	0	0	0	0	0	0										0		0
13 Other changes in equity unrelated to owners	13																0		0
14 Tax on transactions recognised directly in equity	14	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
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16																0		0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17																0		0
18 Redemption of treasury shares/holdings	18																0		0
19 Payments from members/shareholders	19																0		0
20 Payment of share in profit/dividend	20																0		0
21 Other distributions and payments to members/shareholders	21																0		0
22 Transfer to reserves according to the annual schedule	22																0		0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23																0		0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	92.384.936	0	5.975.017	1.221	1.221	0	198.432	0	0	0	0	0	0	-29.936.432	-553.322	68.068.631	0	68.068.631
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)	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-553.322	-553.322	0	-553.322
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current period																			
1 Balance on the first day of the current business year	28	92.384.936	0	5.975.017	1.221	1.221	0	198.432	0	0	0	0	0	0	-30.489.754	0	68.068.631		68.068.631
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
4 Balance on the first day of the current business year (restated) (AOP 28 to 30)	31	92.384.936	0	5.975.017	1.221	1.221	0	198.432	0	0	0	0	0	0	-30.489.754	0	68.068.631	0	68.068.631
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0			0	1.401.462	1.401.462		1.401.462
6 Exchange rate differences from translation of foreign operations	33	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	34	0	0	0	0	0	0	0		0	0	0					0		0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0		0	0					0		0
9 Gains or losses on efficient cash flow hedging	36	0	0	0	0	0	0	0	0	0		0					0		0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37	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 interest	38	0	0	0	0	0	0										0		0
12 Actuarial gains/losses on defined remuneration plans	39	0	0	0	0	0	0										0		0
13 Other changes in equity unrelated to owners	40	-79.431	0	0	0	0	0	79.431									0		0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0										0		0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42																0		0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																0		0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44																0		0
18 Redemption of treasury shares/holdings	45																0		0
19 Payments from members/shareholders	46																0		0
20 Payment of share in profit/dividend	47																0		0
21 Other distributions and payments to members/shareholders	48																0		0
22 Carryforward per annual plan	49																0		0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																0		0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	92.305.505	0	5.975.017	1.221	1.221	0	277.863	0	0	0	0	0	0	-30.489.754	1.401.462	69.470.093	0	69.470.093
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 FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	-79.431	0	0	0	0	0	79.431	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)	53	-79.431	0	0	0	0	0	79.431	0	0	0	0	0	0	0	1.401.462	1.401.462	0	1.401.462
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS - GFI

Name of the issuer: LIBURNIA RIVIERA HOTELI d.d.

Personal identification number (OIB): 1557308024

Reporting period: from 1.1.2023 to 31.12.2023

Notes to the financial statements are to be drawn up in accordance with the International Financial Reporting Standards (hereinafter: IFRS) in such a way that they:

a) present information about the basis for the preparation of the financial statements and the specific accounting policies used in accordance with the International Accounting Standard 1 (IAS 1),

b) disclose any information required by IFRSs that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity,

c) provide additional information that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity, but is relevant for understanding any of them.

(d) in the notes to the financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1. issuer's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the issuer is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration

2. adopted accounting policies

3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the issuer within the group or company linked by virtue of participating interest shall be disclosed separately

4. the amount of advances and credits granted to the members of the administrative, managerial and supervisory bodies, with indications of the interest rates, main conditions and any amounts repaid, written-off or revoked, as well as commitments entered into on their behalf by way of guarantees of any kind, with an indication of the total for each category

5. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence

6. amounts owed by the issuer and falling due after more than five years, as well as the total debts of the issuer covered by valuable security furnished by the issuer, specifying the type and form of security

7. average number of employees during the financial year

8. where, in accordance with the regulations, the issuer capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries

9. the amount of the emoluments granted in respect of the financial year to the members of the administrative, managerial and supervisory bodies by reason of their responsibilities, and any commitments arising or entered into in respect of retirement pensions for former members of those bodies, with an indication of the total for each category

10. the average number of persons employed during the financial year, broken down by categories and, if they are not disclosed separately in the profit and loss account, the staff costs relating to the financial year, broken down between net salaries and wages, tax costs and contributions from salaries, contributions on salaries and other salary costs, excluding cost allowances

11. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year

12. the name and registered office of each of the companies in which the issuer, either itself or through a person acting in their own name but on the issuer's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the company concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the company concerned does not publish its balance sheet and is not controlled by another company

13. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital

14. where there is more than one class of shares, the number and the nominal value or, in the absence of a nominal value, the accounting value for each class

15. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer

16. the name, registered office and legal form of each of the companies of which the issuer is a member having unlimited liability

17. the name and registered office of the company which draws up the consolidated financial statements of the largest group of companies of which the issuer forms part as a controlled group member

18. the name and registered office of the company which draws up the consolidated financial statements of the smallest group of companies of which the issuer forms part as a controlled group member and which is also included in the group of companies referred to in point 17.

19. the place where copies of the consolidated financial statements referred to in points 17 and 18 may be obtained, provided that they are available

20. the proposed appropriation of profit or treatment of loss, or where applicable, the appropriation of the profit or treatment of the loss

21. the nature and business purpose of the company's arrangements that are not included in the balance sheet and the financial impact on the company of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the company

22. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet

23. the net income broken down by categories of activity and into geographical markets, in so far as those categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services are organised.

24. the total fees for the financial year charged by each statutory auditor or audit firm for the statutory audit of the annual financial statements, i.e. annual consolidated financial statements, the total fees charged for other assurance services, the total fees charged for tax advisory services and the total fees charged for other non-audit services, total research and development expenditure as the basis for granting state aid.

Detailed information on financial statements and information on the preparation of financial statements and certain accounting policies are available in PDF document „Annual report 2023“, which has been simultaneously published with this document on HANFA (Croatian Financial Services Supervisory Agency), Zagreb Stock Exchange and Issuers web pages.

LIBURNIA RIVIERA HOTELI d.d., OPATIJA

INDEPENDENT AUDITORS' REPORT AND

FINANCIAL STATEMENTS

31 December 2023

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD FOR COMPILING THE ISSUER'S REPORTS

Opatija, 22 February 2024

The Management Board is required to prepare financial statements for each financial year that present fairly, in all material respects, the financial position of the Company and its performance and cash flows, in accordance with International Financial Reporting Standards adopted by the European Union and is responsible for keeping appropriate accounting records to prepare these financial statements at any time. The Management Board has the general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Management is responsible for selecting appropriate accounting policies that are in line with applicable accounting standards and should be applied consistently thereafter; make reasonable and prudent judgments and estimates, prepare financial statements based on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Management Board is also responsible for the preparation and content of management reports as well as statements on the application of the Code of corporate governance and non-financial report, in accordance with the Croatian Accounting Act. The management report, report of the corporate governance code and non-financial report for the period from 1.1.2023 to 31.12.2023 were approved for issuance by the Management Board.

Pursuant to Articles 462 to 471 of the Capital Market Act (Official Gazette 65/18, 17/20, 83/21, 151/22), the Management Board issues this statement:

Audited unconsolidated financial statements of Liburnia Riviera Hoteli d.d. have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Croatian Accounting Act.

Audited unconsolidated financial statements for the period from 1.1.2023 to 31.12.2023 give a true and fair view of the Company's assets and liabilities, financial position, profit or loss.

The management report, together with the unaudited financial statements for the stated period, contains an objective presentation of the development and results of operations and the position of the Company with a description of the most significant risks and uncertainties to which the Company is exposed.

Mr. Ante Barić,
President of the Management Board

LIBURNIA RIVIERA HOTELI
DIONIČKO DRUŠTVO
OPATIJA 13

Mr. Filip Modribob,
Member of the Management Board

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., Opatija

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LIBURNIA RIVIERA HOTELI d.d. („the Company"), which comprise the statement of financial position of the Company as at 31 December 2023, the statement of comprehensive income, the cash flow statement, the statement of changes in equity of the Company for the year then ended, and notes, comprising significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent from the Company in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as well as in accordance with the ethical requirements that are relevant for our audit of financial statements in the Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 4 (e) which states that as of 31 December 2023, the Company's current liabilities exceed its current assets by an amount of EUR 7.724 thousand (31 December 2022: EUR 2.379 thousand), and to the Company's activities in addressing this matter.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

GrantThornton

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., Opatija

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the matters*
Impairment and useful life of tourist facilities As of 31 December 2023, the carrying amount of the Company's property, plant and equipment amounted to EUR 101.148 thousand (2022: EUR 107.009 thousand). See Note 2.3. within Accounting policies; Note 4(a) within Key accounting matters and Note 14.1 Property, plant and equipment within the financial statements. As of 31 December 2023, the carrying amount of property, plant and equipment represented 83% of the Company's total assets. These assets, carried at cost less accumulated depreciation and any accumulated impairment losses, consist primarily of tourism properties and related assets, and are subject to annual analysis to determine whether there are indicators of possible impairment. In the current year, the Company has identified indicators of impairment related to certain tourist facilities that show weaker results. As a result, as of 31 December 2023, the Company tested the above tourism properties for impairment and determined the assets recoverable amount based on an estimate of their fair value less costs to sell. The test did not indicate any impairment loss of those properties as of 31 December 2023. Determination of the recoverable amount requires making significant assumptions and judgments, in particular those relating to the comparability of properties.	Our audit procedures in this area included, among others: - Evaluating the Company's accounting policy for identification of impairment, measurement and recognition of any impairment losses and determination of remaining useful lives in respect of tourism properties against the requirements of the relevant financial reporting standards; - Overview the Company's assessment regarding the identification of impairment indicators for tourism properties by analyzing the financial performance of the respective properties against the expected levels of performance; - For the underperforming assets, challenging the key assumptions used in determining their recoverable amounts by comparing the carrying values of these assets with quoted prices for assets identified as comparable or considering Company's recent sales of similar assets;

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the matters*
The company reviewed the remaining useful lives of tourist facilities based on a detailed analysis carried out for each property and concluded that the expected useful life differs from previous estimates. Based on the aforementioned analysis, the Company's Management Board made a decision to change the useful life of the aforementioned asset. Due to the above factors, the assessment of impairment for tourism properties as well as determination of remaining useful life were determined by us to be associated with a significant risk of material misstatement. As such, it required our increased attention in the audit and was considered by us to be a key audit matter.	Challenging the key assumptions used in determining the remaining useful lives of the tourism properties by: - Inquiring the Company's technical experts, its finance team members as well as management; - Assessment of the adequacy of the estimated useful life and calculation of the effect of changing the useful life of use; - Checking the calculation of recalculated depreciation rates; - Assessing the consistency of assumptions used in other related estimates, including the estimate of recoverable amount of tourism property; - Assessing the appropriateness and completeness of related disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., Opatija

Other Information

Management is responsible for the other information. The other information comprises the Management Report, the Non-financial Statement, and the Corporate Governance Statement included in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is significantly inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Regarding the Management Report, the Non-Financial Statement and the Corporate Governance Statement, we also performed the procedures prescribed by the Accounting Act. These procedures include checking whether the Management Report has been prepared in accordance with Article 21 of the Accounting Act, whether the Non-Financial Statement has been prepared in accordance with Article 21a of the Accounting Act, and whether the Statement on the Corporate Governance Statement contains information from Article 22 of the Act on Accounting.

Based on the performed procedures, to the extent that we are able to assess, we report that:

1. The information in the attached Management Report and Statement on the Corporate Governance Statement is harmonized, in all significant respects, with the attached financial statements;

2. The attached Management Report was prepared in accordance with Article 21 of the Accounting Act;

3. The attached Non-Financial Statement was prepared in accordance with Article 21.a of the Accounting Act; and

4. The attached Corporate Governance Statement includes the information defined in Article 22 of the Act on Accounting.

Based on the knowledge and understanding of the Company's operations and its environment acquired within the framework of the audit of financial statements, we are obliged to report if we have established that there are significant misrepresentations in the attached Management Report, Non-Financial Report and Corporate Governance Statement. In this sense, we have nothing to report.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., Opatija

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, and for such internal control as Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, if applicable, issues related to going concern and using the going concern basis of accounting, unless the Management either intends to liquidate the Company or cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., Opatija

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them about any relationships and other matters that may reasonably be thought to affect our independence, as well as, where applicable, on actions taken to address threats to independence, and related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

1. As of 10 August 2023, we were appointed by decision of the General Assembly of the company LIBURNIA RIVIERA HOTELI d.d., on proposal of the Audit committee, and on proposal of the Supervisory Board of the company LIBURNIA RIVIERA HOTELI d.d. to audit the financial statements for 2023.

2. As of the date of this report, we have been continuously engaged in performing statutory audits of the Company, starting from the audit of the Company's annual financial statements for the year 2020 to the audit of the Company's financial statements for the year 2023, totaling 4 years.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., Opatija (continued)

Report on Other Legal Requirements (continued)

3. In the audit of the Company's financial statements for 2023, we determined the materiality for the financial statements as a whole in the amount of EUR 600.000, which represents approximately 5% of EBITDA, because due to the high amount of depreciation and financing costs, this is a key indicator for the Company's activity.

4. 4. Our audit opinion is consistent with the additional report for the Company's Audit committee prepared in accordance with the provisions of article 11 of the Directive (EU) no. 537/2014.

5. During the period between the starting date of the Company's audited annual financial statements for 2023, and the date of this report, we did neither provide prohibited non-audit services to the Company and / or its parent company within the EU, nor did we in the financial year before that period provide services for designing and implementing internal control procedures or risk management related to the preparation and / or control of financial information or the design and implementation of technological systems for financial information, and we have maintained our independence from the Company in performing the audit.

Report based on the requirements of Delegated Regulation (EU) 2018/15 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format

Auditor's assurance report on compliance of the financial statements, prepared pursuant to the provisions of article 462, paragraph 5 of the Capital Market Act (Official Gazette, no. 65/18, 17/20, 83/21, and 151/22) by applying the requirements of the Delegated Regulation (EU) 2018/815 determining a single electronic reporting format for issuers (ESEF Regulation).

We performed our engagement with expressing reasonable assurance on whether the financial statements prepared for public disclosure purposes based on article 462, paragraph 5 of the Capital Market Act, included in the accompanying lrh-2022-12-31-hr electronic file are prepared, in all material aspects, in accordance with the requirements of the ESEF Regulation.

Responsibilities of Management and Those Charged with Governance

The Company's Management is responsible for the preparation and content of financial statements in accordance with the ESEF Regulation.

The Company's Management is further responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material non-compliance, whether due to fraud or error, with the reporting requirements of the ESEF Regulation.

Management is also responsible for:

- publishing the financial statements included in the annual report in the valid XHTML format, and
- the selection and use of XBRL tags in compliance with the requirements of the ESEF Regulation.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., Opatija (continued)

Report based on the requirements of the Delegated Regulation (EU) 2018/15 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (continued)

Those charged with governance are responsible for overseeing the preparation of annual financial statements in ESEF format as part of the financial reporting process.

Responsibilities of the Auditor

Our responsibility is to express a conclusion, based on obtained audit evidence, about whether the financial statements are free from material non-compliance with the requirements of the ESEF Regulation. We performed our engagement with expressing reasonable assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information.

Performed procedures

The nature, timing and extent of the procedures selected depend on the auditor's judgment. Reasonable assurance is a high degree of assurance, but it does not guarantee that the scope of testing will reveal any significant non-compliance with the ESEF Regulation.

As part of the selected procedures, we performed the following activities:

- We have read the requirements of the ESEF Regulation,
- We have obtained an understanding of internal controls relevant to the application of the requirements of the ESEF Regulation,
- We have identified and assessed the risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and
- Based on this, we have designed and performed procedures responsive to estimated risks, and to obtain a reasonable assurance for expressing our conclusion.

The objective of our procedures was to assess whether:

- The financial statements included in the consolidated financial statements have been prepared in the valid XBRL format,
- Data, included in the consolidated financial statements as required by the ESEF Regulation, are tagged and whether all tags meet the following requirements:
- Use of the XBRL tagging language,
    - Use of the basic taxonomy elements stated in the ESEF Regulation with the closest accounting meaning, unless an additional taxonomy element was created in accordance with Appendix IV of the ESEF Regulations,
    - Tags comply with the common tagging rules as required by the ESEF Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIBURNIA RIVIERA HOTELI D.D., Opatija (continued)

Report based on the requirements of the Delegated Regulation (EU) 2018/15 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (continued)

Conclusion

Based on the procedures performed and evidence obtained, in our opinion, the financial statements presented in the ESEF format, contained in the above-mentioned attached electronic file, pursuant to the provisions of Article 462, paragraph 5 of the Act on Market Capital, prepared for disclosure to the public, comply in all significant aspects with the requirements from the Articles 3, 4, and 6 of the ESEF Regulation for the year ended 31 December 2023.

In addition to this conclusion, as well as the opinion contained in this independent auditor's report for the accompanying financial statements and the annual report for the year ended 31 December 2023, we do not express any opinion on the information contained in those disclosures or on the other information contained in the aforementioned file.

The engagement partner on the audit resulting in this independent auditors' report is Ivica Bašić.

Grant Thornton revizija d.o.o.
Ulica grada Vukovara 284
10000 Zagreb
Croatia

Zagreb, 28 February 2024

Grant Thornton
Grant Thornton revizija d.o.o.
HR - 10000 Zagreb

Director
Dalibor Briški

Certified auditor
Ivica Bašić

(in thousands of EUR)	**Note**	**2023**	**2022**
Revenue	6.1	55,872	47,950
Other income	6.2	2,892	2,550
Cost of materials and services	7	(22,911)	(18,321)
Staff costs	8	(19,508)	(15,347)
Depreciation and amortization	14.1,14.2,14.3	(9,813)	(12,947)
Other operating expenses	9	(4,052)	(4,568)
Impairment loss on trade receivables	16	(9)	(34)
Other gains - net	10	1	1
Operating profit / (loss)		2,472	(716)
Finance income	11	178	471
Finance costs	11	(2,034)	(1,732)
Net finance costs	11	(1,856)	(1,261)
Profit / (loss) before tax		616	(1,977)
Income tax expense	12	785	1,424
Profit / (loss) for the year		1,401	(553)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		1,401	(553)
Earnings/(loss) per share (in EUR) - basic and diluted	13	4.6	(1.8)

(in thousands of EUR)	**Note**	**31 December 2023**	**31 December 2022**
ASSETS			
Non-current assets			
Property, plant and equipment	14.1	101,148	107,009
Intangible assets	14.2	1,603	1,445
Right of use assets	14.3	1,259	1,130
Financial assets	15	3,106	3,228
Deferred tax assets	12	3,404	2,619
		110,520	115,431
Current assets			
Inventories		692	738
Loans granted	25	1,760	1,759
Trade, other receivables and financial assets	16	2,436	2,187
Cash and cash equivalents	17	6,871	9,707
		11,759	14,391
Total assets		**122,279**	**129,822**
EQUITY			
Share capital	18	92,306	92,385
Treasury shares	18	(1)	(1)
Treasury shares reserves	18	1	1
Legal reserves	18	5,975	5,975
Capital reserves	18	278	199
Loss carryforward		(29,089)	(30,490)
		69,470	68,069
LIABILITIES			
Non-current liabilities			
Borrowings	19	30,835	42,002
Provisions for other liabilities and expenses	20	1,471	1,869
Lease liabilities	21	1,020	1,112
		33,326	44,983
Current liabilities			
Trade and other payables	22	7,210	7,925
Borrowings	19	12,004	8,674
Lease liabilities	21	269	171
		19,483	16,770
Total liabilities		**52,809**	**61,753**
Total liabilities and equity		**122,279**	**129,822**

(in thousands of EUR)	Note	Share capital	Treasury shares	Legal reserves	Capital reserves	Other reserves	Carried forward loss	Total
Balance as of 1 January 2022		**92,385**	**(1)**	**5,975**	**199**	**1**	**(29,937)**	**68,622**
Loss for the year		-	-	-	-	-	(533)	(533)
Total comprehensive loss		-	-	-	-	-	-	-
Share in profits participating interests		-	-	-	-	-	-	-
Treasury shares		-	-	-	-	-	-	-
Balance as of 31 December 2022	**18**	**92,385**	**(1)**	**5,975**	**199**	**1**	**(30,490)**	**68,069**
Balance as of 1 January 2023		**92,385**	**(1)**	**5,975**	**199**	**1**	**(30,490)**	**68,069**
Profit for the year		-	-	-	-	-	(1,401)	(1,401)
Share capital alignment		(79)	-	-	79	-	-	-
Total comprehensive loss		-	-	-	-	-	-	-
Share in profits participating interests		-	-	-	-	-	-	-
Treasury shares		-	-	-	-	-	-	-
Balance as of 31 December 2023	**18**	**92,306**	**(1)**	**5,975**	**278**	**1**	**(29,089)**	**69,470**

(in thousands of EUR)	**Note**	**2023**	**2022**
Cash flow generated from operating activities			
Cash from operations	23	11,141	12,922
Income tax paid/returned		-	-
Interest paid		(1,638)	(1,093)
Net cash generated from operating activities		**9,503**	**11,829**
Cash flow from investing activities			
Purchase of property, plant and equipment	14.1	(3,492)	(6,798)
Purchase of intangible assets	14.2	(649)	(565)
Proceeds from disposal of financial assets	15	133	-
Proceeds from disposal of property, plant and equipment	10	35	1
Interest received		123	-
Net cash used in investing activities		**(3,850)**	**(7,362)**
Cash flow from financing activities			
Borrowings received	19	5,330	15,782
Repayments of borrowings	19	(13,563)	(12,398)
Repayments of the right of use liabilities	21	(256)	(164)
Net cash from financing activities		**(8,489)**	**3,220**
Net increase/ (decrease) in cash and cash equivalents		**(2,836)**	**7,687**
Cash and cash equivalents at beginning of the year		9,707	2,020
Cash and cash equivalents at end of year	17	6,871	9,707

The accompanying notes form a part of these financial statements.

NOTE 1 – GENERAL INFORMATION

LIBURNIA RIVIERA HOTELI d.d. (hereinafter: the Company) with its registered office in Opatija, Maršala Tita 198, Croatia was established as a result of the transformation of the socially-owned company Liburnia Riviera Hoteli to a public limited company on 1 January 1993, when the transformation was registered at the Commercial District Court in Rijeka. The Company's principal activities are accommodation and hospitality services, travel agency and tour operator services.

As of 31 December 2023, the Company's shares were listed on the Zagreb Stock Exchange.

The Company is included in the consolidated financial statements of the company Gitone Beteiligungsverwaltung GmbH, based in Austria, 1030 Vienna, Am Modenapark 13/9, registered under number FN 353197 h.

The financial statements for the year ended 31 December 2023 were approved for issuance on 22 February 2024.

Management board and Supervisory board

The Company's Management board is nominated and revoked by the Supervisory board and consists of two members of the Management board of the Company.

As at 31 December 2023, the Management board of the Company was composed of two members, Mr. Ante Barić (Management board president) and Mr. Filip Močibob (Management board member).

As of 1 November 2021, the Company's Management board was composed of the president of the Management board, Mr. Karl Eckerstorfer and member of the Management board, Mr. Dušan Mandič, whereby during the first nine months of 2023 there were no changes in the composition of the Company's Management board. However, in October 2023, there was a change in the composition of the Management board due to the president's and member's resignations (Mr. Eckerstorfer and Mr. Mandič) effective as of 31 October 2023. After this, the Supervisory board of the Company adopted a decision on 17 October 2023 appointing Mr. Ante Barić as the new president of the Management board, starting from 1 November 2023. It appointed Mr. Filip Močibob as the new member of the Management board, starting from the appointment decision date.

The powers of the members of the management board are fully harmonized with the provisions of the Companies Act and are regulated in more detail by the provisions of the Statute and the Rules of Procedure of the Management board.

The Supervisory board of the company has up to 9 members. The members of the Supervisory board are appointed and dismissed by the Company's assembly, while the shareholder Nova Liburnija d.o.o. has the right to appoint 2 members of the Supervisory board, and the shareholder Gitone Adriatic d.o.o. the right to appoint 1 member of the Supervisory board, all in accordance with the Company's Statute and Companies Act. Equally, in accordance with the provisions of the Labor Act, one member of the Supervisory board is a representative of the workers. As at 31 December 2023, the supervisory board is composed of the following members:

- Mr. Johannes Böck, president,
- Ms. Dita Chrastilová, deputy president,
- Mr. Philip Göth, member,
- Mr. Alexander Paul Zinell, member,
- Mr. Davor Žic, member,
- Mr. Danijel Jerman, member,
- Mr. Rikardo Gregov, member,
- Ms. Ana Odak, member,
- Mr. Manfred Kainz, member.

NOTE 1 - GENERAL DATA (continued)

During 2023, the following changes occurred in the composition of the Supervisory board:

On 3 January 2023, the Company's shareholder, GITONE Adriatic d.o.o., made a decision by which it appointed Mr. Ante Barić as member of the Supervisory board of the Company, as of the related decision date.

Mr. Thomas Mayer resigned from his position of Supervisory board member on 7 July 2023, while his term of service terminated on 9 August.

On 10 August 2023, at the General Assembly of the Company, Ms. Dita Chrastilová was appointed as Supervisory board member, as of the related decision date.

Mr. Ante Barić ceased to be a member of the Supervisory board based on his resignation on 17 October 2023, while his term of service ended on 17 October 2023.

At the General Assembly of the company held on 29 December 2023, the following members of the supervisory board were reappointed: Mr. Johannes Böck, Mr. Alexander Paul Zinell, Mr. Philip Göth and Ms. Ana Odak.

Also, Mr. Manfred Kainz was appointed as Supervisory board member following the shareholder decision made by Gitone Adriatic d.o.o. dated 29 December 2023, while his term of service started as of the decision date.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“EU IFRS”). The financial statements have been prepared under the historical cost convention except where otherwise disclosed. These financial statements have been prepared under the assumption that the Company will be able to continue as a going concern.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates. It also requires the Management Board to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.2 Foreign currencies

(a) Functional and presentation currency

The financial statements are presented in euros ("€"), which is the currency of the primary economic environment in which the Company operates as of 1 January 2023 when the euro conversion was carried out ("functional currency") and they are rounded to the nearest thousand. The items included in the Company's financial statements are expressed in the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are presented in euros, which represents the functional and reporting currency of the Company.

Given that the Republic of Croatia introduced the euro as a functional currency on 1 January 2023, in accordance with the Act on the Introduction of the Euro as an Official Currency, for the purposes of preparing financial statements for the year ended 31 December 2023, the Company changed the presentation currency from kuna to euros. The financial statements for the year ended 31 December are the first prepared in euros. As of 1 January 2023, the euro is also the Company's functional currency.

For the conversion of assets and liabilities in this year's and comparative financial statements of the Company, a fixed conversion rate of 7.53450 was used.

Although a change in the functional and presentation currency in the financial statements represents a change in accounting policy, the Company did not disclose the third balance sheet in the financial statements for the year ended 31 December 2023 in line with IAS (International Accounting Standard) 8 Accounting Policies, changes in accounting assessments and mistakes, since it determined that the change in the functional and presentation currency has no significant impact on the Company's financial statements, due to the stable HRK/EUR exchange rate in the recent period.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions and assets and liabilities denominated in foreign currencies are translated into the functional currency at the middle exchange rate of the Croatian National Bank valid on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income within "Finance income/costs".

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.3 Property, plant and equipment

Property, plant and equipment are included in the statement of financial position at historical cost less accumulated depreciation and provision for impairment, where required. Historical cost includes the cost that is directly attributable to the acquisition of assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of replacement of larger items of property, plant and equipment is capitalized, and the carrying amount of the replaced part is derecognized.

Land, artwork and assets under construction are not depreciated. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	2023	2022
Buildings	17-50 years	12-25 years
Equipment	2-15 years	4-15 years
Small inventory	1-4 years	1-4 years

The Company applies the component approach for buildings, where depreciation rates are separately adjusted to the useful life of each component.

Small inventory, whose useful life is estimated from 1 to 4 years, includes: porcelain, ceramics, glass, metal, kitchen utensils, tools, textiles, sheets and other small inventory.

Depreciation is calculated for each asset until the asset is fully depreciated or to its residual values if significant. The assets' useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of comprehensive income within "Other gains – net".

In accordance with the stated policy, during 2023, the Company reviewed the useful life of its long-term tangible assets with the aim of harmonizing individual depreciation groups with the expected useful life. Therefore, for certain assets, the remaining useful life was adjusted based on the actual expected useful life of the assets in the category of buildings and equipment. As a result of this change, a lower depreciation of 3,327 thousand euros was calculated in 2023 compared to the previously applied rates.

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.3.1 Impairment of non-financial assets

The Company determines indicators for impairment of property, plant and equipment by applying the method of multiplying the net carrying value and operating profit of the segment, in the way that the net carrying value of certain asset, or its segment (identified as cash-generating unit) is put in a relationship with realized operating profit of the asset or segment.

In case that, for certain assets or segments (cash-generating unit) multiplier of net carrying value and segment's operating profit exceeds set values, its recoverable amount is determined as greater of its value in use and its fair value less costs to sell, whichever is high.

Determining impairment indicators, together with assessing future cash flows and determining fair value of assets (or group of assets) requires significant judgment from management when recognizing and estimating impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

Calculation of fair value less costs to sell is based on the method of market approach which uses prices and other relevant information from market transactions for the same or comparable (similar) assets, the same or comparable liabilities or group of assets or liabilities, for example, certain business segment.

2.4 Intangible assets

Intangible assets comprising investments in technical documentation and the value of computer software licenses are stated at cost. These costs are amortized over their estimated useful lives of 5 years. Assets under construction are not amortized.

2.5 Investments in subsidiaries and associates

Subsidiaries

Subsidiaries are those entities in which the Company has, directly or indirectly, more than half of the voting power or has the power to govern the financial and operating policies. The Company has subsidiaries that are valued at cost less any impairment.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or otherwise has significant influence over the operations. Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

Impairment of investments in subsidiaries and associates

The net carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell or its value in use.

The calculation of fair value less sell costs is based on the market approach method, which utilizes prices and other relevant information from market transactions involving identical or comparable (i.e., similar) assets, or a group of assets such as a specific business segment.

2.6 Financial assets

2.6.1 Classification

Trade and other receivables and loans granted are classified at amortized cost under IFRS 9.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. The unwinding of discounts in future periods is recognized as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

2.6.2. Measurement and recognition

Regular purchases and sales of investments are recognized on a trade date, i.e. the date on which the Company commits to purchase or sell the asset. Trade and other receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.

Fair values of investments listed on the stock exchange are based on current supply prices. If the market for certain financial asset is not active (as for unlisted securities), the Company determines fair value using valuation techniques that consider recent transactions under usual trading conditions and comparison with other similar instruments, taking full use of market information and relaying minimally on information specific to business subject.

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

2.6.3. Impairment of non-derivative financial assets

Financial instruments

The new impairment model according to IFRS 9 applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

On each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being significantly past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

2.6.3. Impairment of non-derivative financial assets (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the asset.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

2.7 Inventories

Inventories of food, beverages and trade goods are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less impairment.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on accounts with banks and similar institutions and cash on hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less.

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.10 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019 with the exception of small value and up to one-year contracts.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.10 Leases (continued)

i. As a lessee (continued)

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in separate line items in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At the inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators, such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.10 Leases (continued)

ii. As a lessor (continued)

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. Furthermore, the Company regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other revenue’.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during the current reporting period that resulted in a finance lease classification.

2.11 Share capital

Ordinary shares are classified as equity. Gains directly attributable to the issue of new shares are shown in equity as a deduction, net of transactions costs and income tax.

2.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.13 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates. Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In that case the tax is recognized directly in equity. The current income tax charge is calculated at a rate of 18% according to Croatian laws and regulations. The Management Board periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and consider establishing provisions, where appropriate, on the basis of amounts expected to be paid to the Tax Administration.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred Tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.15 Employee benefits

(a) Pension obligations and post-employment benefits

In the normal course of business through salary deductions, the Company makes payments to mandatory pension funds on behalf of its employees as required by law. All contributions made to the mandatory pension funds are recorded as salary expenses when incurred. The Company does not have any other pension scheme and consequently, has no other obligations in respect of employee pensions except for amounts payable to each employee once retired. In addition, the Company is not obliged to provide any other post-employment benefits.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits falling due more than 12 months after the reporting sheet date are discounted to their present value.

(c) Short-term employee bene

The Company recognizes a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. In addition, the Company recognizes liabilities for accumulated compensated absences based on unused vacation days at the reporting date, as well as labor hours realized from the reorganization of working hours not utilized up to the reporting date.

(d) Long-term employee benefits

The Company recognizes a provision for jubilee awards and termination benefits where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions for future operating losses are not recognized.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are reviewed as of the reporting date and adjusted to reflect an assessment based on the current best available information. The provision amount is increased in each period to reflect the passage of time. This increase is presented as an interest expense.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in hotels and apartments, campsites and restaurants of the Company. Revenue is presented net of agency fees and value-added tax.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entities and specific criteria have been met for each of the Company’s activities as described be. The Company sells hotel and tourism services. These services are provided based on fixed-price contracts. Revenues from hotel and tourism services are recognized over time when the services are provided. The Company offers its customers food and beverages in hotel rooms as well as in hotel restaurants. Revenues are recognized when services are provided at a point of time. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

2.18 Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of participating shares outstanding during the reporting year.

2.19 Value added tax

The Tax Administration requires the settlement of VAT on a net basis. VAT related to sales and purchases is recognized and disclosed in the statement of financial position on a net basis. Where receivables have been impaired for the purpose of adjustment, impairment loss is recorded for the gross amount of the debtor, including VAT.

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing the performance of the operating segments. The chief operating decision-maker is the Company's Management Board which oversees managing hotel and tourist facilities and contents.

2.21 New and amended standards and interpretations in the current period

The following new standards and amendments to the existing standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee and adopted by the EU are effective for the current period:

- IFRS 17 Insurance contracts, issued on 18 May 2017; including Amendments to IFRS 17 issued on 25 June 2020, (effective date for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information, issued on 9 December 2021 (effective date for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, issued on 7 May 2021 (effective date for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules, issued on 23 May 2023 (effective date for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, issued on 12 February 2021 (effective date for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, issued on 12 February 2021 (effective date for annual periods beginning on or after 1 January 2023).

The adoption of these Standards and Interpretations had no significant impact on the financial statements of the Company.

2.21.1 Standards issued but not yet effective and not early adopted and are not applied by the Company

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date, issued on 23 January 2020 and 15 July 2020 respectively (effective date for annual periods beginning on or after 1 January 2024).
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, issued on 22 September 2022 (effective date for annual periods beginning on or after 1 January 2024).

The Company does not expect that the adoption of the mentioned standards and interpretations will have a significant impact on the Company's financial statements.

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.21 New and amended standards and interpretations (continued)

2.21.2 Standards that have been issued but not yet adopted in the EU

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023).

The Company does not expect that the adoption of the mentioned standards and interpretations will have a significant impact on the Company's financial statements.

2.22 Determination of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to fair value measurement, which assumes the overall responsibility of the Management Board and finance department in relation to the monitoring of all significant fair value measurements, consultation with external experts, and the responsibility to report, with respect to the above, to those charged with corporate governance.

Fair values are measured using information collected from third parties, in which case the Board and the finance department assess whether the evidence collected from third parties supports the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy where such valuations should be classified.

Fair values are categorized into different level in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

NOTE 2 – SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES (continued)

2.22 Determination of fair values (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more significant inputs are not based on observable market data, the fair value estimate is included in level 3.

2.23. Government grants

State aid is recognized when there is a reasonable assurance that the aid will be received and all conditions associated with the aid will be met. When non-repayable funds relate to an expense item, they are recognized in reporting as a deduction from the related costs intended to be reimbursed.

NOTE 3 – FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's daily activities expose them to a variety of financial risks, especially: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Company does not have a written risk management program, but overall risk management with respect to these risks is carried out by the Company's Management Board.

The accounting policies for financial instruments have been applied to the line items below:

(in thousands of EUR)	**31 December 2023**	**31 December 2022**
Financial assets at amortized cost		
Trade receivables	1,934	1,901
Other receivables and current financial assets	502	286
Loans granted	1,760	1,759
Cash and cash equivalents	6,871	9,707
	11,067	**13,653**
Financial liabilities at amortized cost		
Trade payables	2,259	2,021
Borrowings	42,839	50,676
Lease liabilities	1,289	1,283
	46,387	**53,980**

(a) Market risk

(i) Currency risk

The introduction of the euro as the official currency in the Republic of Croatia from January 1, 2023, significantly affects the Company's exposure to currency risk, which mostly stemmed from changes in the nominal exchange rate of EUR/HRK. Consequently, the Company is no longer significantly exposed to it.

Until 31 December 2022, the majority of the proceeds from sales abroad were generated in EUR, the currency in which all long-term credit debt was denominated, so the Company was for the most part naturally protected from currency risk. However, a certain part of liabilities (primarily obligations to suppliers and obligations to employees) were expressed in HRK, which is why the Company managed currency risk, in accordance with the current state and future assessment of the Company's foreign exchange position, expectations of the movement of the value of the EUR/HRK currency pair, as well as other cross-currency relationships between the world currencies.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

	2023				2022			
(in thousands of EUR)	**EUR**	**HRK**	**Other**	**Total**	**EUR**	**HRK**	**Other**	**Total**
Financial assets								
Trade receivables	1,934	-	-	1,934	348	1,553	-	1,901
Loans granted	1,760	-	-	1,760	-	1,759	-	1,759
Cash and cash equivalents	6,871	-	-	6,871	3,820	5,887	-	9,707
	10,565	-	-	**10,565**	**4,168**	**9,199**	-	**13,367**
Financial liabilities								
Trade and other payables	2,259	-	-	2,259	259	1,762	-	2,021
Borrowings	42,839	-	-	42,839	50,676	-	-	50,676
Lease liabilities	1,289	-	-	1,289	103	1,180	-	1,283
	46,387	-	-	**46,387**	**51,038**	**2,942**	-	**53,980**
Net exposure	**(35,822)**	-	-	**(35,822)**	**(46,870)**	**(6,257)**	-	**(40,613)**

As of December 31, 2023, the Company is not exposed to currency risk.

As of 31 December 2022, if the euro had weakened/strengthened by 1% against the Croatian kuna, with all other variables held constant, the Company's net loss for the year would have been EUR 384 thousand higher/lower, mainly as a result of foreign exchange gains/losses on the translation of EUR denominated borrowings and foreign cash funds in EUR. EUR foreign exchange rate as of 31 December 2022 was HRK 7.534500 per 1 EUR.

(ii) Interest rate risk

The Company's short-term cash deposits generate interest income, contracted at fixed rates, thus not exposing the Company to the risk of interest rate changes. The interest rate on deposited funds ranged up to a maximum of 3.55% (2022: 0.02%).

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. As of 31 December 2023, the borrowings contracted at variable interest rates amount to EUR 28,692 thousand *(2022: EUR 35,215 thousand)*. The Company has no objectives or policies with respect to interest rate risk management.

As of 31 December 2023, if interest rates on borrowings with variable interest rates had been 0.5% lower/higher, with all other variables held constant, the Company's net profit for the year would have been EUR 118 thousand higher/lower *(2022: EUR 144 thousand).*

(iii) Price risk

The Company is not an active participant in the capital markets in terms of trading with equity and debt securities, therefore it is not exposed to price risk.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The maximum exposure of the Company to credit risk as of the reporting date:

(in thousands of EUR)	**31 December 2023**	**31 December 2022**
Loans and receivables		
Trade receivables	1,934	1,901
Loans granted	1,760	1,759
Cash and cash equivalents	6,871	9,707
Total	**10,565**	**13,367**

The credit quality of the Company's exposure is as follows:

(in thousands of EUR)	**Trade receivables**	**Cash and cash equivalents**	**Loans granted**	**Total**
2023				
Neither past due nor impaired	1,355	6,871	1,760	**9,986**
Past due but not impaired	579	-	-	**579**
Past due and impaired	495	-	-	**495**
Impairment	(495)	-	-	**(495)**
	1,934	6,871	1,760	**10,565**

(in thousands of EUR)	**Trade receivables**	**Cash and cash equivalents**	**Loans granted**	**Total**
2022				
Neither past due nor impaired	1,363	9,707	1,759	**12,829**
Past due but not impaired	538	-	-	**538**
Past due and impaired	508	-	-	**508**
Impairment	(508)	-	-	**(508)**
	1,901	9,707	1,759	**13,367**

The Company deposits its cash at banks with the following credit ratings by Standard & Poor's:

(in thousands of EUR)	**31 December 2023**	**31 December 2022**
Cash at bank		
A+	979	3,064
BBB+	63	3,540
BBB	5,576	513
Other or without rating	253	2,590
	6,871	**9,707**

The Company has policies that limit the amount of credit exposure to any financial institution.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

Credit risk is minimized by arranging deals with customers who have an appropriate credit history, arranging prepayments or payments through security deposits and credit cards for individual customers. The Company also acquires insurance instruments for receivables (bills of exchange, promissory notes and guarantees) thus allaying the risks of non-performing of its claims for the services provided.

The Management Board monitors the collectability of receivables through weekly reports on individual balances of receivables. Trade receivables are impaired when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of all trade and other receivables has been impaired to their recoverable amount.

The Company's trade and other receivables are mainly secured by collaterals. The majority of impaired trade receivables are subject to legal proceedings. The outcome of the proceedings related to disputed receivables and the extent to which they will be collected cannot be anticipated with certainty.

Receivables past due but not impaired as of the reporting date have the following maturities:

(in thousands of EUR)	**31 December 2023**	**31 December 2022**
Up to one month	76	135
One to two months	111	72
Two to three months	41	52
Over three months	351	279
	579	**538**

(c) Liquidity risk

Sound liquidity risk management ensures that the Company maintains day-to-day control and provision of sufficient amounts of free cash through operating cash flows and adequate amounts of currently agreed and future credit lines to meet its obligations. Credit lines for 2023 are contracted with reputable financial institutions, while, in general, credit repayments are aligned with the period of significant cash inflows from operational activities. The Company monitors the level of available sources of funds daily through reports on the balance of funds and liabilities.

Based on the established budget, cash flow for the following year is prepared by month, as well as a long-term cash flow plan. The surplus of funds above the amount required for working capital management is deposited into the Company's treasury. From there, the funds are invested in interest-bearing current accounts, time deposits, money market deposit accounts and marketable securities. Only instruments with suitable maturities and sufficient liquidity are selected, according to the forecast needs for liquid funds.

The table below analyzes the Company's financial assets into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

as of 31 December 2023 (in thousands of EUR)	**Carrying amount**	**Contractual cash flows**	**Up to 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**
Non-interest bearing assets						
Other receivables and non-current financial assets	502	502	502	-	-	-
Trade receivables	1,934	1,934	1,934	-	-	-
	2,436	2,436	2,436	-	-	-
Interest bearing assets						
Loans granted	1,760	1,760	1,760	-	-	-
Cash and cash equivalents	6,871	6,871	6,871	-	-	-
	8,631	8,631	8,631			
	11,067	**11,067**	**11,067**	-	-	-

as of 31 December 2023 (in thousands of EUR)	**Carrying amount**	**Contractual cash flows**	**Up to 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**
Non-interest bearing assets						
Other receivables and non-current financial assets	286	286	286	-	-	-
Trade receivables	1,901	1,901	1,901	-	-	-
	2,187	2,187	2,187	-	-	-
Interest bearing assets						
Loans granted	1,759	1,759	1,759	-	-	-
Cash and cash equivalents	9,707	9,707	9,707	-	-	-
	11,466	11,466	11,466			
	13,653	**13,653**	**13,653**	-	-	-

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period on the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

as of 31 December 2023 (in thousands of EUR)	**Carrying amount**	**Contractual cash flows**	**Up to 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**
Non-interest bearing liabilities						
Other liabilities	4,951	4,951	4,951	-	-	-
Interest liabilities	836	836	836	-	-	-
Trade payables	2,259	2,259	2,259	-	-	-
	8,046	8,046	8,046	-	-	-
Interest bearing liabilities						
Loan liabilities	42,002	42,002	11,167	11,356	12,573	6,906
Lease liabilities	1,289	1,289	269	280	171	569
	43,291	43,291	11,436	11,636	12,744	7,475
	51,337	**51,337**	**19,482**	**11,636**	**12,744**	**7,475**

as of 31 December 2022 (in thousands of EUR)	**Carrying amount**	**Contractual cash flows**	**Up to 1 year** s	**1-2 years**	**2-5 years**	**Over 5 years**
Non-interest bearing liabilities						
Other liabilities	5,904	5,904	5,904	-	-	-
Interest liabilities	442	442	442	-	-	-
Trade payables	2,021	2,021	2,021	-	-	-
	8,367	8,367	8,367	-	-	-
Interest bearing liabilities						
Loan liabilities	50,234	50,234	8,233	11,166	21,529	9,306
Lease liabilities	1,283	1,283	171	164	273	675
	51,517	51,517	8,404	11,330	21,802	9,981
	59,884	**59,884**	**16,771**	**11,330**	**21,802**	**9,981**

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the owner and to maintain an optimal capital structure to reduce the cost of capital. In accordance with the Companies Act, the Company is committed to maintaining the level of capital above EUR 25 thousand as required for public limited companies.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

Fair value represents the amount at which an asset could be exchanged, or a liability settled between knowledgeable and willing parties acting in their best interest.

The carrying amounts of current trade and other receivables and trade payables approximate their fair value. The carrying amount of borrowings approximates their fair value due to market interest rates on borrowings.

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under existing circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated useful life and impairment of property, plant and equipment

By using a certain asset, the Company uses the economic benefits contained in this asset, which diminish more intensely with economic and technological aging. Consequently, in the process of determining the useful life of an asset, in addition to assessing the expected physical utilization, it is necessary to consider the changes in demand on the tourist market, which will cause a faster economic obsolescence as well as a more intense development of new technologies. Current business operations in the hotel industry impose the need for more frequent investments.

The useful life of fixed assets named “Buildings” ranging from 17-50 years and the useful life of fixed assets named “Equipment” ranging from 2 to 15 years was assessed as suitable for the smooth functioning of the business in accordance with the opinions of the technical department.

The useful life of use was also reviewed for other assets. Useful life will be periodically reviewed in the sense of whether there are circumstances for changing the assessment in relation to the previously determined. Changes in estimate, if any, will be reflected in future periods through a change in depreciation expense over the remaining, changed useful life.

(b) Lawsuits

Provisions for lawsuits and proceedings are stated based on the Management board's assessment of potential losses as well as the probability of resolving these disputes in a period shorter than / longer than one year, after consulting a lawyer. Based on existing knowledge, it is reasonably possible that the outcome of litigation will differ from the estimated potential losses. On 31 December 2023, the Company has reported provisions for several disputes in the total amount of EUR 1,182 thousand.

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES (continued)

(c) Land ownership and legal disputes

Problems with respect to land ownership disputes are common for tourism entities in the Republic of Croatia. Their resolution is expected in accordance with and pursuant to the provisions of the Act on Tourist and Other Construction Land Not Evaluated in the Transformation and Privatization Process, which entered into force on 1 August 2010 and which mandated companies to submit the relevant requirements under this Act within six months from the date of its entry into force (up to 1 February 2011). On 28 January 2011, regulations were issued elaborating in more detail the manner of complying with the above Act. On 31 January 2011, the Company submitted the relevant requirements to the relevant authorities in respect of the property on which the above-mentioned law can be applied. With the Act on Unappraised Land („the ZNGZ“) entering into force on 2 May 2020, the procedures for obtaining a concession initiated under the provisions of the ZOTZ have been suspended and further assessment of the court and administrative proceedings related to unappraised land can be predicted only after resolving property relations and determining the actual owners of tourist land, according to the provisions of the ZNGZ. It is not expected that the outcome of the mentioned disputes will have a significant effect on the financial statements or the performance of the Company.

(d) Deferred tax assets

Deferred tax assets include the amount of EUR 3,404 thousand, which is stated on the basis of transferred tax losses and other temporary tax differences. For amounts stated on the basis of transferred tax losses, the Company has a period of 5 years to use these incentives, while the realization of deferred tax assets arising from other temporary tax differences is not limited in time, and therefore uncertainty about the use of this part is very small.

Deferred tax assets are recognized up to the amount of tax revenues that are likely to be achieved. When determining the future taxable profit and the amount of tax revenues that are likely to be achieved in the future, the management board assesses and estimates based on taxable profits from previous years and expectations of future income that are considered reasonable under existing circumstances. Taking into consideration the recent financial performance of the Company, it is expected that the Company will partially use the tax losses carried forward in the next several years, i.e. before their expiration.

(e) Going concern

The financial statements are prepared on the assumption of the going concern basis.

As at December 31, 2023, the Company's short-term liabilities exceed its short-term assets by an amount of 7,724 thousand euros (December 31, 2022: 2,379 thousand euros). The Company enjoys a favorable leverage ratio, balance sheet strength, a unique business model that involves simultaneous ownership and management of tourist facilities, positive financial indicators (including positive earnings before taxes achieved in 2023), demand for its products and services, as well as the attractiveness and unencumbrance of its assets. Given the seasonality of the industry in which the Company operates, it is currently in the process of finalizing a EUR 3,000 thousand loan facility to optimize working capital management, including short-term liabilities and assets, as well as the structure of its equity and debt.

NOTE 5 – SEGMENT INFORMATION

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Company's Management, the chief operating decision-maker, which is responsible for allocating resources to the reportable segments and assessing its performance.

The Company records its operating revenue and costs by the type of services rendered in two basic segments: hotels & apartments and other business segments. Other business segments include campsite services, marina services, rental services and other similar services as well as central sector services.

The segment information for the year ended 31 December 2023 is as follows:

(in thousands of EUR)	**Hotels and apartments**	**Other**	**Unallocated**	**Total**
Sales revenues	53,703	2,169	-	55,872
GOP	13,151	570	-	13,721
Procurement of real estate, plants, equipment and intangible assets	4,019	122	-	4,141
Book value of real estate, plant, equipment and intangible assets	91,289	11,462	-	102,751
Acquisition of other long-term assets	-	-	-	-
Book value of other long-term assets	-	-	7,770	7,770
Depreciation	9,140	494	179	9,813
Current assets	-	-	11,759	11,759
Total liabilities	-	-	52,809	52,809

The segment information for the year ended 31 December 2022 is as follows:

(in thousands of EUR)	**Hotels and apartments**	**Other**	**Unallocated**	**Total**
Sales revenues	45,984	1,966	-	47,950
GOP	13,521	541	-	14,062
Procurement of real estate, plants, equipment and intangible assets	6,965	198	-	7,163
Book value of real estate, plant, equipment and intangible assets	98,158	10,296	-	108,454
Acquisition of other long-term assets	-	-	200	200
Book value of other long-term assets	-	-	6,977	6,977
Depreciation	12,123	707	117	12,947
Current assets	-	-	14,391	14,391
Total liabilities	-	-	61,753	61,753

NOTE 6.1 – REVENUE

Revenue streams

The Company generates revenue primarily from the accommodation services, food and beverages sales and provision of ancillary hotel services to its customers. The Company's sales revenues can be classified according to the customers' origin:

(in thousands of EUR)	**2023**	**2022**
Domestic sales	6,787	6,751
Foreign sales	49,085	41,199
	55,872	**47,950**

Foreign sales	**2023**	**%**	**2022**	**%**
Austria	14,260	29.1	12,031	29.2
Germany	9,897	20.1	9,046	22.0
Slovenia	4,702	9.6	3,846	9.3
Hungary	3,564	7.3	2,914	7.1
Netherlands	1,877	3.8	1,240	3.0
Italy	1,840	3.7	1,697	4.1
United Kingdom	1,215	2.5	783	1.9
Other EU members /i/	6,114	12.5	5,463	13.3
Other /i/	5,616	11.4	4,179	10.1
	49,085	**100**	**41,199**	**100**

/i/ None of the customers' share in sales exceeds 10%.

NOTE 6.1 – REVENUE (continued)

The Company's sales revenues are classified according to the sales channel and type of service:

(in thousands of EUR)	**2023**	**2022**
Revenue from hotel services		
Individual guests	26,116	23,154
Groups	7,816	4,382
Allotment	8,349	8,526
MICE	3,449	2,922
	45,730	**38,984**
Revenue from other services		
Food and beverages - other than hotel guests	6,963	5,995
Revenue from services rendered to hotel guests	1,745	1,590
Other revenue	1,434	1,381
	10,142	**8,966**
Total sales revenue	**55,872**	**47,950**

NOTE 6.2 – OTHER INCOME

(in thousands of EUR)	**2023**	**2022**
Write-off of liabilities	291	90
Revenues from insurance companies compensation of damages	224	229
Recharged costs to lessees and others	179	62
Collection of receivables previously written-off	14	3
Income from reversal of provision	544	1,183
Rental income	742	720
Income from aids and supports	94	9
Other income	804	254
	2,892	**2,550**

NOTE 7 – COST OF MATERIALS AND SERVICES

(in thousands of EUR)	**2023**	**2022**
Food, beverages and other supplies	7,365	6,070
Energy and water used	4,969	2,956
	12,334	**9,026**
Tourist agency services	2,587	2,229
Maintenance	1,448	1,418
Advertising and promotion	639	457
Laundry services	1,191	1,046
Utilities	1,747	1,327
Rent	767	514
Entertainment of guests	318	267
Other expenses	1,880	2,037
	10,577	**9,295**
	22,911	**18,321**

NOTE 8 – STAFF COSTS

(in thousands of EUR)	**2023**	**2022**
Gross salaries and wages	13,723	11,099
Contributions on salaries	2,040	1,666
Other staff costs /i/	3,745	2,582
	19,508	**15,347**
Number of employees at year end	755	710

/i/ Other staff costs comprise, compensations for transportation costs, remunerations for temporary services, jubilee and special awards, etc.

The company capitalized staff costs in the amount of EUR 4 thousand *(2022: EUR 32 thousand).*

NOTE 9 – OTHER OPERATING EXPENSES

(in thousands of EUR)	**2023**	**2022**
Professional services	724	681
Utility and similar fees	1,168	972
Write-off of property, plant and equipment and intangible assets	146	523
Insurance	223	217
Provisions for legal disputes (note 20)	146	212
Bank charges and membership fee	126	113
Travel and entertainment	184	170
Other expenses	1,335	1,680
	4,052	**4,568**

NOTE 10 – OTHER GAINS – NET

(in thousands of EUR)	**2023**	**2022**
Net gains on sale of property, plant and equipment	1	1
	1	**1**

NOTE 11 – NET FINANCE COSTS

(in thousands of EUR)	**2023**	**2022**
Finance income		
Interest income from financial assets at amortized cost	178	47
Net foreign exchange gains	0	424
	178	**471**
Finance costs		
Interest expense	(2,033)	(1,270)
Net foreign exchange losses	0	(452)
Other finance costs	(1)	(10)
	(2,034)	**(1,732)**
Net finance costs	**(1,856)**	**(1,261)**

NOTE 12 – INCOME TAX

(in thousands of EUR)	**2023**	**2022**
Current tax expense		
Current year	-	-
Deferred tax (income)/expenses		
Origination and reversal of temporary differences	(315)	(2)
Recognition of tax losses	(511)	(1,422)
Recognition of previously unrecognized temporary differences	41	-
	(785)	(1,424)
Tax (income)/expense	**(785)**	**(1,424)**

(in thousands of EUR)	**2023**	**2022**
Profit/(loss) before tax	616	(1,977)
Tax rate of 18%	111	(356)
The effect of non-deductible revenues/expenses	(101)	441
Recognition of previously unrecognized temporary differences	41	-
Net effect of recognition/release of tax losses	(836)	(1,509)
Tax (income)/expense	(785)	(1,424)
Effective tax rate	-	-

The corporate income tax before taxation differs from the theoretical amount that would arise using the tax rate of 18%. The reconciliation of the tax expense of the Company per the statement of comprehensive income and taxation at the statutory rate is presented in detail in the table above.

In accordance with local regulations, the Tax Administration may at any time inspect the Company's books and records within the three years following the year in which the tax liability is reported and may impose additional tax assessments and penalties. A tax audit of the corporate income tax for the year 2021 is currently underway. The Company's management is unable to determine the final outcome upon its completion at this time.

NOTE 12 – INCOME TAX (continued)

Deferred tax assets and liabilities

As of 31 December 2023, deferred tax assets amount to EUR 3,404 thousand *(2022: EUR 2,619 thousand).*

	Assets as of 31 December		**Liabilities as of 31 December**		**Net as of 31 December**	
(in thousands of EUR)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Provisions for other liabilities and expenses	163	44	-	-	163	44
Property, plant and equipment	529	374	-	-	529	374
Tax losses recognized	2,712	2,201	-	-	2,712	2,201
	3,404	**2,619**	-	-	**3,404**	**2,619**

The movement in deferred tax assets and liabilities during the year relates to the temporary differences as follows:

	31 December	Recognized in profit or loss	**31 December**
(in thousands of EUR)	**2022**		**2023**
Provisions for other liabilities and expenses	44	119	163
Property, plant and equipment	374	155	529
Tax losses recognized	2,201	511	2,712
	2,619	**785**	**3,404**

NOTE 13 – EARNINGS/(LOSS) PER SHARE (basic and diluted)

Basic earnings/(loss) per share

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

	2023	2022
Profit/(loss) for the year (in thousands of EUR)	1,401	(553)
Weighted average number of shares (basic and diluted)	302,637	302,637
Earnings/(loss) per share (basic) (in EUR)	4.6	(1.8)

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share are equal to basic earnings per share, since the Company did not have any convertible instruments nor share options outstanding.

NOTE 14.1 – PROPERTY, PLANT AND EQUIPMENT

(in thousands of EUR)	**Land**	**Buildings**	**Equipment**	**Assets under constr.**	**Artwork**	**Total**
As at 1 January 2022						
Cost	16,230	224,993	50,710	5,844	516	298,293
Accumulated depreciation	-	(152,376)	(32,590)	-	-	(184,966)
Net carrying amount	**16,230**	**72,617**	**18,120**	**5,844**	**516**	**113,327**
Year ended 31 December 2022						
Opening net carrying amount	16,230	72,617	18,120	5,844	516	113,327
Additions	21	3,414	1,867	2,846	-	8,148
Disposals and write-offs	-	-	(308)	(389)	-	(697)
Depreciation	-	(8,483)	(3,936)	-	-	(12,419)
Reclassification	-	1,492	51	(1,543)	-	-
Transfer	-	-	-	(1,350)	-	(1,350)
Closing net carrying amount	**16,251**	**69,040**	**15,794**	**5,408**	**516**	**107,009**
As at 31 December 2022						
Cost	16,251	229,899	52,320	5,408	516	304,394
Accumulated depreciation	-	(160,859)	(36,526)	-	-	(197,385)
Net carrying amount	**16,251**	**69,040**	**15,794**	**5,408**	**516**	**107,009**
As at 1 January 2023						
Cost	16,251	229,899	52,320	5,408	516	304,394
Accumulated depreciation	-	(160,859)	(36,526)	-	-	(197,385)
Net carrying amount	**16,251**	**69,040**	**15,794**	**5,408**	**516**	**107,009**
Year ended 31 December 2023						
Opening net carrying amount	16,251	69,040	15,794	5,408	516	107,009
Additions	-	216	1,007	2,269	-	3,492
Disposals and write-offs	-	(114)	(31)	(64)	(1)	(210)
Depreciation	-	(5,795)	(3,348)	-	-	(9,143)
Transfer	-	5	264	(269)	-	-
Reclassification	-	-	-	-	-	-
Closing net carrying amount	**16,251**	**63,352**	**13,686**	**7,344**	**515**	**101,148**
As at 31 December 2023						
Cost	16,251	229,420	51,523	7,344	515	305,053
Accumulated depreciation	-	(166,068)	(37,837)	-	-	(203,905)
Net carrying amount	**16,251**	**63,352**	**13,686**	**7,344**	**515**	**101,148**

NOTE 14.1 – PROPERTY, PLANT AND EQUIPMENT (continued)

During 2023, the Company reviewed the useful life of its long-term tangible assets with the aim of harmonizing individual depreciation groups with the expected useful life. Therefore, for certain assets, the remaining useful life was adjusted based on the actual expected useful life of the assets in the category of buildings and equipment. As a result of this change, a lower depreciation of 3,327 thousand euros was calculated in 2023 compared to the previously applied rates.

As 31 December 2023, land and buildings in the amount of EUR 29,006 thousand *(2022: EUR 31,326 thousand)* have been pledged as collateral for the repayment of borrowings (note 19).

The land surface included in the Company's records as of 31 December 2023 comprised 202,330 m^2 (2022: 202,330 m^2) and, together with the respective buildings, it has a net carrying value of EUR 79,603 thousand *(2022: EUR 85,291 thousand).*

Of the total land surface, a surface of 6,441 m^2 with a value of EUR 583 thousand is not legally owned by the Company, while 195,889 m^2 is legally owned by the Company and with the buildings, it has a carrying value of EUR 79,020 thousand.

Assets under construction relate to construction works on the reconstruction of the hotel Kvarner façade, arranging Ambasador beach, works on the villas Danica and Slatina, as well as project documentation and works in the Company's other tourist facilities.

The carrying value of property, plant and equipment of the Company leased out is as follows:

(in thousands of EUR)	**2023**	**2022**
Cost	1,221	1,221
Accumulated depreciation as at 1 January	(756)	(755)
Net carrying amount	**465**	**466**

The operating lease relates to the lease of hospitality facilities and stores. During 2023, the Company realized rental income in the amount of EUR 742 thousand *(2022: EUR 720 thousand*).
The aggregate lease payments receivable for operating leases are as follows:

(in thousands of EUR)	**2023**	**2022**
Up to 1 year	732	598
Between 2 and 5 years	2,708	2,306
	3,440	**2,904**

Lease agreements have been concluded either for a time period from 1 to 5 years or for an indefinite period of time, respectively (mainly for an indefinite period of time) and are renewable at the end of the lease period at market prices, i.e. after tendering the most favorable bidders are chosen.

NOTE 14.2 – INTANGIBLE ASSETS

(in thousands of EUR)	Concessions, patents, licenses, software and rights	Other intangible assets	Assets in preparation	Total
As at 1 January 2022				
Cost	2,458	889	-	3,347
Accumulated amortization	(1,235)	(822)	-	(2,057)
Net carrying amount	**1,223**	**67**	**-**	**1,290**
Year ended 31 December 2022				
Opening net carrying amount	1,223	67	-	1,290
Additions	32	134	313	479
Amortization	(372)	(38)	-	(410)
Transfer	152	-	(152)	-
Reclassification	-	-	86	86
Closing net carrying amount	**1,035**	**163**	**247**	**1,445**
As at 31 December 2022				
Cost	2,555	997	247	3,799
Accumulated amortization	(1,520)	(834)	-	(2,354)
Net carrying amount	**1,035**	**163**	**247**	**1,445**
As at 1 January 2023				
Cost	2,555	997	247	3,799
Accumulated amortization	(1,520)	(834)	-	(2,354)
Net carrying amount	**1,035**	**163**	**247**	**1,445**
Year ended 31 December 2023				
Opening net carrying amount	1,035	163	247	1,445
Additions	164	11	474	649
Amortization	(443)	(48)	-	(491)
Transfer	179	-	(179)	-
Reclassification	-	-	-	-
Closing net carrying amount	**935**	**126**	**542**	**1,603**
As at 31 December 2023				
Cost	2,898	1,008	542	4,448
Accumulated amortization	(1,963)	(882)	-	(2,845)
Net carrying amount	**935**	**126**	**542**	**1,603**

NOTE 14.3 – RIGHT OF USE OF ASSETS

Below is an overview of lease-related information where the Company is a lessee.

The statement of financial position shows the amounts for leases as follows:

(in thousands of EUR)	Concessions	Vehicles	Equipment	Total
Year ended 31 December 2023				
Opening net carrying amount	1,099	31	-	1,130
Additions	-	216	100	316
Disposals and write-offs	-	(8)	-	(8)
Depreciation	(98)	(75)	(6)	(179)
Closing net carrying amount	**1,001**	**164**	**94**	**1,259**

The statement of comprehensive income presents the amounts for leases as follows:

(in thousands of EUR)	2023
Depreciation of assets with right of use	
Concessions	98
Vehicles	75
Equipment	6
	179
Interest expense (included in financial expenses)	**23**

NOTE 15 – FINANCIAL ASSETS

(in thousands of EUR)	31 December 2023	31 December 2022
Investments in Aeris d.o.o.	2,148	2,148
Investments in IKA 21 d.o.o.	958	958
Investments in Remisens d.o.o.	-	122
	3,106	**3,228**

The Company owns 100% of total shares in Aeris d.o.o.

The Company owns 100% of total shares in IKA 21 d.o.o.

On October 27, 2023, the Company sold its business share in the company Remisens d.o.o. (2022: share of 33.33%).

NOTE 16 – TRADE AND OTHER RECEIVABLES

(in thousands of EUR)	31 December 2023	31 December 2022
Domestic receivables	1,109	862
Foreign receivables	477	652
Non-invoiced receivables /i/	843	895
Allowance for impairment of trade receivables	(495)	(508)
Trade receivables - net	**1,934**	**1,901**
Receivables from the state and other receivables	502	286
	2,436	**2,187**

/i/ Non-invoiced receivables relate to receivables from guests staying at the hotel as of 31 December.

Movements in the impairment of trade and other receivables are as follows:

(in thousands of EUR)	31 December 2023	31 December 2022
As of 1 January	508	497
Increase	1	48
Collection	(14)	(3)
Write-off	-	(34)
As of 31 December	**495**	**508**

NOTE 17 – CASH AND CASH EQUIVALENTS

(in thousands of EUR)	31 December 2023	31 December 2022
Deposits up to 90 days	6,315	-
Foreign currency accounts	-	3,820
Cash on hand	91	124
Giro accounts	465	5,763
	6,871	**9,707**

Interest rates on cash and cash equivalents amounted to a maximum of 3.55% (2022: up to 0.02%).

NOTE 18 – CAPITAL AND RESERVES

Share capital

As at 31 December 2023, the Company's share capital amounted to EUR 92,306 thousand (2022: EUR 92,385 thousand) and comprises 302,641 ordinary shares with a nominal value of EUR 305 per share (2022: EUR 305.26 i.e. HRK 2,300 per share).

Pursuant to the provisions of the Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia and the Act on Amendments to the Companies Act, based on the decision of the General Assembly on adjusting the share capital dated 10 August 2023, the Company's share capital (by applying a fixed conversion rate from kuna to euro), was converted into euros and reduced by the amount of EUR 79 thousand to the extent necessary for compliance with relevant regulations in a simplified manner, in favour of capital reserves.

Ordinary shares have equal voting rights and rights to receive dividend. The Company's share capital has been fully paid in cash.

The ownership structure as of 31 December 2023 was as follows:

	Number of shares	in EUR thousand	%
Gitone Adriatic d.o.o.	215,595	65,757	71.24
Nova Liburnija d.o.o., Opatija	75,661	23,077	25.00
CERP	1,624	495	0.54
Small shareholders	9,757	2,976	3.22
Treasury shares	4	1	>0.01
Total	**302,641**	**92,306**	**100.00**

Legal reserves

Under Croatian regulations, the legal reserve must be built up to a minimum of 5% of the profit for the year until total reserves together with the capital reserves reach 5% of the Company's share capital. Legal reserves are not distributable. Legal reserves include EUR 5,744 thousand from reduction of share capital in 2014.

Capital reserves

Capital reserves were formed by reducing the share capital from 2014, with an increase of 79 thousand euros in 2023 during the adjustment of the share capital upon the introduction of the euro.

Reserves for treasury shares

Reserves for treasury shares amount to EUR 1 thousand since the Company holds 4 treasury shares.

NOTE 19 – BORROWINGS

(in thousands of EUR)	**31 December 2023**	**31 December 2022**
Bank borrowings	42,839	50,676
Less: non-current portion	(30,835)	(42,002)
Current portion	**12,004**	**8,674**

Bank borrowings are secured by a mortgage over land and a building (note 14). Of the total amount of current borrowings, EUR 837 thousand relates to interest payable (*2022: EUR 442 thousand*). Bank loan contracts contain loan covenants.

Maturities of long-term borrowings are as follow:

(in thousands of EUR)	**31 December 2023**	**31 December 2022**
Bank borrowings		
Between 1 and 5 years	23,929	32,696
Over 5 years	6,906	9,306
	30,835	**42,002**

(in thousands of EUR)	**2023**	**2022**
Bank borrowings		
As of 1 January	**50,676**	**47,058**
Borrowings received	5,330	15,782
Repayments of borrowings	(13,563)	(12,399)
Net foreign exchange gains	-	62
Net increase (decrease) in interest payable	396	173
As of 31 December	**42,839**	**50,676**

NOTE 20 – PROVISIONS FOR OTHER LIABILITIES AND EXPENSES

(in thousands of EUR)	**Termination benefits and jubilee awards**	**Legal disputes**	**Total**
As of 1 January 2023	**242**	**1,627**	**1,869**
Increase	48	99	146
Paid during the year	-	(28)	(28)
Released during the year	-	(516)	(516)
As of 31 December 2023	**290**	**1,182**	**1,471**
Current portion	**-**	-	**-**
Non-current portion	**290**	**1,182**	**1,471**

NOTE 21 – LEASE LIABILITIES

The maturity of operate leases is as follows:

(in thousands of EUR)	**2023**	**2022**
Lease liabilities		
As at 1 January	**1,283**	**1,446**
Receipts	262	3
Repayment	(256)	(166)
As at 31 December	**1,289**	**1,283**
Lease liabilities		
Current portion	269	171
Non-current portion	1,020	1,112
	1,289	**1,283**

NOTE 22 – TRADE AND OTHER PAYABLES

(in thousands of EUR)	**31 December 2023**	**31 December 2022**
Domestic trade payables	2,051	1,757
Foreign trade payables	208	264
Total trade payables	2,259	2,021
Due to employees /i/	1,715	2,298
Taxes and contributions payable	811	785
Advances payable	2,038	1,448
Other liabilities	387	1,373
	7,210	**7,925**

/i/ Liabilities to employees include provisions for severance in the amount of EUR 58 thousand *(2022: EUR 383 thousand).*

NOTE 23 – CASH GENERATED FROM OPERATIONS

Reconciliation of profit and cash generated from operations:

(in thousands of EUR)	**2023**	**2022**
Profit/(loss) for the year	1,401	(553)
Adjustments for:		
Depreciation and amortization	9,813	12,947
Write-off of property, plant and equipment	165	697
Net gains on sale of property, plant and equipment	(1)	(1)
Net gains on sale of financial assets	(10)	-
Allowance for impairment of trade receivables - net	9	(34)
Net finance costs	1,856	1,261
Increase in provisions-net	(398)	(971)
Income tax	(785)	(1,424)
Unrealized exchange differences	-	62
Changes in working capital:		
- trade and other receivables	(240)	(595)
- inventories	46	(196)
- trade and other payables	(715)	1,729
Cash generated from operations	**11,141**	**12,922**

NOTE 24 – CONTINGENCIES AND COMMITMENTS

Legal disputes

The Company is involved in a number of legal disputes arising from the ordinary course of business. In the financial statements for the year ended 31 December 2023 provisions for legal disputes have been made for which the Company anticipates outflow of economic benefits in the amount of EUR 1,182 thousand *(2022: EUR 1,627* thousand*),* as set out in note 20.

Land ownership

Pursuant to the Agreement on the resolution of legal ownership rights and the transfer of 25% + 1 shares concluded on 14 June 2007 with the Croatian Privatization Fund, Zagreb (CPF) and the City of Opatija (which concluded the Agreement in its own name and for the account of the Municipalities of Lovran, M. Draga and Matulji), the Company acquired the ownership right over the properties entered into the Company's share capital based on the Decision of CPF dated 5 July 1995, the Conclusion of CPF dated 30 April 1998, the Conclusion of CPF dated 10 June 1998 and the Conclusion of CPF dated 27 February 1998. In line with the stated Agreement, legal documentation has been issued for most of the properties subject to the Agreement, except for the cases where the land plot division process is still ongoing, since they have been entered into the Company's share capital as part of the cadastral plot, and not as the entire cadastral plot. It is not expected that the outcome of mentioned disputes will have a significant effect on the financial statements or the performance of the Company.

Capital and loan commitments

As of 31 December 2023, capital commitments with respect to investments in tourist facilities amount to EUR 3,050 thousand *(2022: EUR 2,504 thousand).*

NOTE 25 – RELATED PARTY TRANSACTIONS

Parties are considered to be related if one of the parties has the power to exercise control over the other party or under common control or if it has significant influence over the other party in making financial or operational decisions. As of 31 December 2023, the Company has one majority shareholder Gitone Adriatic d.o.o. with 71.24% shares and shareholder Nova Liburnija d.o.o with 25% shares (note 18).

Related party transactions at the year-end are as follows:

(in thousands of EUR)	**2023**	**2022**
Sales revenues:		
Other parties associated with the group, owners or persons in supervision	201	67
	201	**67**
Other revenues:		
Other parties associated with the group, owners or persons in supervision	**79**	18
	79	18
Financial revenues:		
Subsidiaries	56	47
	56	**47**
Costs of materials and services:		
Other parties associated with the group, owners or persons in supervision	620	556
	620	**556**
Other operating expenses:		
Other parties associated with the group, owners or persons in supervision	1,841	1,484
	1,841	**1,484**
Trade and other payables:		
Other parties associated with the group, owners or persons in supervision	317	424
	317	424
Trade and other payables:		
Subsidiaries (Receivables for advances given)	1,760	1,759
Subsidiaries (Trade receivables)	129	72
Other parties associated with the group, owners or persons in supervision (Receivables for loans granted)	2,300	2,300
Other parties associated with the group, owners or persons in supervision (Trade receivables))	25	67
	4,214	**4,198**

NOTE 25 – RELATED PARTY TRANSACTIONS (continued)

Compensations to members of the Management board and the Supervisory board

The Management Board comprises two members as of 31 December 2023 *(31 December 2022: two members).*

As of 1 November 2021, the Company's management board was composed of the president of the Management board, Mr. Karl Eckerstorfer and member of the Management board, Mr. Dušan Mandič, whereby during the first nine months of 2023 there were no changes in the composition of the Company's Management board. However, in October 2023, there was a change in the composition of the Management board due to the president's and member's resignations (Mr. Eckerstorfer and Mr. Mandič) effective as of 31 October 2023. After this, the Supervisory board of the Company adopted a decision on 17 October 2023 appointing Mr. Ante Barić as the new president of the Management board, starting from 1 November 2023. It appointed Mr. Filip Močibob as the new member of the Management board, starting from the appointment decision date.

(in thousands of EUR)	**2023**	**2022**
Management board compensation		
Net salaries	1,701	687
Pension contributions	26	35
Health insurance contribution	180	69
Other costs	547	217
	2,454	**1,008**

In 2023, the company did not record a provision for bonuses to the Management Board members (2022: EUR 564 thousand).

(in thousands of EUR)	**2023**	**2022**
Supervisory board compensation	56	54

NOTE 26 – EVENTS AFTER THE REPORTING DATE

There were no significant events after the financial statements date that would require adjustment or disclosure in the financial statements as of 31 December 2023.