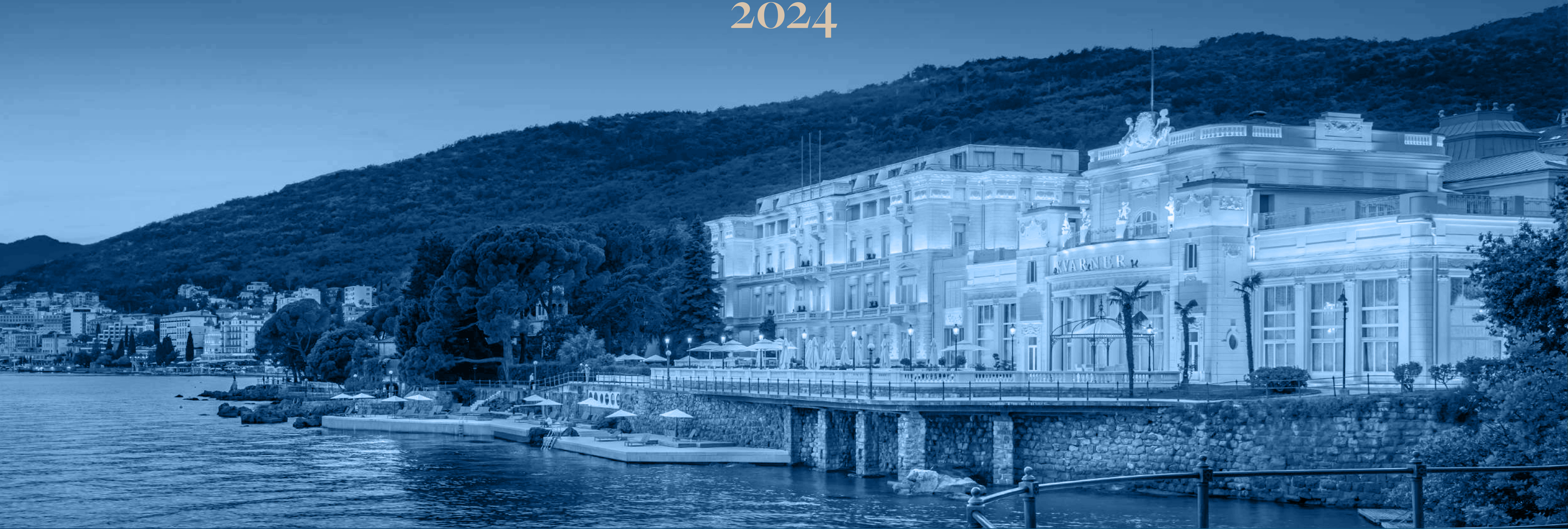
LIBURNIA
HOTELS & VILLAS

ANNUAL REPORT

2024



LIBURNIA RIVIERA HOTELI d.d.

Opatija, April 2025

Content

Message from the Chief Executive Officer

As I reflect on the past year at Liburnia Hotels & Villas, I'm filled with immense pride in what we've accomplished and even greater anticipation for what lies ahead. The year 2024 was a period of bold strides, setting new standards and positioning us at the forefront of transformation.

We began 2024 with the ambition not only to operate hotels, but to drive change and build the most progressive hospitality company in the region. This vision is not built on vague aspiration, but on disciplined execution, strategic investments, and a belief in people – our guests, our teams, and our communities.

In my first full year as the company's Chief Executive Officer, sharing the Management Board with Filip Močibob, I am incredibly proud of how Liburnia has progressed through a transformational phase with notable financial growth. In 2024, we achieved a 9% annual growth in revenue and an 18% increase in EBITDA, setting record highs in EBITDA per Key and Net Profit, while simultaneously reducing the company's debt by 25%, ensuring the financial stability needed to fuel future growth. In 2024, we maintained year-round operations across 7 of our hotels – a testament to our operational strength and a milestone that positions Liburnia Hotels & Villas as a national leader in year-round hospitality. These outstanding results underscore our focus on sustainable growth and our drive to continuously evolve the experiences, products, and services we offer.

This past year marked significant shifts in the way we lead and grow. We made key appointments across our leadership team, infusing fresh energy and strategic clarity. We also strengthened the cadence of leadership communication across the company. Our leaders are more connected, our teams more informed, and our execution more agile.

We used the past year as a pivotal period to define our strategy and set in motion our Mission 2030 – a bold and structured roadmap that transforms our company from a seasonal operator into a year-round, growth-oriented hospitality leader. At its core, Mission 2030 means reinvesting in the heart of our business - refurbishing and repositioning our properties, elevating how we operate, and expanding thoughtfully into new, strategic areas.

Our journey of transformation has set the stage for what comes next. I am proud to share that, as a significant event following the close of the reporting period, we announced the launch of the most ambitious investment three-year cycle in company history – a €50 million plan that reflects our confidence in the future and our commitment to raising the standard of hospitality across our portfolio. The investment cycle is centered around three strategic pillars. First, we will undertake the reconstruction and full repositioning of three key hotel properties – two of which are currently non-operational. By unlocking the potential of these dormant assets, we aim to create significant new value for the company. Second, we will implement our Enliven programs at selected properties, designed to elevate guest experience and performance through targeted upgrades and enhancements. Third, we will accelerate the adoption of advanced digital and commercial solutions to boost our competitiveness.

We see 2025 as a defining year – the moment when we move from laying the foundation to delivering visible transformation, built on everything we've set in motion together. Therefore, I want to extend my deepest thanks to everyone who has made this change possible – our dedicated team members, loyal guests, valued shareholders, trusted partners, and the communities we serve. Your trust, your support, and your belief in what Liburnia Hotels & Villas can become are the true catalysts of our success.

Respectfully yours,

ANTE BARIĆ,
Chief Executive Officer,
Liburnia Hotels & Villas

LIBURNIA
HOTELS & VILLAS

BUSINESS OVERVIEW

2024

In 2024, the Company achieved a record EBITDA per accommodation unit, accompanied by a record net profit of EUR 4.1 million.


HOTEL AMBASADOR

Key Messages

BUSINESS RESULTS

Liburnia Riviera Hoteli[1] delivered record operational and financial performance in 2024. With a robust annual revenue growth of +9%, reaching EUR 64.1 million, the Company achieved its highest-ever operating profit (EBITDA) per accommodation unit and a net profit of EUR 4.1 million. Simultaneously, through prudent management of its balance sheet and cash flows, the Company successfully reduced its debt levels by 25%, bringing the net debt to EBITDA ratio down to 1.9x.

The outstanding results achieved in 2024 highlight the dedication of all our employees in strengthening the competitiveness of Liburnia's business model, with a particular focus on fostering sustainable growth and the further development of our tourism portfolio. Guided by the vision of positioning Liburnia as the most progressive tourism company in the region, we launched key transformational initiatives throughout 2024 aimed at enhancing hotel products and services, optimizing business processes, implementing new technologies, and further developing our employees. These strategic changes serve as a strong foundation for future growth, the expansion of our tourism portfolio, and the advancement of the destinations in which we operate. Our ultimate goal is to create new value for all stakeholders while continuously elevating Liburnia's excellence in the hospitality industry.

As part of our strategic transition to year-round hotel operations, we successfully opened seven hotels in 2024, maintaining near-continuous operations throughout the year. This achievement positions us as a leader among Croatian hospitality chains in terms of year-round hotel offerings. Our enhanced business model has driven a 5% increase in accommodation units sold and a 3% rise in the average daily rate, resulting in total sales revenue of EUR 60.6 million (8% growth compared to 2023).

At the same time, adjusted operating profit (EBITDA) increased by EUR 1 million, reaching EUR 14.7 million. This significant 7% growth was achieved despite macroeconomic challenges, operational and inflationary cost pressures, and unfavorable weather conditions in September, one of the key months for Liburnia's business performance. The rise in operating costs was primarily driven by initiatives aimed at ensuring quality, long-term stability, and business growth, particularly through planned improvements in employee benefits. At the peak of the tourist season, the workforce reached 1,143 employees, reflecting a 6% increase.

HUMAN RESOURCES MANAGEMENT

Our vision is to position Liburnia as the most progressive tourism company in the region, focusing on high service quality and guest satisfaction. Thus, Liburnia continuously works to increase its competitiveness on the labor market: following the launched transformational initiatives, it adapts to changes in tourism to ensure stability, quality and long-term business sustainability. The Company valorizes its employees as a key resource, so in the period of high demand, the planned number of employees was secured. It was achieved through the continued improvement of benefits for permanent and seasonal workers: increase of the basic salary, seasonal bonuses and other income. The Company is also actively developing training and reward programs for excellence, commitment and outstanding results.

1 Hereinafter referred to as: "the Company", "Liburnia", "LRH" or "Liburnia Hotels & Villas".

The 2025–2027 investment cycle, amounting to EUR 50 million, represents the most substantial three-year investment period in the Company's history.

INVESTMENTS 2025-2027

The Company's Supervisory Board unanimously approved capital investments for the period 2025 to 2027 in the total amount of EUR 49.7 million. The investment cycle encompasses three strategically defined areas of focus: i) reconstruction and repositioning of hotel properties, ii) implementation of investment programs aimed at enhancing hotel quality and service offerings, and iii) deployment of digital and infrastructural solutions that support the Company's long-term competitiveness.

A key component of the investment plan includes the reconstruction and repositioning of hotels, primarily aimed at returning non-operational assets (Hotel Palace and Hotel Bristol) into operation, while simultaneously introducing innovative hospitality concepts. Through comprehensive renovation, Hotel Palace will be repositioned as a grand hotel of the highest category – a luxury icon featuring the most spacious rooms on the Opatija Riviera. The redesign, led by an internationally acclaimed design team, will harmonize contemporary comfort with the rich historical heritage of the property. Following the renovation, Grand Hotel Palace will operate under a prestigious global luxury brand, appealing to high-end guests and further strengthening Opatija's status as a leading tourist destination.

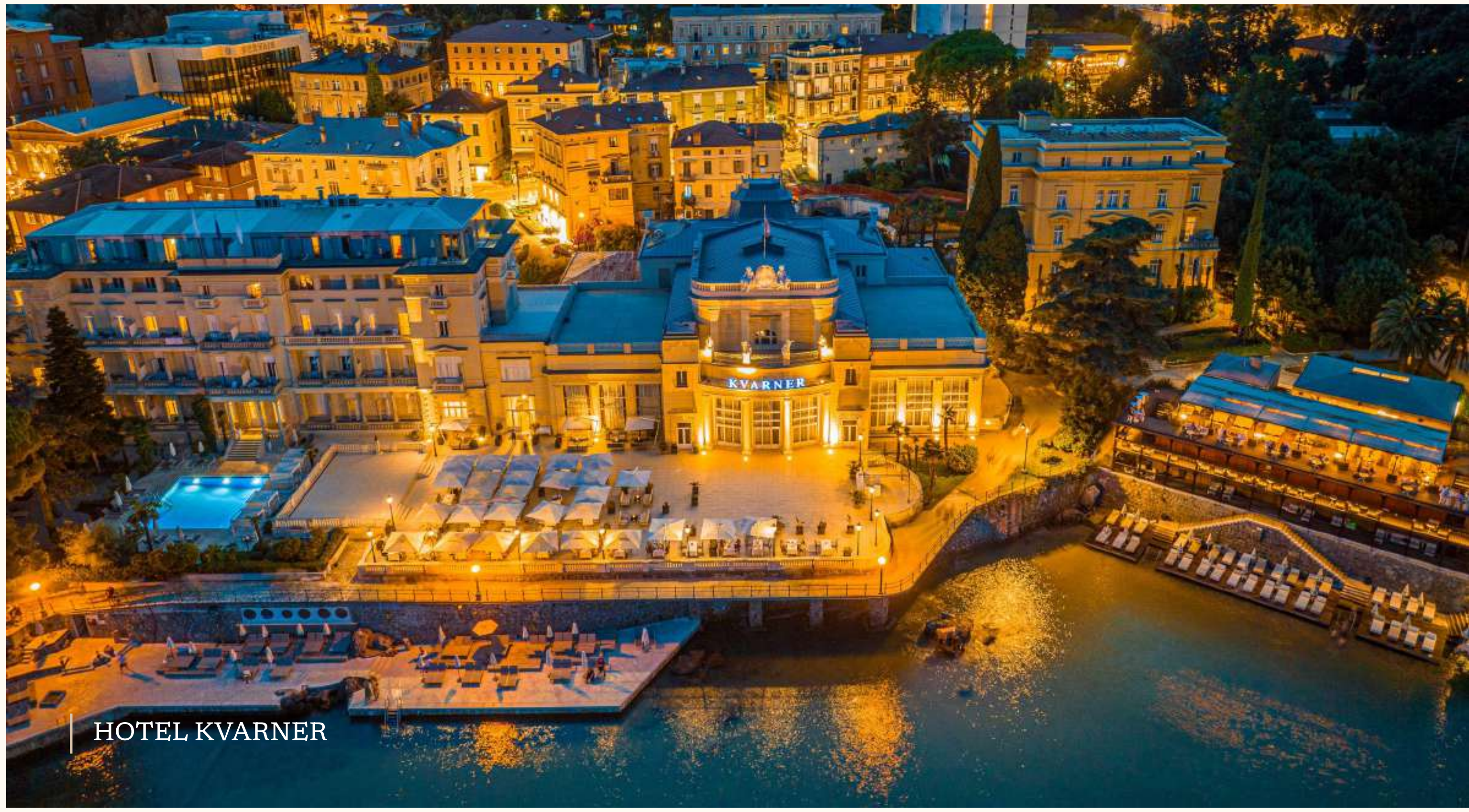
Hotel Bristol, located on a prestigious seafront site in Lovran, is set for complete renovation. The redesigned, spacious, and stylishly furnished residences will play a key role in expanding the extended stay offering. The concept is tailored to attract affluent guests looking for an upscale combination of privacy and high-end hotel amenities.

Additionally, the reposition of Hotel Istra into a lifestyle hotel with a strong interior design identity is planned in accordance with investment dynamics. This concept shift will address a market gap in the destination's lifestyle segment and create an attractive offer tailored to younger generations of guests, representing an important step in building long-term destination appeal.

INVESTMENTS 2024

During 2024, there were investments made to improve the quality of services and safety and prepare the properties and infrastructure for the current and future business years. A project worth noting was the continued renovation work on the exterior façade of the Kvarner Hotel, in accordance with its historical value and conservation conditions. The second phase included works on the southern (sea) side of the hotel, the construction and conservation procedures, as well as the exterior lighting project. As in the first phase, special materials equivalent to those from the original construction of the hotel were used. Other investments that were completed include the following: the relocation and decoration of the reception area overlooking the outdoor pool as well as the launch and decoration of the wellness & spa zone. The investment focus was to increase guest satisfaction and enrich guest experience. Other projects included the arrangement of the sunbathing area of the outdoor swimming pool of the Marina Hotel, new floor installations in the restaurant of the Ičići Hotel, the renovation of the roof at the Excelsior Hotel and Villa Amalia, the reconstruction of the floor installations in the kitchen of the Istra Hotel, and numerous other capital improvements. Investments in hardware and software solutions for digital transformation and optimization of business processes, as well as projects aimed at improving energy efficiency also continued in the reporting period. The total investment amount in this period was EUR 3.9 million.

The approved development projects constitute a significant milestone in the Company's ongoing portfolio transformation and modernization efforts.



HOTEL KVARNER

The remainder of the investment plan will be largely allocated in 2025 to the implementation of programs focused on improving hotel quality and service content, aiming to deliver superior guest experience across five of the Company's hotels. Special emphasis will be placed on the hotel Ambassador and hotel Kvarner. These properties will undergo comprehensive infrastructure, aesthetic, and content upgrades, including new culinary concepts and enhanced wellness areas. The renowned terrace of Hotel Kvarner will be revitalized and transformed into a year-round dining and leisure destination along the iconic promenade ("lungomare"), accessible to all visitors. At Hotel Ambassador, a complete renovation of the outdoor restaurant is planned, while the Hotel Imperial project includes the preservation of its cultural and historical value through the restoration of the Golden Hall, along with several other interventions aimed at elevating the overall quality of the property. Hotel Bellevue will undergo technical and aesthetic enhancements during this year's investment cycle, while Hotel Ičići will see the development of wellness facilities, a multifunctional hall, and additional infrastructure works in 2025 and 2026, all designed to elevate the level of service and overall guest offering.

In addition to these key projects, the Company plans further investments during 2025 into complementary capital initiatives aimed primarily at improving the quality of the remaining tourist portfolio, modernizing operations, strengthening brand positioning, and providing digital and infrastructure support for employees.

The approved investment plan of nearly EUR 50 million marks the first chapter of the Company's comprehensive long-term development strategy, with a total investment potential exceeding EUR 300 million. These development projects represent a critical step in the transformation and modernization of the Company's portfolio, aiming to achieve the highest standards in hospitality and to position the Company as a center of excellence and refined guest experience. This investment cycle lays the foundation for long-term growth, strengthening of competitive advantages, and the creation of a distinctive and cohesive experience for the new generation of travelers, thereby reinforcing the Company's ambition for Liburnia Riviera Hotels to become the most progressive hotel group in the region.

OUTLOOK

The record sales results achieved in 2024 met the expectations for the tourism year. The Company continues to experience stable demand for its tourist capacities in 2025, as reflected in reservations, which show 8%[2] increase for the period from May to December 2025 compared to the same period in 2024.

2 Note: final effects of incoming new reservations cannot be predict with certainty given the cancellation policies and the trend of "last-minute" bookings.

HOTEL IMPERIAL

Brief Overview of Liburnia

Liburnia Riviera Hoteli d.d. is one of the largest tourism companies in Croatia, with annual revenues exceeding EUR 60 million. 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's tourism portfolio has been highly integrated into international tourist markets for more than 100 years. Liburnia 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 employees in a high-demand period.

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 transformation 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 an international business model.

Company Results

KEY FINANCIAL INDICATORS

IN EUR	2023	2024	24/'23
Total revenues	58,944,076	64,351,642	9%
Operating revenues	58,766,148	64,071,634	9%
Sales revenues	55,872,129	60,548,159	8%
Board revenues[3]	45,730,041	49,557,291	8%
Operating expenses[4]	46,180,371	49,276,922	7%
EBITDA[5]	12,461,343	14,674,170	18%
Adjusted EBITDA[6]	13,761,833	14,720,405	7%
Adjusted EBITDA margin	23.4%	23.0%	-40 bp
EBIT	2,648,503	6,903,869	161%
EBT	615,788	4,911,164	698%
Net profit	1,401,462	4,104,324	193%

	2023[7]	2024[7]	24/'23
Net debt[8]	37,256,252	27,788,473	-25%
Net debt / Adjusted EBITDA	2.8x	1.9x	-30%
Cash and cash equivalents	6,871,496	9,774,100	42%

3 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.

4 Operating costs calculated according to the formula operating expenses - depreciation - value adjustment – provisions.

5 EBITDA (earnings before interest, taxes, depreciation and amortization) is calculated according to the formula: profit or loss for the period + income tax + interest expenses + depreciation and amortization.

6 Adjusted EBITDA is calculated using the formula: EBITDA minus the result of extraordinary operations and one-off items. The result of extraordinary operations and one-off items amounted to (2023: EUR -1,300,490; 2024: EUR -46,235).

7 Balance as at 31 December

8 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.

KEY OPERATING INDICATORS

IN EUR	2023	2024	24/'23
Number of acc. units (operating)	2,131	2,131	0%
Operating occupancy (%)[9]	67.9%	67.0%	-90 bp
Accommodation units sold	356,764	374,087	5%
Overnights	680,010	709,564	4%
Average daily rate (in EUR)	128	132	3%
RevPAR (in EUR)[9]	87	89	2%

9 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.

REVENUES

During the year 2024, operating revenues were EUR 64.1 million (2023: EUR 58.8 million), up by 9% vs. last year's comparable period. The record operating revenues achieved were driven by the following:

a) **sales revenues**, up by 8% (EUR +4.7 million) and totaling EUR 60.5 million, mainly consisting of board revenues (EUR +3.8 million). Board revenues' growth was fueled by the earlier opening of hotels and an increase in operational days, in line with the strategy to extend the operational period and emphasize year-round operations. It's noteworthy that seven hotels are already functioning nearly throughout the entire year. The year's beginning brought a significant synergy between sales price growth and the conversion of demand into achieved overnights. Occupancy was achieved through contracts with corporate clients, sports clubs, travel agencies, as well as the organization of numerous M.I.C.E. events and prestigious conferences. In the period of high season, the optimization of daily rate management and sales channel distribution was primarily focused on the individual channel, prioritizing sales through Liburnia's reservation center and commercial website. September experienced reduced demand due to extreme weather events in Europe. In contrast, the year's end was marked by the extended operational period of our historic hotels (Kvarner and Imperial), which enjoyed significant occupancy, especially during the Advent season. This achievement was fueled by improved overall experiences through proactive marketing initiatives and the enhancement of products, programs, and services. The outlet food and beverage segment (EUR +0.5 million; +7%) also contributed to the significant increase in sales revenue as a result of enriching the offering and raising the quality of service in F&B outlets;

b) **other operating income** was EUR 0.7 million higher vs. 2023 comparable period and totaled EUR 3.5 million.

Total operating expenses during the year 2024 were EUR 57.4 million, up by 2% (EUR +1.1 million).

OPERATING EXPENSES

IN EUR	2023	2024	24'/23'
Total operating expenses	56,294,137	57,404,838	2%
Material costs	22,912,028	22,808,328	0%
Staff costs	19,508,064	22,058,021	13%
Depreciation and amortization	9,812,840	7,770,301	-21%
Provisions and value adjustments	300,926	357,615	19%
Other operating expenses	3,760,279	4,410,573	17%

They consisted of:

a) **material costs** representing 40% of total operating expenses (41% in 2023). They decreased by EUR 0.1 million and reached EUR 22.8 million mainly due to lower electricity costs after concluding a more favorable electrical energy supply contract. However, there was also a negative effect, the increase in costs of raw materials driven by business growth (+29,554 overnights, +4%) and increased advertising costs for the Company's tourism portfolio vs. last year's comparable period;

b) the share of **staff costs** within total operating expenses grew (38%) vs. past comparable period (35% in 2023). The 13% growth (EUR +2.5 million) to EUR 22.1 million was primarily due to the increase in employees' benefits and satisfaction through a further tariff model improvement and other incentives and reward programs;

c) **depreciation** represented 14% of total operating expenses (17% in 2023). It fell by 21% (EUR -2.0 million) to EUR 7.8 million due to the adjustment of individual depreciation groups with the expected lifetime of fixed assets;

d) **provisions and value adjustments** went up by EUR 0.1 million and totaled EUR 0.4 million, mainly due to the value adjustment of fixed and current assets;

e) **other operating expenses** represented 8% (7% in 2023) of total operating expenses. They grew by EUR 0.6 million and totaled EUR 4.4 million.

OPERATING PROFIT (EBITDA)

The adjusted operating profit (adjusted EBITDA) was EUR 14.7 million, up by EUR 1.0 million vs. the same period last year. This growth is the result of a committed effort to elevate business standards through initiated transformational initiatives aimed at maximizing and harnessing high-growth potential opportunities on the Liburnian riviera.

FINANCIAL RESULT

The financial result was EUR -1.8 million, up by EUR 0.1 million compared to the same period last year. Mostly, it was affected by the growth in other interest income generated on term deposits, thanks to a higher level of available cash during the year.

PROFIT BEFORE TAX / NET PROFIT

The profit before tax rose by EUR 4.3 million, totaling EUR 4.9 million. This increase was mainly driven by a EUR 2.2 million rise in unadjusted operating profit (EBITDA) and a reduction in depreciation expenses, adjusted to reflect the expected useful life of fixed assets, amounting to EUR 2.0 million. The net profit reached EUR 4.1 million, representing an increase of EUR 2.7 million compared to the same period last year.

ASSETS AND LIABILITIES

IN EUR	31/12/2023	31/12/2024	24/'23
Fixed assets	110,520,325	105,717,081	-4%
Current assets	11,616,892	14,048,313	21%
Prepaid expenses and accrued income	142,164	194,087	37%
TOTAL ASSETS	**122,279,381**	**119,959,481**	**-2%**
Capital and reserves	69,470,093	73,574,417	6%
Provisions	1,471,340	1,351,736	-8%
Long-term liabilities	31,854,542	32,462,413	2%
Short term liabilities	19,351,598	12,340,736	-36%
Accruals and deferred income	131,808	230,179	75%
TOTAL LIABILITIES	**122,279,381**	**119,959,481**	**-2%**

The Company effectively reduced its debt by 25% through prudent balance sheet and cash flow management, resulting in a net debt to EBITDA ratio of 1.9x.

HOTEL KVARNER

As at 31/12/2024, the total value of the Company's assets was EUR 120.0 million, down by 2% vs. 31 December 2023. Fixed assets were EUR 105.7 million, decreasing by EUR 4.8 million mostly because of the following: i) calculated depreciation totaling EUR 7.8 million, ii) investments in maintaining and improving the quality of products and services totaling EUR 3.9 million and iii) a decrease in deferred tax assets by EUR 0.8 million based on utilized tax loss carryforwards and other temporary differences.

Total current assets increased by EUR 2.4 million and totaled EUR 14.0 million. They increased by 21% vs. 31/12/2023 mainly due to a EUR 2.9 million higher cash position (31/12/2024: EUR 9.8 million) mostly resulting from a strong cashflow from operating activities. On the other hand, receivables fell by EUR 0.5 million thus showing a better charging pace.

Total capital and reserves were EUR 73.6 million and they increased by 6% mainly due to a EUR 4.1 million realized net profit during the year 2024.

Total long-term liabilities were EUR 32.5 million and were up by EUR 0.6 million due to the refinancing of one part of credit liabilities towards banks during a 10-year period and adding liquidity to improve service and product quality in the Company's hospitality portfolio.

Total short-term liabilities were EUR 12.3 million, down by 36% vs. last year's end. The EUR 7.0 million decrease in short-term liabilities was mainly due to lower liabilities towards banks and other financial institutions by EUR 7.1 million due to the mentioned refinancing of one part of long-term credit liabilities.

Accruals and deferred income went up by EUR 0.1 million and totaled EUR 0.2 million.

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, the 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 systems of Liburnia.

Risk management aims 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 several 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 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 2024 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 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 demand period 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 business systems.

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.

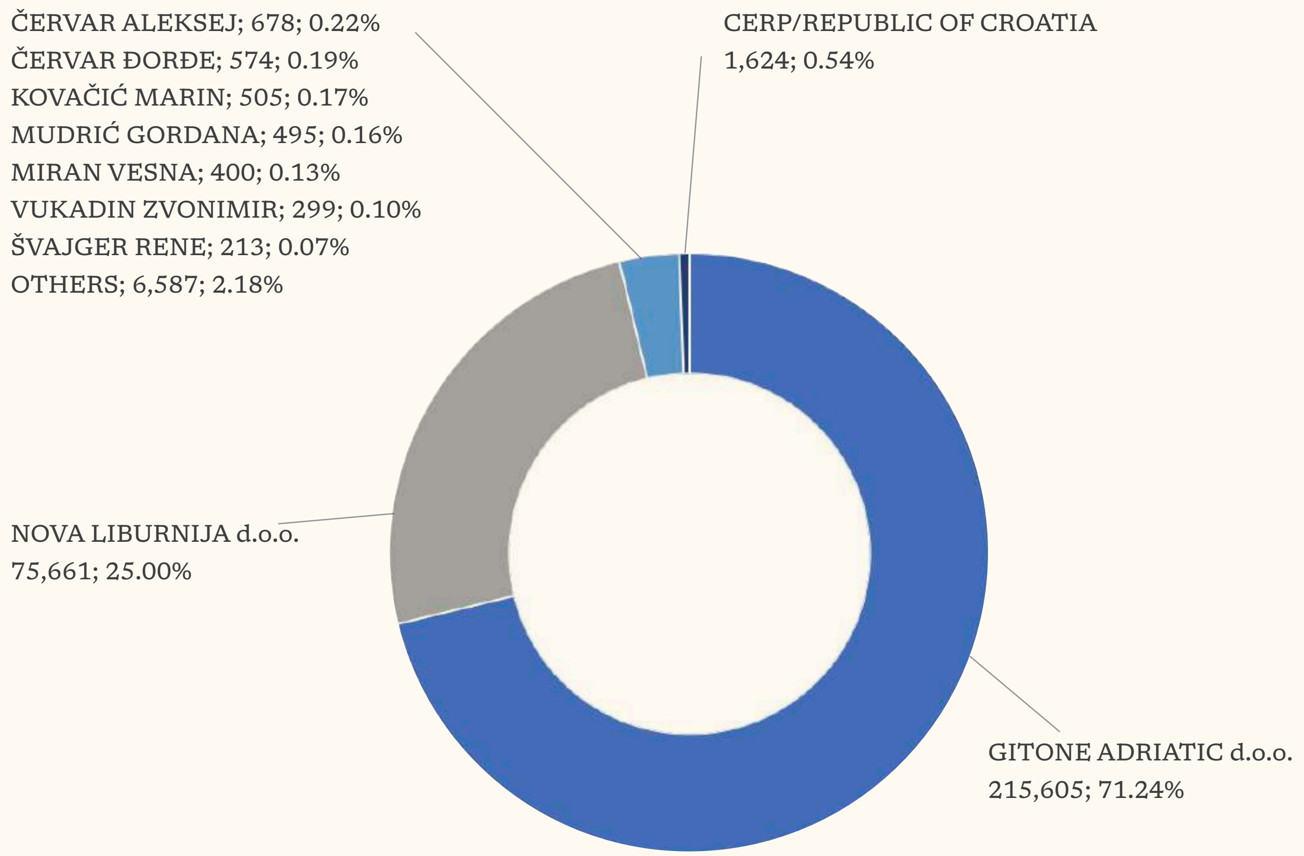
During 2024, for the most part, the Company has followed and applied the recommendations set out in the Code, disclosing all information as foreseen by the positive regulations and information beneficial for the interest of the Company's shareholders.

In accordance with the requirements of the Code, and in accordance with the provisions of the Companies Act (ZTD), 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 (ZTD) 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.

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 31/12/2024:



The Company's Assembly appoints and revokes the Supervisory Board, following the Statute of the Company and the Companies Act (ZTD), and on 31 December 2024 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.

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 following the provisions of the Companies Act. On 31 December 2024, the Company holds 4 of its own shares, while in 2024, 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, 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.

Since November 1, 2023, the Company's Management Board is composed by the President of the Management Board, Mr. Ante Barić, and a member of the Management Board, Mr. Filip Močibob. There have been no changes in the composition of the Company's Management Board during 2024.

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

During 2024, there have been no changes in the composition of the Supervisory Board of the Company.

As a rule, the Management Board and the Supervisory Board work in meetings, by decision-making, 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 regard to gender, age, education, profession and similar limitations.

As part of the Supervisory Board, and for more efficient performance of its functions as well as tasks prescribed by the Law on Audit and the Code of Corporate Governance, during 2024, the Audit Committee operated comprising: Mr. Johannes Böck as President, and Mr. Philip Göth, and Mrs. Ana Odak as members.

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Other Business Events

STRENGTHENING OF COMPANY'S LIQUIDITY

In March 2024, the company concluded an agreement with Erste&Steiermärkische Bank d.d. for a two-year revolving credit facility amounting to EUR 3 million. Later, in October 2024, it finalized an agreement with OTP Bank d.d. for a one-year revolving credit of EUR 2 million. These loans are secured to ensure prudent management of working capital during times of low business activity. Furthermore, in September 2024, the Company concluded a ten-year loan agreement with Hrvatska poštanska banka d.d. in the amount of EUR 20 million to refinance the existing obligations under COVID-19 loans for working capital, thereby boosting the Company's liquidity and raising the quality of its portfolio products and services.

COMPANY'S GENERAL ASSEMBLY

The General Assembly of the Company was held on 9 August 2024 and the following points were adopted:

- the report on the remuneration of the Management Board and the Supervisory Board of the Company for 2023 was approved together with the auditor's report on its examination;
- the achieved profit of the Company for the year 2023 in the total amount of EUR 1,401,462.30 will be used to cover losses from previous periods;
- a discharge is given to the members of the Management Board for the management of the Company's affairs in 2023 and to the members of the Supervisory Board for the supervision of the management of the Company's affairs in the year 2023;
- Grant Thornton revizija d.o.o (auditing company from Zagreb) was appointed to perform the audit of the Company in 2024.

CHANGE IN THE SUPERVISORY BOARD

In early April 2025, the Company received the resignation of Supervisory Board member Mr. Manfred Kainz. Following this, by decision of Gitone Adriatic, Mr. Thomas Mayer was appointed as a new member of the Supervisory Board, effective as of 5 April 2025.

LIBURNIA
HOTELS & VILLAS

SUSTAINABILITY REPORT

for 2024

General Information

About Liburnia Riviera Hotels

Liburnia Riviera Hotels (LRH) is one of the leading hospitality companies in Croatia, with annual revenues of 64 million euros. Opatija, also known as the "Pearl of the Adriatic" or the "Queen of Tourism," stands out as a prestigious Adriatic resort with a long tourism tradition dating back to 1844. For over 100 years, Liburnia Riviera Hotels's tourism portfolio has been an important part of international tourism markets.

Liburnia Riviera Hotels manages a portfolio that includes more than 2,100 accommodation units. Across its 13 hotels, 2 villas, 2 apartment complexes, and a camping resort, the company can accommodate over 4,800 guests daily, supported by more than 1,000 employees during the peak tourist season.

The goal is to provide unforgettable experiences and high-quality vacations.

To continue positioning Opatija and surrounding municipalities as top-tier Mediterranean tourist destinations, Liburnia Riviera Hotels takes a strategic approach to tourism development, aiming for further improvements and enhancements to its tourism products and experiences. As the largest hotel operator on the Liburnian Riviera, the company focuses on growth and value creation, emphasizing that its ongoing restructuring is a key step in building a stable foundation for sustainable investments, high-value products, talent development, innovative services, destination development, and international brand expansion.

Liburnia Riviera Hotels is the leading hotel chain on the Liburnian Riviera, offering 13 hotels, apartments, villas, a marina, autocamp and various additional amenities to ensure an unforgettable guest experience. With a focus on providing top-quality service, preserving local heritage, and promoting sustainable development, LRH successfully blends tradition with modernity, offering a unique selection that meets the needs of even the most demanding guests.

MISSION

Our mission is to create opportunities for growth – for our people, our properties, our organisation, and our stakeholders – delivering sustainable value at every level of our system.

We are committed to shared growth: empowering individuals through career, skill, financial development, and workplace wellbeing; unlocking the full potential of our properties to continue delivering exceptional value; and through strategic business expansion, building the foundation for sustainable growth that benefits our guests, partners, and communities. In doing so, we lay the foundations of progressive hospitality and deliver lasting impact across our entire system.

VISION

Our vision is to be the most progressive hospitality company in the region.

Standing at the birthplace of tourism in our country, on the foundation laid by pioneers of hospitality, we embrace the responsibility to create a new era – driven by purpose, powered by our people, and committed to setting progressive hospitality standards.

Together, we redefine service, guest experience, property development, and sustainability – creating a legacy for generations to come.

CORPORATE VALUES

Ethics: We act with integrity, make transparent decisions, and operate in the interest of long-term sustainability and the well-being of the company.

Excellence: With a high level of expertise, dedication, and determination, we push the boundaries of quality and hospitality every day.

Responsibility: We take responsibility for our decisions, behaviours and impacts, contributing to the success of the team and the organization.

Alignment: We act united by a shared vision and priorities, fostering collaboration, clarity, and trust.

Development: We continuously learn, grow, and evolve - as individuals, teams, and as an organization ready for the future.

Sustainability: We are deeply committed to a long-term well-being of people, and the environment, fulfilling our responsibilities towards the community, guests, and future generations.

Table: Business Model of Liburnia Riviera Hotels

RESOURCES

Physical Assets
- 13 hotels, 2 villas, 2 apartment complexes
- 1 autocamp
- 2,131 accommodation units
- Capacity for 4,800 guests
- 160 berths in Marina

Social Resources
- 831 employees
- (43% men, 57% women)

Natural Resources
- Electricity
- Water
- Gas

Quality Management
- ISO 50001
- HACCP

Financial Resources:
- Own funds
- External financial support

OWN OPERATIONS

- Providing accommodation services
- Hospitality services
- Marina operations
- Conference tourism
- Health tourism
- Sports and recreational activities

Mission
- Our mission is to create opportunities for growth – for our people, our hotels, our organization, and our stakeholders – by generating sustainable value at every level of our system.

Vision
- To be the most progressive hotel company in the region.

VALUE CREATION

For guests:
- Creating a year-round tourism offer in Kvarner, ensuring high service quality and guest satisfaction

For Owners:
- Business growth
- Positioning the company as the most progressive hospitality company in the region
- Enhancing competitiveness

For Employees:
- Favorable working conditions
- Training programs
- Reward programs for excellence and outstanding achievements

For the Community:
- Sponsorships and donations
- Community work
- Supporting sport activities

During the reporting period, the company did not operate in the fossil fuel sector, chemical production, controversial weapons, or tobacco production.

LOCATIONS AND CUSTOMERS

The company provides services at attractive locations in the Kvarner region, including Opatija, Lovran, Mošćenička Draga, and Medveja. In addition to hotels, the company manages villas, apartment complexes, a camping resort, and a marina, offering a wide range of accommodation options.

Services include accommodation, hospitality, marina services, conference tourism, health tourism, and sports-recreational activities. Customers include international and domestic tourists, business travellers, travel agencies, and sports organizations.

COMPETITIVE MARKET ADVANTAGE

LRH holds a significant advantage over competitors due to its long-standing tradition, historical heritage, and exceptional location. The Opatija Riviera is known as the cradle of Croatian tourism, blending architectural elegance with a rich history. Its proximity to the sea and unique microclimate makes the area ideal for health and wellness tourism, while the Lungomare promenade attracts guests looking for relaxation in a natural setting.

The group's accommodation capacities offer a diverse range, from five-star luxury hotel to more affordable options like apartments and campsites, catering to a broad spectrum of guests, including luxury travellers, families, couples, and business visitors. The wellness and health tourism segment are particularly prominent, further strengthening the company's market position.

With extensive experience in tourism, continuous service modernization, and adaptability to market changes, LRH is highly positioned in the tourism and hospitality industry. By combining tradition and innovation, Liburnia Riviera Hotels is recognized as a leader in the hotel industry in Kvarner.

VALUE CHAIN

Liburnia Riviera Hotels plays a key role in delivering high-quality services and experiences for guests, from hotel management and development to the implementation of modern operational standards.

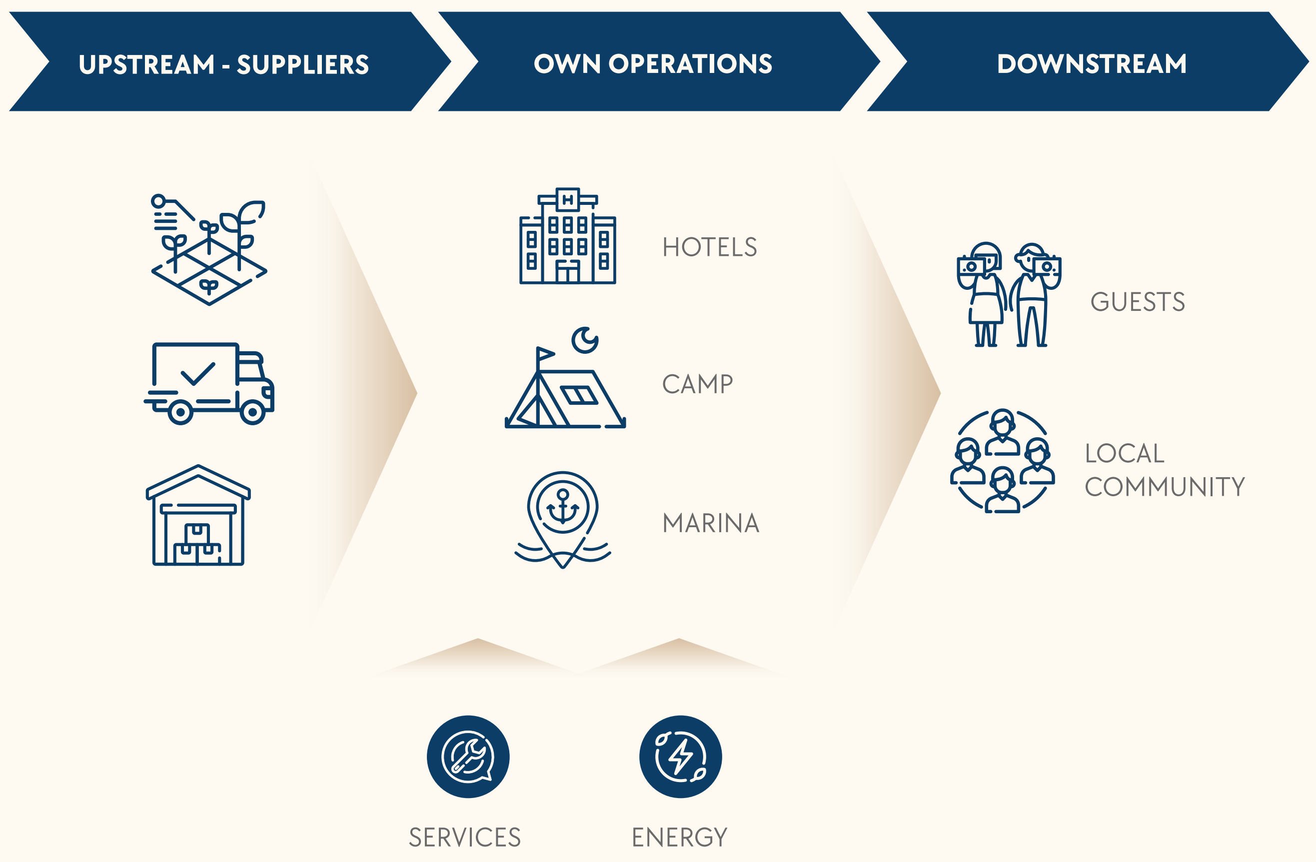
Upstream in the Value Chain: LRH relies on suppliers providing essential business resources, including food and beverages, hotel inventory, hygiene products, energy, and other services required for daily operations. A strong emphasis is placed on collaborating with local suppliers to support the regional economy and ensure product freshness and quality. Selecting reliable partners and effectively managing procurement processes ensures sustainability, cost optimization, and high service standards.

Downstream in the Value Chain: The end users of LRH's services include guests and the local community. The company focuses on providing personalized services, premium accommodation, and additional facilities such as restaurants, wellness centres, a marina, and sports activities. Ensuring high guest satisfaction is achieved through continuous service improvements, innovative approaches, and compliance with international quality standards.

The local community plays a significant role in the value chain through collaboration with local suppliers, employment of residents who make up 72.73% of the total workforce, and participation in socially responsible initiatives.

LRH contributes to community development by preserving cultural heritage, as many of its hotels hold protected cultural property status within the urban framework of Opatija. The company also maintains infrastructure and stimulates tourist spending, generating positive economic and social effects for the region. This interconnectedness with guests and the community ensures long-term sustainability and strengthens the brand's reputation.

Position in the Value Chain:



LRH believes that long-term business sustainability is not possible without caring for the environment, employees, and the community. Its business strategy is inseparably linked to sustainability goals, aiming to reduce its environmental impact, ensure employee well-being, support the community, and provide guests with high-quality services that enhance their stay and experience.

Liburnia is committed to integrating sustainable practices into every aspect of its operations, from environmental protection to social responsibility, to ensure long-term value for guests, the community, and the environment.

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ENVIRONMENTAL CHALLENGES

LRH faces few environmental constraints when implementing renewable energy sources and energy efficiency projects. Hotels have high energy demands for heating, cooling, lighting, and electrical appliances, contributing significantly to greenhouse gas emissions. Boiler rooms using extra-light fuel oil and kitchens operating on liquefied gas add to the environmental impact.

Additionally, many properties in the LRH portfolio are heritage hotels, classified as protected cultural assets, subject to conservation regulations limiting renovation options. For instance, wooden joinery must be preserved, and hotel facades must retain their original appearance, complicating the adoption of modern energy solutions such as solar panels or PVC joinery (windows and doors). Many hotels are also located within Opatija's protected urban area, surrounded by heritage park architecture, further restricting the installation of renewable energy infrastructure. As a result, LRH must carefully balance heritage conservation with sustainable, energy-efficient solutions.

Governance

ROLE OF ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

COMPOSITION AND DIVERSITY OF THE MANAGEMENT AND SUPERVISORY BOARD

All members of the Supervisory Board and the Management Board independently and autonomously make decisions. Although there are currently no women on the Management Board, the share of women in the Supervisory Board is 22%.

The company has not established a formal diversity policy regarding gender, age, education, or profession in executive, management, and supervisory bodies.

Employee interests are represented through the participation of the director of the Medveja campsite on the Supervisory Board as the workers' representative.

ROLES AND RESPONSIBILITIES OF ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

The Management Board and the Supervisory Board of the company are responsible for overseeing performance, risks, and opportunities, while operational tasks related to monitoring and management are delegated to responsible individuals within the company's departments and units. The Management Board supervises all material topics, sets the strategy, and establishes the framework for managing sustainability factors, while middle management[1] is responsible for daily monitoring and management of these factors, reporting directly to the Management Board.

Each board member has a mandate to oversee specific aspects of sustainability, such as compliance with environmental regulations, ensuring quality and service safety, and corporate social responsibility towards employees and the local community. The responsibilities of senior management, in addition to being outlined in the Code of Ethics, will be further detailed in policies which are adopted after the reporting period.

Table: Structure of Administrative, Management, and Supervisory Bodies

COMPANY	NUMBER OF MANAGEMENT BOARD MEMBERS	NUMBER OF SUPERVISORY BOARD MEMBERS
Liburnia Riviera Hotels	2	9

1 The following definitions will be applied in the report: senior management refers to the Management Board, while middle management includes sector directors and department heads.

Table: Monitoring, Management, and Supervision of Material Topics

MATERIAL TOPIC	MONITORING AND MANAGEMENT
Environmental Protection (climate, water, biodiversity, circular economy)	Operation Department, Occupational Health and Safety and Fire Protection Department, Maintenance Department
Human Resources (working conditions, training, and skill development)	Human Resources Department, Occupational Health and Safety and Fire Protection Department
Human Resources (health and safety)	Occupational Health and Safety and Fire Protection Department
Relations with the local community	Management Board
Guest and customer security and satisfaction	Operation Department
Business Management	Management Board

The management and oversight of performance, risks, and opportunities are carried out through an integrated management system, within which policies, planned measures, data collection, and audits will be established.

Department heads and unit directors will report sustainability factors to the Management Board. The Management Board will then inform the Supervisory Board about progress, challenges, and key projects.

ORGANIZATIONAL STRUCTURE

The company's organizational structure is designed to ensure strategic direction, operational efficiency, and long-term sustainability, in line with ESG principles.

At the head of the structure is the Management Board, which represents the Company and defines its business policy, acting in the best interest of the shareholders and in accordance with the highest ethical and legal standards. The Management Board coordinates all business units, oversees the company's development and stability, and fosters quality relationships with all relevant stakeholders.

Business operations are organized across key areas of responsibility:

- **Company Operations** oversee business activities aligned with the mission and vision and are responsible for executing the Company's strategic goals. This area includes:
  - **Hotel Operations**, comprising general managers and hotel directors who implement strategy and create value at the level of accommodation facilities.
  - **Sales**, focused on revenue maximization through pricing optimization, distribution channel management, capacity utilization, and partner relationship development.
  - **Procurement**, responsible for the timely and quality acquisition of goods and services required for operations, with an emphasis on reliability, cost, and sustainability.
  - **Information Technology**, managing digital infrastructure, system security, and the adaptation of IT solutions to business needs.
  - **Controlling**, focused on reporting, performance analysis, planning, and recommending corrective actions, and provides reporting services across the organization.
  - **Maintenance**, responsible for the technical functionality and long-term value of assets, as well as the implementation of strategies and tactics for asset preservation.
  - **Occupational Health and Safety**, ensuring compliance with legal and internal safety and employee health standards.
  - **Animation and Entertainment**, which organizes and standardizes programs at the Company level and coordinates with external suppliers and performers.
  - **Food and Beverage**, advising operational teams on concept development in line with the brand and guest expectations in the F&B domain.
- **People and Culture** ensures strategic and operational execution of the employee cycle management. It also provides programs and services that support recruitment, selection, development, and retention in collaboration with the Management Board and line leadership. The goal is to ensure a stable, engaged, and skilled workforce as a foundation for sustainable growth.
- **Finance and Accounting** is responsible for producing accurate and timely financial reports, managing liquidity and working capital, and supplying data for strategic decision-making, all in compliance with professional and regulatory standards.
- **Marketing** defines and implements strategies focused on brand strengthening, promotion, and advertising, with the aim of driving sales and building guest relationships through relevant communication channels.
- **Legal Affairs** provides advisory support at all organizational levels, ensures compliance with the regulatory framework, and represents the Company towards external institutions.
- **Asset Management and General Affairs** oversees commercial activities related to the Company's real estate portfolio, with the goal of creating value, managing relationships with property tenants, coordinating concession and lease obligations, and ensuring the execution of general corporate functions relevant to business operations.
- **Investments** manage the investment process, ensuring technical and legal viability as well as alignment with the investment strategy. The focus is on projects that add value to the Company's portfolio.

This integrated and functionally organized structure enables efficient management, coordination across units, and alignment with strategic goals, providing a stable foundation for responsible and long-term business operations.

ACCESS TO EXPERTISE, KNOWLEDGE, AND SKILLS IN SUSTAINABILITY

Administrative, management, and supervisory bodies assess existing expertise in sustainability through skill analyses and will integrate sustainability criteria into recruitment, training, and continuous development programs. These processes ensure that the Management Board remains prepared to effectively address growing sustainability challenges.

The members of the LRH management bodies have education in economics, finance, and hospitality, along with extensive experience in managing hotel chains, optimizing business processes, developing tourism services, and strategic planning to increase market competitiveness. Their education and experience enable them to understand and manage the most significant impacts, risks, and business opportunities. Additionally, their familiarity with the environment, stakeholders, business processes, and the industry allows company leadership to oversee the business's effects and sustainability-related risks. Management Board members continuously educate themselves on sustainability topics and are supported by experts in specific fields who advise them. All Management Board members are familiar with the local conditions and specificities of the locations where they operate.

INFORMING ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

Material impacts, risks, and opportunities are continuously discussed through Management Board meetings with department directors and/or unit heads. Department directors and unit heads will inform the Management Board about ESG topics. Annual reporting to the Management Board will be introduced through a management systems report, which will include an overview of implemented measures, achieved results, and progress toward material ESG goals.

The Management Board will integrate sustainability issues into the company's development strategy and make major investment decisions based on considerations of potential social and environmental impacts and financial consequences for the business.

In 2024, the Management Board reviewed the following ESG topics:

- Preparation of the sustainability report and progress monitoring
- Improvement of working conditions for employees
- Implementation of a career tracking and reward system
- Employee Benefits Program (encouraging sports activities, etc.)
- Preparation for the implementation of the Anti-Corruption Policy
- Preparation for the implementation of the Code of Ethics
- Preparation for the implementation of the Environmental Protection Policy
- Preparation for the implementation of energy-efficient technologies
- Optimization and improvement of the recycling and waste reduction system
- Optimization of water and energy consumption
- Active participation in social initiatives within the local community
- Requests for donations and sponsorships from the local community
- Scholarships for students and pupils from low-income backgrounds

INCENTIVE PROGRAMS

During the reporting period, incentive programs and reward policies for administrative, management, and supervisory bodies were not linked to sustainability factors.

DUE DILIGENCE STATEMENT

The Management Board of Liburnia Riviera Hotels is committed to conducting business in a socially and environmentally responsible manner. Consequently, due diligence is embedded in the organizational culture and integrated into daily management practices. LRH continuously identifies and assesses the actual and potential impacts of its business to prevent and, where prevention is not possible, mitigate negative impacts on society and the environment. The key elements of due diligence are presented in tabular form for easier reference.

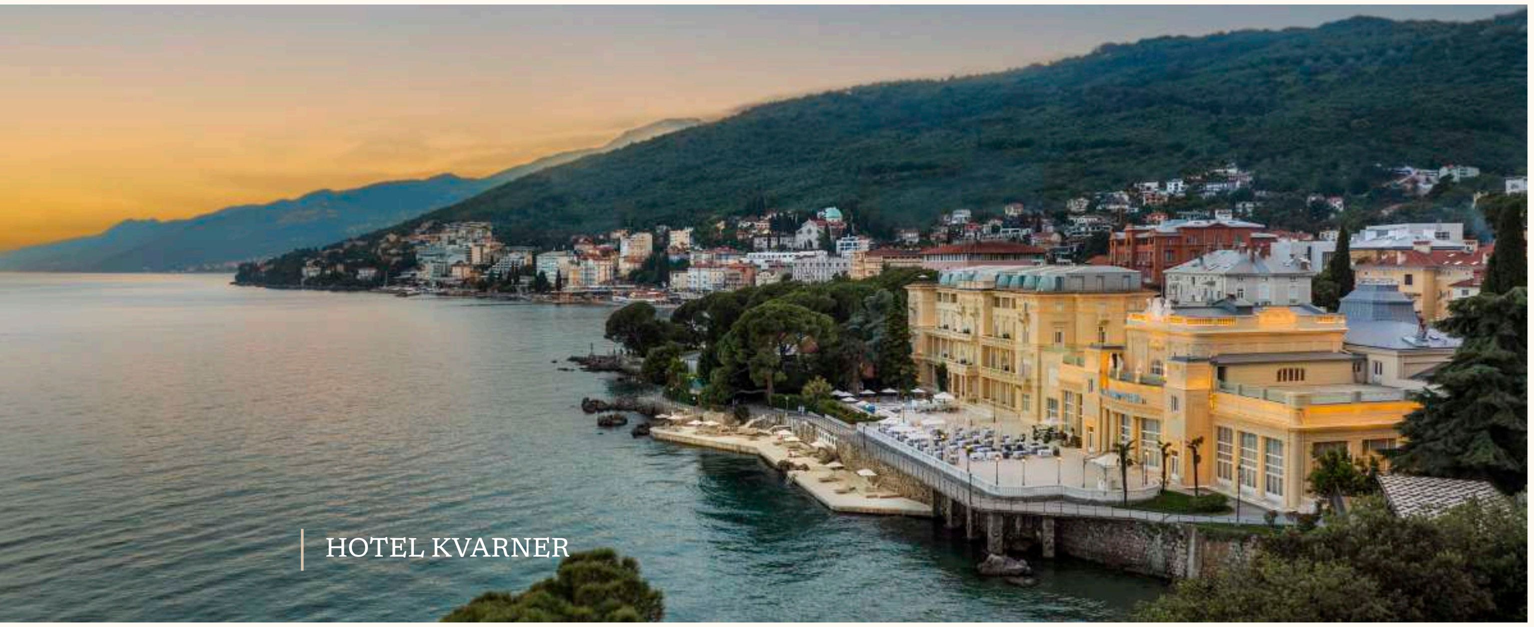
RISKS AND INTERNAL CONTROLS RELATED TO SUSTAINABILITY REPORTING

Risk management and internal controls in the sustainability reporting process are established to ensure accuracy, transparency, and compliance with relevant regulations. The scope covers all sustainability-related activities, including environmental, social, and governance (ESG) aspects, and applies across the entire organization, from top management to operational levels.

Key components include accountability for the process at the highest management levels, an implemented system for data collection, validation, and reporting to ensure accuracy, and training for personnel involved in reporting to maintain a high level of awareness and methodological consistency.

Table: Due Diligence Elements in the Sustainability Report

DUE DILIGENCE ELEMENTS	PAGES
Integration of due diligence into governance, strategy, and business model	21, 27-33
Inclusion of affected stakeholders in all key analysis steps	24, 26, 49-50
Identification and assessment of negative impacts	27-33
Implementation of measures to minimize negative impacts	37-38, 40-42, 45, 47-51
Monitoring effectiveness and communication	38-40, 43, 46-49, 52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Risks are identified by the Management Board and ESG team based on information about key challenges in preparing the sustainability report and input from various departments regarding current data readiness and reporting capacity. Risks are assessed based on their potential impact on reporting effectiveness and their likelihood of occurrence.

The risk of inaccurate and unavailable data arises from human errors or inadequate data management systems. The "four-eyes principle," which requires that data entering the report is reviewed at least twice by two different functions, contributes to data quality. A structured data collection process ensures transparency, traceability, and standardization of terms, formulas, and key variables. Additionally, the company has implemented management systems in accordance with ISO 50001:2018 and HACCP standards, and internal audits will be conducted under these standards to verify data accuracy and timeliness.

The risk of regulatory non-compliance arises from misunderstandings of the Directive and related ESRS standards. To mitigate this risk, the company has proactively established a system for ESG data collection aligned with material topics and ESRS methodology. The compliance process includes training responsible personnel for data collection and regular regulatory updates to maintain compliance.

The company integrates internal controls of sustainability reporting processes into broader internal processes to ensure alignment with overall business strategy. Representatives from different departments, coordinated by an individual appointed by the Management Board, as well as external sustainability reporting consultants, contribute to the preparation of the report. Continuous feedback between ESG team members ensures a dynamic response to emerging challenges.

The ESG reporting coordinator communicates with the Management Board, providing updates on progress, challenges, and applied solutions. The Management Board oversees the process and provides guidance to ensure effective risk management. To maintain data integrity, the Management Board reviews and approves the report.

About the Sustainability Report

The double materiality assessment, described in Chapter General Information, included the identification of impacts, risks, and opportunities upstream and downstream in the value chain. The extent to which policies, measures, objectives, and indicators apply to the value chain is described specifically for each topic.

No information related to intellectual property, knowledge, or the results of innovations concerning material topics that could objectively impact the understanding of the company's development, business performance, and position, as well as the effects of its activities, has been omitted from the Sustainability Report. The Company has not applied the option to exempt disclosure of information about upcoming events or matters under negotiation related to material topics.

Sustainability information was collected by the sustainability reporting task force appointed by the Management Board, which included representatives from organizational units responsible for managing material impacts, risks, and opportunities.

The report has been prepared in PDF and printed format and is available on the corporate website.

Table: Disclosures in Special Circumstances

Periods	The definitions of short-term, medium-term, and long-term periods from ESRS 1 have been applied in this report.
Value Chain Assessment	If data has been estimated based on indirect sources, this will be explained in the methodology description for each indicator.
Assessment Sources and Outcome Uncertainty	If the measurement of an indicator or monetary amount is uncertain, this will be specified in the methodology description for the relevant indicator/amount.
Changes in the Compilation or Reporting of Sustainability Information	This is the first Sustainability Report; therefore, there are no changes in the compilation or presentation of sustainability information.
Reporting of Errors from Previous Periods	This is the first Sustainability Report; therefore, reporting of errors from previous periods is not applicable.
Disclosures Derived from Other Regulations or Generally Accepted Sustainability Reporting Frameworks	The environmental section includes information derived from the requirements of the EU Taxonomy Regulation. The report does not include information required by other regulations mandating the company to disclose sustainability-related information or from generally accepted sustainability reporting standards and frameworks.
Inclusion by Reference	The company does not include information by reference, as explained in ESRS 1, section 9.1.
Application of Phased-in Provisions per Appendix C of ESRS 1	The Company has decided to apply the option to omit information required by standards in line with Appendix C of ESRS 1.

Sustainable Development Strategy

Providing services in the hotel industry, which serves as a key link in the development of tourism and the economy of a city, has the potential to significantly contribute to achieving sustainable development goals through the implementation of environmentally responsible practices, transitioning to a low-carbon business model, and enhancing social responsibility. The hospitality sector actively participates in reducing negative environmental impacts by using green technologies, energy from renewable sources, and applying sustainable resource management methods such as water and energy conservation. Furthermore, investing in the education of the local community and strengthening cooperation with all stakeholders in tourism enables long-term socio-economic prosperity. Through this approach, the hotel industry not only contributes to the tourism economy but also lays the foundation for responsible, balanced, and sustainable urban development, supporting the long-term competitiveness and global recognition of the destination.

The corporate strategy of LRH is directed toward responsible and sustainable business development and is aligned with the European Union's guidelines for green and digital transition by 2050. Responsible business conduct is key to creating and preserving long-term value, building partnerships with suppliers and customers, attracting and retaining employees, and ensuring the support of investors and the local community.

LRH is aware of the challenges of climate change and the European Union's strategic plan to achieve climate neutrality by the mid-21st century. Therefore, the company's strategic development is based on providing high-quality and safe accommodation services, energy efficiency, and responsible business conduct with employees. A detailed strategy is currently being developed, as decarbonisation poses a significant challenge for LRH due to numerous constraints. This strategy will define the specific goals, measures, and activities aimed at lowering environmental impact and enhancing social responsibility.

The LRH Sustainable Development Strategy is based on three main pillars:

- **Transition to a "net zero" economy and sustainable resource management** *(SDG 6, SDG 9, SDG 12, SDG 13, SDG 14, SDG 15)* - By transitioning to a "net zero" economy and implementing sustainable resource management, LRH contributes to sustainable development by reducing carbon dioxide emissions, optimizing energy and resource consumption, and minimizing environmental impacts, thereby supporting global efforts in combating climate change.
- **Support and economic development of the local community** *(SDG11, SDG 16)* - Through supporting and economically developing the local community, LRH contributes to sustainable development by employing local workers, investing in renovations and modernization of hotel facilities, and encouraging social and environmental initiatives that strengthen the local economy and reduce negative environmental impacts.
- **Providing high-quality service and creating decent jobs** *(SDG 3, SDG 10, SDG 8)* - By offering high-quality service and creating decent jobs while promoting diversity and inclusion, LRH contributes to sustainable development by improving employees' living standards and providing a positive guest experience, thus supporting the social and economic sustainability of the community.

Table: Sustainability Strategy

SUSTAINABILIY STRATEGY

AREA	GOALS	MEASURES	INDICATORS	SDG
Climate Protection	> To contribute to environmental protection and the reduction of negative impacts on the environment	• Energy efficiency measures • Optimisation of heating and cooling systems • Education of staff and guests on sustainable practices	• Total energy consumption in MWh • % of energy form renewable sources • Total CO2e emissions • GHG intensity (COe emissions in Scope 1 i 2 per EUR revenue)	13 CLIMATE ACTION
Responsable Water Management		• Educate stakeholders on sustainable water use • Use of the latest technological solutions for lower consumption	• Water consumption (m3)	6 CLEAN WATER AND SANITATION
Biodiversity Preservation		• Prevention and remediation of pollution occurring in the marina and eco-incidents in all facilities • Repairs and maintenance of equipment/ facilities • Construction activities in accordance with the environment and historical heritage – preservation of protected cultural assets • Planting native vegetation • Promoting responsible behaviour	• Total land use (ha) • Total covered area (ha)	14 LIFE BELOW WATER 15 LIFE ON LAND
Circular Economy Implementation		• Implement sustainable packaging solutions where possible	• Share of recyclable packaging • Share of packaging made from recycled materials	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Employee Well-being	> To contribute to the local community by maintaining a positive and motivating work environment, with a high level of health and safety protection for employees and guests	• Systematic job classification and regular employee evaluation based on job complexity • Develop training plans for employees in accordance with job requirements • Provide subsidized transportation for all employees and accommodation for seasonal workers	• Employee turnover rate • Share of employees participating in trainig programs • Percentage of women in management	8 DECENT WORK AND ECONOMIC GROWTH
Health and Quality of Life		• Employee training • Ensuring a safe environment for employees and guests	• Number of health incidents in hotel facilities • Number of employees participating in health and safety training	3 GOOD HEALTH AND WELL-BEING
Community Support		• Contribution to community development and the local economy • Contribution to the preservation of cultural heritage and improvement of local infrastructure	• Number of supported local initiatives and projects	11 SUSTAINABLE CITIES AND COMMUNITIES
Consumers and End users		• Regularly train employees working with food, beverages, and other sensitive materials on health standards • Conducting guest satisfaction surveys	• Guest satisfaction survey analysis indicators	3 GOOD HEALTH AND WELL-BEING
Ethics and Responsibility	> Maintaining a high level of responsible business conduct.	• Established whistleblowing channel • Measures for the protection of personal data in accordance with GDPR	• Number of reported irregularities through confidential channels • Number of confirmed cases of data breaches or misuse of confidential information	16 PEACE, JUSTICE AND STRONG INSTITUTIONS


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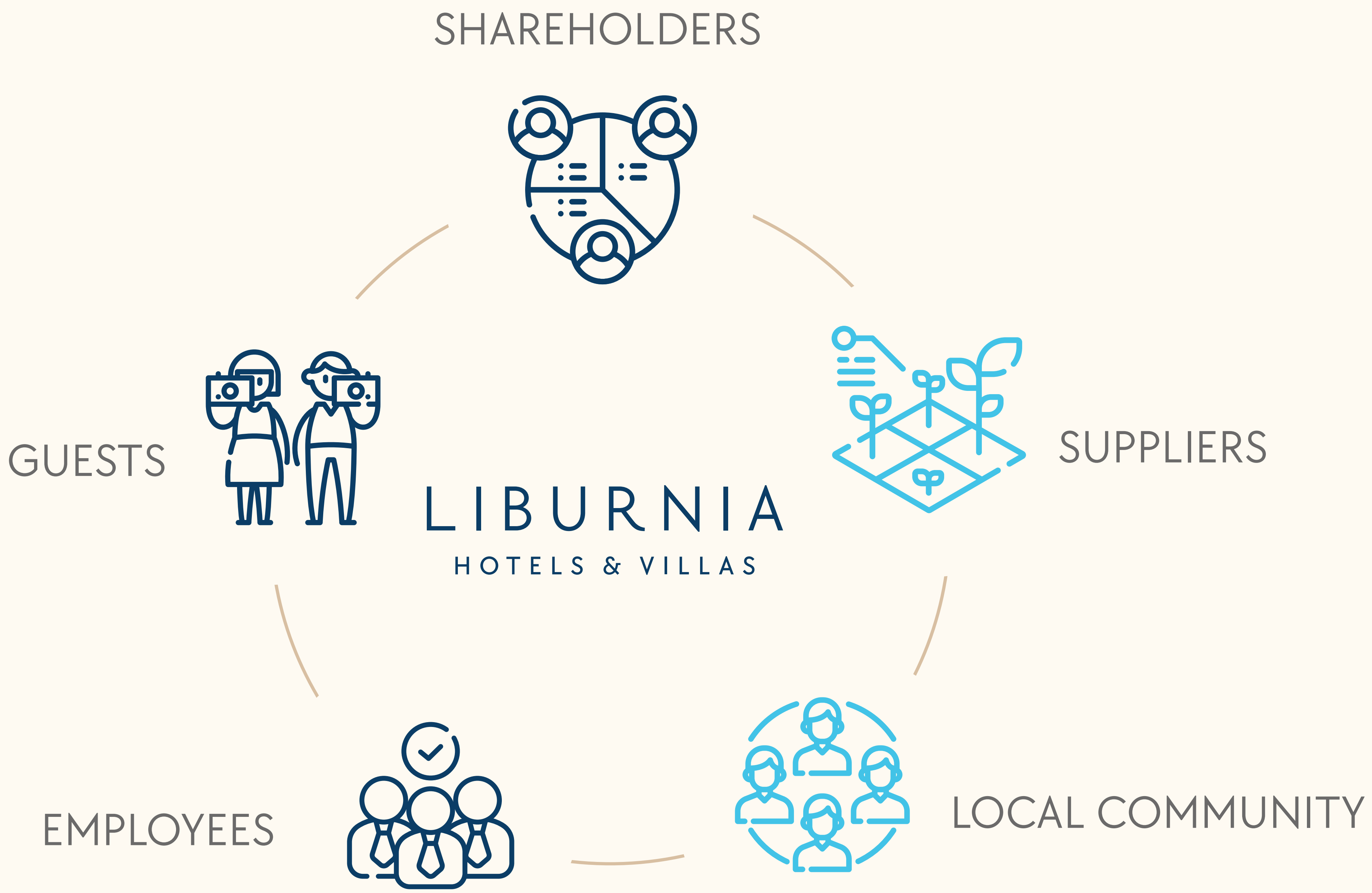
STAKEHOLDER INTERESTS AND PERSPECTIVES SHAPE THE SUSTAINABILITY STRATEGY (SBM-2)

Through continuous dialogue with stakeholders, the company gains insights into their interests and perspectives, helping to identify key areas and priorities, enabling resources to be directed toward activities that are important to stakeholders and have the greatest impact on sustainable development. Active listening and analysis of stakeholder needs and expectations ensure that the sustainability strategy aligns with their interests. The purpose of stakeholder dialogue is to collect information that is considered when making decisions related to sustainability, ensuring that decisions align with stakeholder needs and expectations.

Directors of departments and management system leaders are responsible for communication with stakeholders. Management system leaders present reports to the Board at least once a year, summarizing feedback, concerns, and stakeholder interests. The results include data from surveys, complaints from guests and the local community, and collaborations with stakeholders. Stakeholder expectations and interests are considered when making strategic decisions and major transactions.

Diagram: Key Stakeholders



Key stakeholders include employees, guests and marina users, suppliers, insurance partners, authorities, media, shareholders and the local community. These groups are affected by the company's activities, have an interest in business operations, and significantly impact business success, which is why regular communication is maintained with all of them. Each stakeholder group has specific communication channels tailored to their needs and expectations, as detailed in the following table.

Table: Stakeholder Relations

KEY STAKEHOLDERS	COMMUNICATION CHANNELS	STAKEHOLDER INTERESTS AND EXPECTATIONS	COMPANY APPROACH
Employees (Unions)	• Intranet – a central hub for employee information and access to all internal documents and policies • Shared network folder • Meetings with union representatives 4–6 times per year • Meetings with the Works Council • Employee meetings • Whistleblower system – employees can file reports if they observe unethical or illegal behaviour, with guaranteed protection for whistleblowers • System for the protection of employee dignity (mobbing prevention)	• Workplace safety • Salary alignment with market trends • Whistleblower protection	Liburnia Riviera Hotels continuously invest in occupational safety equipment and align employment conditions with market trends to ensure the safety and satisfaction of their employees. By fostering a positive work culture and encouraging professional development, LRH builds team loyalty and motivation, which are key to achieving strategic goals.
Suppliers	• Direct communication with procurement department, IT and Operations	• Fair contract terms • Timely payments	Through long-term partnerships with local and international suppliers, LRH ensures supply chain stability and consistent service quality. Transparent communication and collaboration are based on the shared goal of sustainable development and innovation.

Table: Stakeholder Relations (continuation)

KEY STAKEHOLDERS	COMMUNICATION CHANNELS	STAKEHOLDER INTERESTS AND EXPECTATIONS	COMPANY APPROACH
Guests and Users	• Satisfaction surveys • Complaint channels	• Quality service and products • Affordable prices • Safety and privacy	LRH builds guest loyalty by providing high-quality, personalized service and promptly resolving complaints. This approach increases revenue through repeat bookings and additional services, while also strengthening the hotel's reputation.
Local Community	• Complaints channels • Website • Meetings with community representatives	• Air quality • Low noise levels • Environmental protection	As a responsible community member, LRH actively collaborates with local stakeholders through meetings, environmental protection projects, and initiatives to improve quality of life. Environmental care and support for local programs help strengthen the company's reputation and contribute to the sustainable development of the region.
Shareholders	• General Assembly • Supervisory Board meetings • Reports	• Profitability and sustainable growth	LRH consistently achieves profitable growth by integrating sustainable practices into its business model. A focus on achieving long-term goals ensures a balance between economic success and responsible resource management.

No stakeholder interests or perspectives requiring adjustments to the business model and strategy were recorded during the reporting period.

Materiality Assessment

METHODOLOGY AND ASSUMPTIONS

In the second half of 2024, the Company conducted a double materiality assessment in accordance with the requirements of the ESRS standard, following the methodology outlined in EFRAG's manual IG 1 Materiality Assessment[2]. The double materiality assessment, supported by sustainability reporting experts, was carried out in four phases, involving representatives from all business areas.

In 2024, no dialogue with external stakeholders was conducted for the purpose of the double materiality assessment. Instead, department directors and heads of divisions (quality, human resources, environment, etc.), as well as individuals responsible for ESG areas, were designated as stakeholder representatives based on their knowledge of business activities. Through structured workshops, they provided insights into sustainability factors and identified and assessed impacts, risks, and opportunities.

DECISIONS AND INTERNAL CONTROL OF PROCESSES

Impacts were identified during workshops where representatives from various departments participated in discussions. The decision on the materiality of impacts, risks, and opportunities was shared among sustainability topic representatives. The evaluation for each topic resulted from consultations between the responsible person and the team to gather all relevant information and viewpoints. The assessment methodology followed the ESRS standards. Each impact, risk, and opportunity were documented along with a description of its materiality basis.

INPUT PARAMETERS

The materiality assessment covered the entire company, Liburnia Riviera Hotels, and all locations where the Company operates. Regarding the value chain, impacts, risks, and opportunities associated with first-tier suppliers (direct relationships with the Company), consumers, and end users were considered. The assessment utilized internal information sources derived from the management system and regular communication with stakeholders, supplemented by sector-specific professional publications.

CONTEXT ANALYSIS

A review was conducted of activities, business relationships, the context in which they take place, operational locations, and key stakeholders. Key stakeholders were mapped according to divisions, and their interests and viewpoints—collected through regular communication channels—were considered. The business model and strategy were analysed, and the Company's position in the value chain was determined. Additionally, an overview of ESG trends at the EU level and changes in the environment that could affect business operations was performed. The context analysis created a framework and enabled the identification of relevant topics for a more detailed assessment of the Company's impacts, risks, and opportunities. Sustainability topics and subtopics deemed irrelevant to the Company's operations were excluded from further steps.

2 EFRAG IG 1 MA: https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/IG%201%20Materiality%20Assessment_final.pdf

Scheme: Double Materiality Assessment Process

Context analysis:

- Business model
- Value chain
- Adjacent trends
- Stakeholders
- Industry reporting practice

IRO identification:

- How does our business impact people and the environment?
- What resources do we depend on?
- What sustainability risks/opportunities could impact our business?

IRO Assessment:

Assessment:

- Severity
- Likelihood

Format:

- Digital survey

Persons responsible for assessment:

- Directors and sector managers

Validation:

- Data consolidation and analysis
- Board validation

IDENTIFICATION AND ASSESSMENT OF IMPACTS

Through professionally moderated workshops with department representatives responsible for managing specific sustainability factors, actual and potential impacts related to environmental, social, and governance (ESG) factors were identified, considering both internal operations and the value chain. In this process, the list of sustainability matters from ESRS 1, paragraph AR16 was used to ensure completeness. Additionally, international standards relevant to the sectors in which the Company operates—such as SASB, MSCI, and S&P—were reviewed to gain a sector-specific perspective and to incorporate entity-specific topics.

Impact identification was supported by the integrated management system, reports submitted to regulatory authorities, and information derived from regular stakeholder communication channels.

Sustainability-related impacts were assessed based on severity and likelihood. The materiality assessment applied qualitative criteria in accordance with ESRS 1 guidelines. The evaluation was conducted by department representatives based on their expertise, experience, and information available through management systems. The final score was the average of their individual assessments. When assessing severity and likelihood, responsible persons consulted their teams.

In line with business practice in sustainability reporting, the materiality threshold, on a scale from 1 to 25, has been set at 50 percent, which corresponds to 12.5. The report includes all sustainability factors that involve environmental, social, and governance impacts, risks, and/or opportunities that exceed the specified threshold.

IDENTIFICATION AND ASSESSMENT OF RISKS AND OPPORTUNITIES

During professionally moderated workshops, department representatives identified risks and opportunities related to environmental, social, and governance (ESG) factors, considering both internal operations and the value chain. The starting point was the list of sustainability factors from ESRS 1, AR16, and sector-specific standards relevant to the Company were reviewed to gain a sectoral perspective and incorporate entity-specific topics.

Internal sources, industry risk assessments, and information derived from regular stakeholder communication channels were used in identifying risks and opportunities. Risks were identified based on resource dependencies and negative societal and environmental impacts.

Risks and opportunities were assessed based on the severity of financial consequences and likelihood. The evaluation was conducted by directors and heads of key departments, based on their expertise, experience, and information available through daily operations. The assessment was qualitative, and evaluators' opinions were based on objective evidence (management system reports, stakeholder communication channels, etc.).

All risks and opportunities were assessed by their respective department representatives, and the final score was the average of their individual evaluations. During the assessment of severity and likelihood, responsible persons consulted their teams. The materiality assessment applied qualitative criteria in accordance with ESRS 1 guidelines.

The materiality threshold, on a scale from 1 to 25, was set at 12.5. All risks and opportunities exceeding this threshold were considered material.

The assessment included only sustainability risks and did not compare or prioritize them against other business risks. The materiality risk and opportunity assessment process in this reporting period was separate from the risk management system.

VALIDATION OF MATERIAL TOPICS

The results of the materiality assessment were presented to the Management Board during a moderated workshop. The Management Board provided their materiality assessments of sustainability factors based on their perspective. The materiality matrix was supplemented with sustainability factors that the Management Board deemed material.

A materiality threshold of 3, on a scale from 1 to 5, was applied. All factors rated as important (3 or higher) were included in the materiality matrix.

The double materiality assessment process resulted in a materiality matrix that visually represents the sustainability factors the Company will report on.

The materiality assessment was conducted for the first time in 2024, and a process was established for this purpose. The results will be reviewed in the next reporting period to account for changes in the environment and business operations.

CRITERIA FOR DETERMINING SIGNIFICANT INFORMATION

Through the double materiality assessment conducted according to EFRAG's methodology, the Company identified significant sustainability factors in accordance with the list of sustainability factors from ESRS 1, AR16.

The report includes information on policies, measures, and targets, as well as indicators related to sustainability factors that contain at least one impact, risk, or opportunity exceeding the materiality threshold of 12.5 on a scale from 1 to 25.

The report contains information assessed as important in relation to the sustainability factor being reported, as such information may be useful to primary users of financial statements or stakeholders affected by the Company.

The Company transparently presents all information that could objectively influence a stakeholder's decision or perspective on the Company. It strives to ensure consistency and compliance with ESRS standards while providing relevant information tailored to the Company's specific circumstances.

Scheme: Liburnia Riviera Hotels Materiality Matrix

Impact materiality:

- Training and s kill development
- Adequate housing
- Privacy
- Corporate culture
- Health and safety
- Equal treatment and opportunities
- Communities' economic, social and cultural rights
- Climate change mitigation
- Waste
- Water and marine resources
- Energy

Double materiality:

- Employee working conditions
- Personal safety of consumers and/or end-users

Not material:

Will not be reported according to standards:

- ESRS E2: Pollution
- ESRS S2: Workers in the value chain

Financial materiality:

- Climate change adaptations

Legenda:

- Environment
- Social
- Governance

MATERIAL FACTORS OF SUSTAINABILITY (SBM-3)

The following table presents the material factors of sustainability based on the results of the materiality assessment and their interrelation with the Company's strategy and business model.

Table: Material Factors of Sustainability

MATERIAL TOPIC	SUSTAINABILITY FACTORS	DESCRIPTION OF IMPACTS, RISKS, AND OPPORTUNITIES	STRATEGY AND BUSINESS MODEL
E1 Climate Change	Climate Change Mitigation	Impact: Greenhouse Gas Emissions In LRH's operations, significant greenhouse gas emissions arise from various sources, including energy use for heating and cooling, vehicle fleet operation, and refrigeration unit refilling. This contributes to increased fossil fuel combustion, electricity consumption from non-renewable sources, and emissions that negatively impact climate change. LRH recognizes the need to reduce emissions and enhance sustainability in its business processes to minimize environmental impact and intends to implement measures within its capabilities to achieve this. The most significant categories within Scope 3 greenhouse gas emissions in the value chain include purchased goods and services, capital goods, fuel- and energy-related activities, lower-tier transportation and distribution, operational waste, employee commuting, and higher-tier leased assets. Emissions are generated through the procurement of food, new equipment, devices, vehicles, furniture, and consumables Greenhouse gas emissions have a negative and tangible impact on the climate in the short, medium, and long term.	LRH understands the challenge of climate change and, through its sustainability strategy, commits to reducing the intensity of greenhouse gas emissions related to its operations to protect the climate.
	Climate Change Adaptation	Risk: Extreme Weather Events Climate change and extreme weather conditions pose a serious challenge to the hospitality industry. Hotels face increasing risks from fires, strong winds, storms, heavy rains, prolonged heat waves, and other extreme weather events that can negatively impact operations. These conditions can cause infrastructure damage, increase maintenance costs, and reduce guest numbers. For instance, an increase in heat waves may shorten the tourist season in certain areas, affecting revenue and long-term business sustainability. The financial consequences of extreme weather risk are expected in the short, medium, and long term.	The company strives to adapt to a low-carbon economy, which will help maintain its competitive market advantage.

Table: Material Factors of Sustainability (continuation)

MATERIAL TOPIC	SUSTAINABILITY FACTORS	DESCRIPTION OF IMPACTS, RISKS, AND OPPORTUNITIES	STRATEGY AND BUSINESS MODEL
E1 Climate Change	Energy	Impact: Energy Consumption from Non-Renewable Sources Energy needs in LRH's operations arise from fuel usage and electricity and thermal energy consumption supplied by energy companies. Significant amounts of energy are used for heating, cooling, lighting, and operating electrical devices. Heating systems use extra-light fuel oil, and kitchens use liquefied gas and bottled gas. Air conditioning systems are refilled with refrigerant as needed, which also contributes to energy consumption. This consumption in LRH's activities contributes to greenhouse gas emissions, increasing the negative environmental impact. LRH is gradually introducing renewable energy tariffs in accommodation facilities as more electricity providers offer them. Rising energy costs due to geopolitical situations, supply and demand changes, supply chain issues, etc., may increase operational costs. The effect is real and negative, occurring in the short, medium, and long term, and is linked to the risk of rising energy costs, which can be triggered by unpredictable events such as the COVID-19 pandemic.	The company recognizes the benefits of renewable energy sources but currently does not plan such a project due to existing constraints, meaning it is not embedded in the business strategy. However, it will consider future possibilities for its energy production if conditions and options change. The company plans to implement monitoring and remote control of energy consumption, all with the aim of using energy resources more efficiently.
E3 Water and Marine Resources	Water	Impact: Water Consumption LRH operations consume significant amounts of water in kitchens for food preparation, bathrooms, room maintenance and cleaning, swimming pools, and more. During peak season, water consumption increases significantly; however, no damage occurs as water is sourced from a non-restricted municipal supply. Aware of the importance of conserving water resources, LRH strives to manage its consumption properly and continuously improves practices to minimize negative impact. The effect is related to LRH's own operations, is real and negative, and occurs continuously in the short, medium, and long term.	The business model heavily depends on water; therefore, LRH aims to manage water responsibly and maintain consumption intensity. Water is sourced from an area not at risk of water shortages. The company plans to install control meters, and in some locations, water-saving aerators have already been installed to reduce water consumption.
	Marine Resources	Impact: Impact of Hotel Facilities and Marinas on the Sea Marina services, which provide anchorage space and utilize marine resources, affect seawater quality, as does their ongoing maintenance. Water turbidity can result from marina activities, negatively impacting marine resources and reducing their recreational, tourism, and ecological value. Therefore, LRH ensures consistent and thorough maintenance of the marina and marine resources it uses. The effect is related to LRH's own operations, is real and negative, and occurs occasionally over the long term.	LRH adapts its sustainability strategy to minimize the negative impact of its facilities and marina on the sea, focusing on responsible construction and environmental preservation. By implementing environmentally friendly practices and complying with regulatory guidelines, LRH seeks to protect marine resources and mitigate harmful effects.
E4 Biodiversity	Impacts on Ecosystem Scope and Condition	Impact: Use of Indigenous Plant Species to Preserve Habitats Hotels are often surrounded by natural environments that require regular maintenance. Cultivating non-native plant species demands additional effort and resources. Using indigenous plants reduces resource needs while supporting local ecosystem conservation and development. This aligns with the protection of landscaped areas surrounding hotels, many of which have park monument status, reducing negative impacts on local ecosystems and promoting the survival of native species. Additionally, maintenance costs decrease as native plants are adapted to local conditions and require fewer additional resources. The effect is related to LRH's own operations, is real and positive, and occurs continuously in the short, medium, and long term.	LRH incorporates native plants in landscaping, supporting local ecosystems, reducing environmental impact, and promoting the survival of local species. Additionally, maintenance costs decrease as these plants are suited to local conditions.

Table: Material Factors of Sustainability (continuation)

MATERIAL TOPIC	SUSTAINABILITY FACTORS	DESCRIPTION OF IMPACTS, RISKS, AND OPPORTUNITIES	STRATEGY AND BUSINESS MODEL
E5 Circular Economy	Waste	Effect: Generation of Non-Hazardous Waste Hotel operations generate significant amounts of waste, including food scraps, wastewater from laundries, plastic, paper, old furniture, electronic equipment, and packaging. A particular category is hazardous waste, such as motor oils, filters, oil-soaked rags, bulbs, and batteries, as well as used cooking oils and residue from boiler cleanings. Waste types and quantities vary annually, with seasonal visitor increases significantly impacting waste volumes. The effect is related to LRH's own operations, is real and negative, and occurs continuously in the short, medium, and long term.	LRH applies circular economy principles to reduce landfill waste by sorting and recycling waste.
S1 Own Workforce	Working Conditions	Impact: Dignified Working Conditions LRH ensures stability for employees through contracts with the possibility of extension, regulated working hours, appropriate salaries, and a benefits package, including bonuses and additional annual leave days. Employees' rights to family leave, freedom of collective association and bargaining, and consultation through the workers' council are respected, with active dialogue with social partners and a collective agreement that further defines rights and obligations. The impact is positive and tangible, related to LRH's own operations, occurring continuously in the short, medium, and long term.	LRH strives to provide a safe and competitive work environment with transparent and fair conditions for employment, advancement, and rewards.
		Impact: Overtime Work Working in the hotel industry presents challenges such as extended working hours, night and split shifts, and seasonal overtime, which can affect work-life balance, leading to exhaustion and increased stress. The impact is negative and tangible, related to LRH's own operations, occurring continuously in the short, medium, and long term.	LRH supports employees in achieving a balance between their personal and professional lives and contributes to their well-being both at and outside of work, maintaining high employee satisfaction as the foundation of a successful business strategy.
		Risk: Workforce Dissatisfaction with Working Conditions Dissatisfaction often stems from a disrupted work-life balance, which is becoming an increasingly important requirement for employees. The financial consequences of workforce dissatisfaction are expected in the short and medium term.	LRH ensures employees receive days off, compensation, and other benefits after long workweeks to mitigate the negative impact on the workforce.
		Opportunity: Attracting and Retaining Workforce Due to the seasonal nature of the hotel industry, LRH has the opportunity to enhance its reputation, increase employee loyalty, and reduce staff turnover costs by attracting and retaining workforce through attractive working conditions, fair compensation, professional development opportunities, and additional benefits. The financial impact of this opportunity is expected in the short and medium term.	LRH provides seasonal workers with secure accommodation and benefits to create favourable working conditions. Employee dissatisfaction and turnover negatively affect service quality and guest satisfaction; therefore, LRH recognizes the importance of mitigating negative impacts and incorporates this into its sustainability strategy.

Table: Material Factors of Sustainability (continuation)

MATERIAL TOPIC	SUSTAINABILITY FACTORS	DESCRIPTION OF IMPACTS, RISKS, AND OPPORTUNITIES	STRATEGY AND BUSINESS MODEL
S1 Own Workforce	Health and Safety	Impact: Employee Health and Safety Protection Within LRH, training on occupational safety and security is provided, along with protective equipment for roles that require it, creating a positive impact. This helps reduce employee exposure to fatigue (due to shift work) and standing work conditions (e.g., receptionists and waitstaff). The impact is positive and tangible, related to LRH's operations, occurring continuously in the short, medium, and long term.	Upon hiring, LRH employees undergo occupational safety training, including fire protection education.
		Impact: High-Stress Levels for Employees During Peak Season Employees in the hospitality industry often face high pressure to maintain high service quality in demanding and packed schedules. Chronic stress can lead to anxiety, depression, and burnout, further causing exhaustion, harming mental and physical health, and increasing the likelihood of errors. The impact is linked to LRH's operations and occurs periodically in the long term.	LRH supports a work environment that includes stress management training, flexible work schedules, and initiatives to promote work-life balance.
	Equal Treatment and Opportunities for All	Impact: Equal Opportunities and Fair Work Valuation The workforce in the hospitality industry, including LRH, is characterized by diversity in nationalities, gender, education levels, and previous experience. Accordingly, LRH bases its labor relations on principles of equal opportunity and fair treatment, in compliance with the Work Regulations, procedures for protecting employee dignity, and the Code of Ethics. Discrimination is strictly prohibited, and the company ensures equal pay for work of equal value. The impact is tangible and positive, related to LRH's operations and value chain, occurring continuously in the short, medium, and long term.	A culture of equal opportunities is based on respecting the dignity of every individual and fostering balance among all employees.
	Diversity	Impact: Promotion and Respect for Gender Equality LRH fosters an environment that promotes and establishes gender equality, updating internal procedures to protect employee dignity by safeguarding workers from any form of discrimination and harassment, respecting ethical principles of conduct and work, and implementing rules for internal whistleblowing and appointing a confidential advisor.	LRH supports a work environment that respects gender equality and ensures employees are protected against discrimination under the Work Regulations. Employment processes must not be based on discriminatory grounds, whether direct or indirect.
	Training and Skills Development	Impact: Employee Knowledge and Skills Development By investing in the development of its employees' skills, LRH ensures a competent and motivated workforce that contributes to the successful implementation of its strategy and business operations. This approach positively impacts employees' career growth, enhances their efficiency, and elevates service quality. The impact is linked to LRH's operations, is positive and tangible, and occurs continuously in the short, medium, and long term.	LRH systematically invests in employee training to improve service quality and adapt to guest needs. Training programs cover topics such as stress management, organizational skills, and communication abilities, with an emphasis on raising service standards.
	Appropriate Accommodation	Impact: Ensured Suitable Accommodation and Meals for Employees Providing appropriate accommodation attracts the necessary workforce, reduces employees' living costs, facilitates commute logistics, and strengthens a sense of care for their needs. The impact is tangible and positive, related to LRH's operations, and occurs continuously in the short and medium term.	LRH ensures accommodation for employees from other regions and countries in its own or rented facilities near the workplace, as well as providing meals in hotels.
	Employee Privacy and Data Protection	Impact: Employee Privacy and Personal Data Protection Training employees on proper data handling reduces the risk of misuse and increases security, strengthening stakeholder trust in the hotel's operations. The impact is positive and tangible, related to LRH's operations, and occurs continuously in the short, medium, and long term.	LRH ensures proper management of employees' personal data by implementing security protocols aligned with regulations such as GDPR.

Table: Material Factors of Sustainability (continuation)

MATERIAL TOPIC	SUSTAINABILITY FACTORS	DESCRIPTION OF IMPACTS, RISKS, AND OPPORTUNITIES	STRATEGY AND BUSINESS MODEL
S3 Affected Communities	Economic, Social, and Cultural Rights of the Community	Impact: Contribution to Community Development and the Local Economy LRH employs a diverse workforce, including local residents, directly contributing to reducing unemployment and increasing economic activity in the community. Additionally, it boosts tourism revenue, stimulates infrastructure development, and enhances the overall quality of life within the community. The impact is positive and tangible, linked to LRH's operations and value chain, and occurs continuously in the short, medium, and long term.	LRH embraces its social responsibility and actively contributes to the community through various initiatives.
		Impact: Contribution to the Preservation of Cultural Heritage and Improvement of Local Infrastructure LRH's contribution to preserving cultural heritage and enhancing local infrastructure has a long-term positive impact on the community, economy, and environment. Activities such as the restoration of protected buildings not only improve the quality of life for local residents but also strengthen the competitiveness and reputation of the hotels. The impact is positive and tangible, associated with LRH's operations and value chain, and occurs continuously in the short, medium, and long term.	Hotel Imperial i Hotel Kvarner, the first hotels on the eastern Adriatic coast, are a strictly protected cultural assets, as are most other properties owned by LRH within the protected urban zone of the city of Opatija. Among them, Hotel Imperial is separately protected as an immovable individual cultural asset. The restored façade of the hotel and the entire protected area, including historical landmarks, are examples of LRH's efforts to preserve cultural heritage. Tourism, when focused on sustainability, helps drive positive change in the local community and supports infrastructure development.
S4 Consumers and End Users	Personal Safety of Consumers and/or End Users	Impact: Guest Satisfaction Customer satisfaction is a key factor in the success and survival of a company. It is essential to understand guests' needs and provide products and services that meet their expectations. The ability to choose services, combined with fostering a positive personal experience through communication and service quality, directly influences the quality of stay and overall guest satisfaction. The impact is positive and tangible, related to the company's own operations, and occurs continuously in the short, medium, and long term.	Customer and end-user satisfaction is a priority in all business segments.
		Impact: Protection of Privacy, Personal Data, and Health & Safety of Guests Strict safety standards and health measures related to food and hygiene products are implemented to ensure high service quality and reduce the risk of health issues for guests. The positive impact is tangible, linked to the company's own operations, and occurs continuously in the short, medium, and long term.	LRH effectively manages guest data and information, implementing security protocols compliant with regulations such as GDPR. This enhances data security and ensures user trust.
		Impact: Accessibility and Adaptation of Accommodation for People with Disabilities The accessibility and adaptation of hotel accommodations reflect the company's social responsibility. The positive impact is tangible, related to the company's own operations, and occurs continuously in the short, medium, and long term.	LRH ensures accessibility for people with disabilities in several of its accommodation facilities, adapting services to enable inclusivity and equal participation for all guests.
G1 Business Conduct	Corporate Culture	Impact: Strong Corporate Culture and Ethical Business Practices A strong corporate culture builds trust through responsibility and integrity, positively influencing the satisfaction of guests, employees, and other stakeholders. Compliance with laws, maintaining high service standards, and contributing to the community help sustain business success, environmental preservation, and long-term sustainability. The positive impact is tangible, linked to the company's own operations and business relationships, and occurs continuously in the short, medium, and long term.	LRH believes in creating value not only for itself and its owners but also for the wider community. As a responsible company, it recognizes its key role in contributing to sustainable development, striving to achieve this through a corporate culture based on ethics, social responsibility, and sustainable practices.

LRH is reporting on sustainability for the first time in 2024, which is why there are no changes in impacts, risks, or opportunities compared to the previous period.

Environmental Category

Responsibility towards the environment is one of the greatest challenges for the future, which the Company actively monitors and allocates a significant portion of its resources to maintain a high level of competitiveness and sustainability. Tourism, in particular, extensively applies environmentally responsible concepts, as environmental protection contributes to economic growth, employment, and increased competitiveness and comparative advantages. The Company's entire business operations are based on ecologically sustainable systems, placing great emphasis on environmental care and protection.

Various industries, both in the past and present, have left an environmental footprint, negatively impacting climate change, air, soil, and water pollution, depletion of water resources, loss of biodiversity, and excessive waste production. The degradation of these factors disrupts environmental balance and sustainability, which can, in turn, negatively affect business operations. This is why environmental preservation is a fundamental pillar of socially responsible business practices.

ENVIRONMENTAL PROTECTION POLICY

LRH will adopt an Environmental Protection Policy by the end of 2026. at the Company level. This policy will outline management strategies for energy, responsible water use, biodiversity, and the circular economy, ensuring it aligns with the Company's scale and activities.

LRH will align its operations with applicable laws and obligations regarding energy management, implementing modern, energy-efficient, and technologically advanced solutions whenever possible. It will enhance its management systems and processes to regulate water consumption, incorporating water resource management into its business operations. By utilizing effective technological solutions, LRH will monitor and control water consumption, educate employees and guests on responsible water management, and ensure sustainable usage levels. In accordance with principles of corporate social responsibility and sustainable development, LRH will actively manage and mitigate its environmental impact.

LRH adheres to environmental regulations regarding waste management and continuously seeks to maximize waste recycling. Through the implementation of the Environmental Protection Policy, the Company aims to optimize the use of non-renewable resources while monitoring, preventing, and reducing waste generation. LRH commits to aligning its operations with relevant legal frameworks and fulfilling its environmental protection obligations.

The Company will strive to raise environmental awareness throughout its value chain, act as a responsible member of the local community, and maintain open communication with stakeholders regarding its environmental impact and performance indicators.

The Technical Department and Operations Department will be responsible for implementing the policy, while Management will oversee its adoption and goal achievement. Designated personnel appointed by Management will track performance indicators and monitor progress towards objectives.

HOTEL IČIĆI

EU Taxonomy

The EU Taxonomy Regulation (EU) 2020/852 establishes a unified, scientifically based classification system to identify sustainable economic activities. The classification of sustainable activities is essential for redirecting capital flows toward achieving climate neutrality and environmental sustainability, as outlined in the European Green Deal.

Article 3 of Regulation (EU) 2020/852 defines the criteria for determining an environmentally sustainable economic activity. An activity is considered environmentally sustainable if it:

- Significantly contributes to at least one environmental objective outlined in Article 9 of the Regulation,
- Does not significantly harm the achievement of other environmental objectives,
- Is conducted in accordance with minimum safeguards specified in Article 18, and
- Complies with the technical screening criteria established by the Commission in delegated acts for each eligible activity.

Companies required to publish annual non-financial reports under Articles 19a or 29a of Directive 2013/34/EU must disclose reports categorizing their activities according to the EU Taxonomy and key performance indicators (KPIs) related to revenue, capital expenditures (CapEx), and operational expenditures (OpEx).

ELIGIBILITY OF ECONOMIC ACTIVITIES

An economic activity is considered taxonomy-eligible if it is listed in the delegated acts of the Taxonomy Regulation and has defined technical screening criteria.

A sustainability reporting working group has assessed the eligibility of the Company's economic activities under Delegated Regulation 2023/2486 concerning climate change mitigation and adaptation. Applying the materiality threshold, the working group has identified the activity "Hotels, resorts, campsites, and similar accommodation" as taxonomy-eligible for 2024. The primary environmental objective that LRH significantly contributes to is the protection and restoration of biodiversity and ecosystems.

COMPLIANCE OF ELIGIBLE ECONOMIC ACTIVITIES

If an activity is taxonomy-eligible, an analysis of compliance with technical screening criteria established in delegated acts must be conducted.

ACCOMMODATION ACTIVITIES

A compliance analysis for LRH's accommodation activities was conducted by the sustainability reporting working group, with support from external experts. For accommodation activities to be classified as environmentally sustainable, they must meet the technical screening criteria (TSC) for biodiversity conservation while ensuring no significant harm (DNSH) to other environmental objectives.

LRH's activities are considered taxonomy-eligible but not aligned with the environmental objective.

KEY PERFORMANCE INDICATORS AND ACCOUNTING POLICIES

Key performance indicators (KPIs) for the identified economic activities have been calculated and disclosed in accordance with Delegated Regulation (EU) 2021/2178. The Taxonomy Regulation mandates the disclosure of three key performance indicators based on the proportion of taxonomy-eligible and aligned activities within the total activities of the Company:

- Revenue,
- Operational expenditures (OpEx), and
- Capital expenditures (CapEx).

KPI calculations for the identified economic activities have been published in compliance with Delegated Regulation (EU) 2021/2178.

Tables detailing taxonomy-related KPIs (CapEx, OpEx, and revenue) are provided in Appendix 1.

Climate Change

TRANSITION PLAN

Climate change, which is increasingly leaving its mark on the world, represents one of humanity's greatest challenges. It has been scientifically established that the leading causes of climate change are the increased concentration of greenhouse gases in the atmosphere, primarily due to emissions from the burning of fossil fuels, intensive agriculture, and deforestation of tropical forests. The hospitality industry, as an energy-intensive sector, can and must develop plans for business decarbonization. This is not only essential for mitigating climate change and halting the rise in average global temperatures but also for ensuring long-term financial sustainability.

The Paris Agreement is a global plan to combat climate change. The Republic of Croatia has been a signatory to the Paris Agreement since 2017, committing to implementing greenhouse gas reduction measures in line with the European Union's (EU) strategy. Through the document A Roadmap for Moving to a Competitive Low-Carbon Economy in 2050, the EU has set a target of reducing greenhouse gas emissions by 80–95% by 2050.

To keep global temperature rise below 1.5°C, as outlined in the Paris Agreement, a carbon-neutral economy must be achieved by 2050. LRH intends to contribute to this goal through its business operations.

PHYSICAL AND TRANSITION CLIMATE RISKS

During materiality assessment workshops, both physical and transition risks to LRH's business were identified. Physical risks include climate-related hazards, and an assessment of the exposure of assets and business activities to these hazards is described in the following sections.

LRH has identified vulnerabilities to several climate-related factors, including wildfires, sea floods, and extreme air temperatures. The risk assessment is focused on these factors. These risks have been prioritized based on documented increases in average maximum air temperatures in observed climate conditions and the growing frequency of extreme sea levels due to severe weather events. Such changes can lead to increased energy demands for cooling during summer months, more challenging working conditions, potential declines in guest numbers, and property damage to LRH assets.

In LRH's area of operation, weather conditions conducive to wildfires (acute risk) are significant, potentially leading to loss of human life and property damage in any given year. Climate projections indicate a likely increase in the frequency and intensity of wildfires due to rising temperatures and inconsistent precipitation patterns. The impact on LRH's business would include property damage and reduced financial profitability. Risk mitigation measures include fire protection training, fire drills, and the appointment of an authorized fire safety officer.

Given the coastal location of LRH-managed properties, there is a risk of flooding (acute risk) due to the expected rise in sea levels and the increased occurrence of extreme weather events, which heighten the risk of flash floods and wave surges. Such disasters could result in property damage and reduced financial profitability. LRH's approach to managing this risk includes appointing an on-call person responsible for monitoring warnings and implementing response procedures when extreme conditions are expected.

Extreme air temperatures (chronic risk) are anticipated over the long term, which may lead to more challenging working conditions and reduced worker efficiency, ultimately impacting the financial profitability of economic activities. For cooling purposes, air conditioning systems have been installed in accommodation facilities to regulate temperature.

Transition risks refer to transitional events related to climate change, and an assessment of the exposure of assets and business activities to these risks is described in the following sections.

As consumer awareness of climate change increases, guest preferences are shifting, which presents a significant market risk for LRH in the transition to a low-carbon economy. There is a growing need to implement sustainable practices and improve business efficiency to meet the demand for environmentally friendly accommodations. This represents both a risk and an opportunity for LRH's services. Additionally, there is a market risk related to the energy and raw materials market, as rising prices lead to an increased share of these costs in business operations. The continuous rise in prices and energy supply challenges could impact LRH's financial indicators.

Another risk affecting LRH is technological, due to limitations in investments in new technologies. Given the nature of accommodation facilities, the potential for modernizing infrastructure and increasing energy efficiency is restricted, which could negatively impact LRH's economic activities in the long term.

In the process of identifying and assessing physical and transition risks, scenario analysis has not yet been considered. However, LRH plans to conduct an assessment of vulnerability and exposure to climate change in the coming period, using relevant data sources such as the Climate Change Assessment Reports: Impacts, Adaptation, and Vulnerability, periodically published by the Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing climate change science. Measures for implementation and target values will be determined after analyzing LRH's exposure and vulnerability, as well as that of key stakeholders in the value chain. Additionally, financial resources needed for climate adaptation will be identified, and the business strategy and model will be adjusted accordingly.

ADAPTATION TO CLIMATE CHANGE AND MITIGATION

The process used to determine significant impacts, risks, and opportunities is described in Chapter Materiality Assessment. Activities within the company's own operations were reviewed using information related to climate change adaptation and mitigation.

In LRH operations, significant greenhouse gas emissions result from energy use for heating, cooling, fleet operations, and refilling refrigeration units, contributing to increased fuel consumption and negative impacts on climate change. LRH recognizes the need to reduce emissions and improve business sustainability, planning to take measures within its capabilities. Within Scope 3 emissions, key categories include purchased goods, capital goods, transportation, waste, employee travel, and leased assets, where emissions are generated from procuring equipment, vehicles, and consumables. LRH hotels are exposed to risks such as fires, strong winds, storms, extreme rainfall, and heatwaves, which can shorten the tourist season, reduce the number of guests, and cause financial losses and material damage.

RESILIENCE ANALYSIS

As part of the double materiality assessment, the sustainability reporting working group evaluated the resilience of the business model and strategy to the identified risks in the short term (< 1 year), medium term (1–5 years), and long term (> 5 years). In the analysis of climate-related risks, two scenarios were considered: a high-emissions scenario and a scenario aimed at limiting global temperature rise to below 1.5ºC. Given the implemented risk management measures, continuous work is being carried out on adaptation and resilience plans to ensure that LRH is able to adequately respond to the challenges.

MEASURES

LRH is committed to environmental protection, engaging certified companies to measure air pollutant emissions and holding the ISO 50001:2018 energy management certificate, which undergoes an annual audit.

- Improving air conditioning and heating systems strengthens resilience to climate change impacts. System automation ensures that air conditioning units automatically turn off when a guest leaves the room using a key card. Future improvements aim to automatically switch off devices if windows are detected as open.
- Continuous education for staff and guests is implemented. Informational leaflets in rooms provide guidelines on responsible use of air conditioning, lighting, and windows. Employees are trained on the importance of closing heated or cooled spaces, turning off unnecessary energy sources, etc.
- Additional measures include installing high-quality external insulation, heat pumps, and other advanced technologies, as well as using energy-efficient devices where possible. LRH collaborates with public transport providers to encourage employees to commute using public transportation, reducing private car use.
- Weather-related risk mitigation includes strict monitoring of weather forecasts and wind alerts. Protective measures are taken for onshore buildings and maritime vessels, including nighttime monitoring to ensure timely actions such as securing protective covers. For flood risks, warnings are circulated via email to maintenance managers and hotel directors. In marinas, protective measures like securing boats are implemented to minimize damage.
- Fire safety practices involve appointing an authorized fire protection officer at the company level, conducting annual evacuation drills for guest safety, and ensuring sufficient emergency exits for efficient and safe evacuation.

LRH recognizes the need to reduce emissions and improve business sustainability, planning to take measures within its capabilities.

HOTEL KVARNER

ENERGY AND CARBON FOOTPRINT

The process used to determine significant impacts, risks, and opportunities is described in Chapter Materiality Assessment. Activities within the company's own operations were reviewed using information related to the energy mix and carbon footprint.

LRH's energy needs arise from fuel consumption and electricity and heat usage for heating, cooling, lighting, and device operation. Boilers use heating oil, kitchens use liquefied gas, and air conditioners use refrigerants, all contributing to greenhouse gas emissions and environmental impact. To mitigate this, LRH is gradually introducing renewable energy tariffs in its accommodations, keeping pace with the growing supply from electricity distributors. At the same time, rising energy costs due to geopolitical and market changes pose a challenge that can significantly increase operational expenses.

MEASURES

- Increasing energy efficiency through modernization of accommodation facilities. Optimization includes LED lighting installations, employee training by maintenance managers on energy-saving practices (turning off lights, closing doors, proper heating and cooling, etc.), and installing PVC joinery where permitted, though protected cultural properties require wooden joinery maintenance.
- Transitioning to alternative energy sources in some facilities by replacing heating oil with cooling units. The newly built Hotel Ičići operates with heat pumps and air conditioning, eliminating the need for a hot water boiler system. In older facilities, replacements are challenging due to funding and technology availability.
- Fuel additives are used to reduce overall consumption, contributing to better efficiency.

TARGETS AND INDICATORS

Energy consumption is a crucial factor in climate impact, and LRH has sought ways to reduce energy use within its means in recent years. Effective environmental management requires monitoring and reporting on energy consumption from all sources. The table below outlines LRH's energy consumption by source in 2024.

In 2024, LRH's total energy consumption was 27,996.69 MWh, all sourced from non-renewable sources. Electricity accounted for approximately 46% of total energy use.

LRH's business activities–hospitality and food service–do not belong to sectors with significant climate impact.

Table: Energy Mix and Consumption

ENERGY MIX AND CONSUMPTION	2024
Fossil fuel energy consumption (MWh)	27,996.69
Share of fossil fuel energy in total consumption (%)	100
Nuclear energy consumption (MWh)	0
Share of nuclear energy in total consumption (%)	0
Renewable fuel consumption, including biomass (MWh)	0
Purchased renewable electricity, heating, cooling (MWh)	0
Renewable energy from self-production (excluding fuel) (MWh)	0
Total renewable energy consumption (MWh)	0
Share of renewable energy in total consumption (%)	0
Total energy consumption (MWh)	27,996.69

CARBON FOOTPRINT

In 2024, LRH's GHG emission intensity was 0.00086 tons CO2e per 1 EUR of net revenue. The calculation was based on the net revenue of all activities.

The largest share of emissions comes from burning extra light heating oil for heating. This reporting period focused on calculating Scope 1[3] and 2[4] emissions while initiating the identification process for relevant Scope 3[5] emissions. A system for data collection is being developed to report Scope 3 emissions in future reporting periods. The GHG Protocol Corporate Standard methodology was used, applying the latest Global Warming Potential (GWP) values published by the IPCC.

3 Scope 1 emissions are direct emissions from sources owned or controlled by the organization. These emissions result from activities that are directly under the organization's control and occur on-site.

4 Scope 2 emissions are indirect emissions from the generation of purchased electricity, steam, heating, and cooling used by the organization. These emissions are caused by the production of energy consumed by the organization but are generated at a source outside the organization's direct control.

5 Scope 3 emissions include all other indirect emissions that occur in the organization's value chain but are not covered under Scope 1 or Scope 2. These emissions result from activities that are part of the organization's operations but occur outside the organization itself.

GHG Emissions Table (2024)

GHG EMISSIONS	2024 (TCO2E)
Scope 1 Gross GHG Emissions	3,937.8
Scope 1 Emissions in Regulated Trading Programs (%)	0
Scope 2 Gross GHG Emissions (Location-Based)	1,789.7
Scope 2 Gross GHG Emissions (Market-Based)	1,789.7
Total GHG Emissions (Location-Based)	5,727.5
Total GHG Emissions (Market-Based)	5,727.5

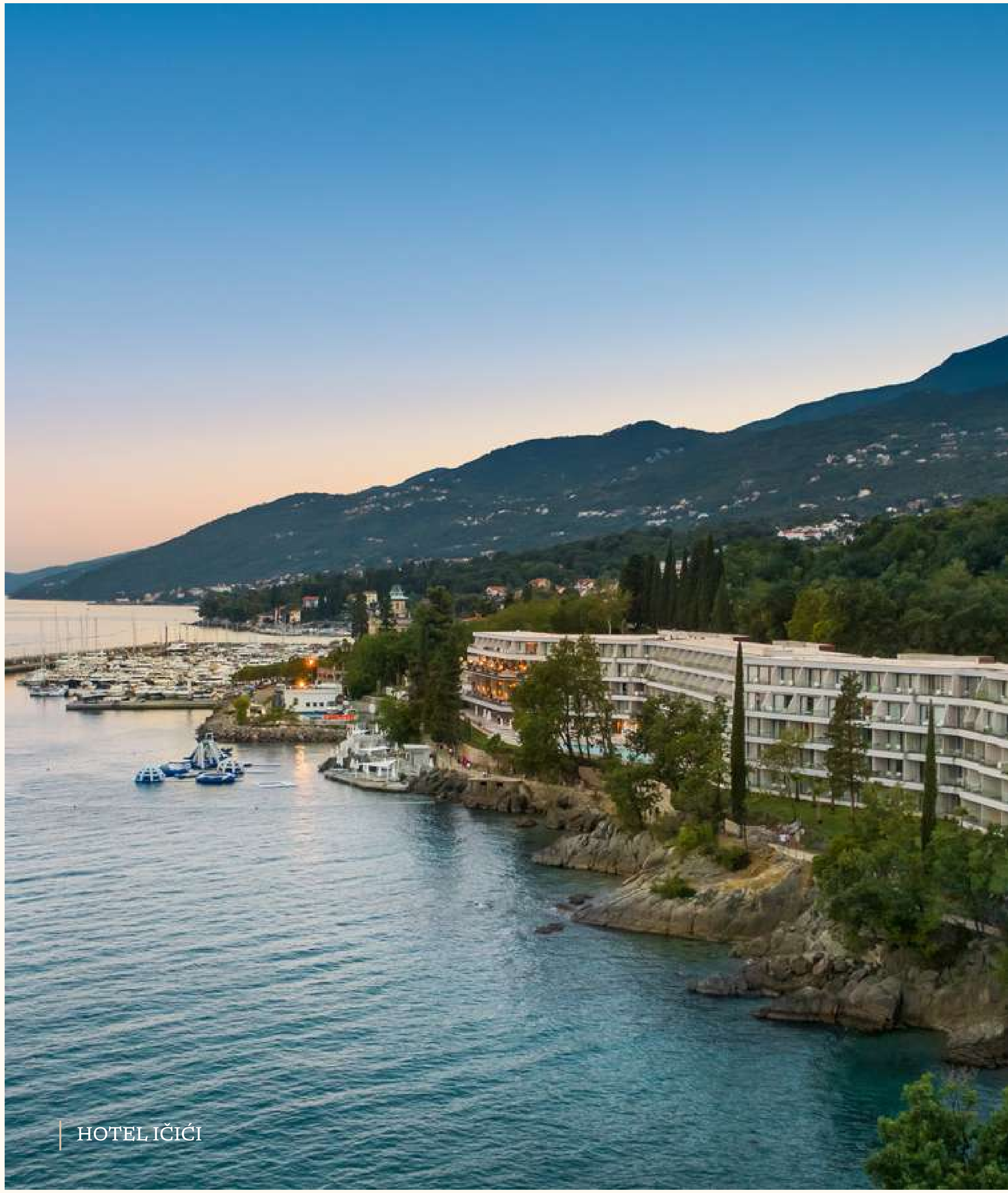
The GHG Protocol Corporate Standard Guidelines were used for calculations. Scope 1 emissions were based on fuel consumption data and national emission factors from the Ministry of Environmental Protection and Green Transition. Scope 2 emissions used the official emission factor from HEP's energy mix, published online and applicable for 2024.

During this reporting period, there were no biogenic CO_2 emissions within Scope 1, nor were any renewable energy certificates or guarantees of origin purchased. All purchased electricity came from a mixed energy portfolio.

LRH did not use carbon credits or participate in carbon removal and storage projects within or beyond its value chain.

LRH has not yet set specific emission reduction and energy consumption targets. A transition plan will define goals to align LRH with limiting global warming to 1.5°C and a decarbonization strategy.

The effectiveness of measures to reduce energy consumption and emissions will be tracked in future periods. Given conservation restrictions and limited modernization options, LRH does not aim for ambitious reductions. However, progress resulting from implemented measures will be measured starting from this reporting period.



HOTEL IČIĆI

Water Management

WATER AND MARINE RESOURCES

The process used to determine significant impacts, risks, and opportunities is described in Chapter Materiality Assessment. Activities within the company's operations were reviewed using information related to water and marine resources, particularly water usage data. The identification of actual and potential impacts, risks, and opportunities in higher and lower levels of the value chain was not conducted, nor were consultations carried out, due to the limited impact of water consumption and marine resource usage.

Within LRH, significant amounts of water are consumed, primarily in kitchens, bathrooms, cleaning activities, and pool maintenance, with usage increasing during peak season. Although the water supply comes from an unrestricted municipal network, LRH consciously manages consumption and continuously improves practices to conserve water resources. Marina services, which include anchoring and the use of marine resources, can impact seawater quality–for example, by causing turbidity, which reduces its recreational, tourism, and ecological value. For this reason, LRH invests efforts in the regular and thorough maintenance of the marina and marine resources.

LRH consciously manages consumption and continuously improves practices to conserve water resources.

MEASURES

LRH is not connected to areas exposed to a high risk of water shortages. All facilities are linked to the local municipal water supply system, which ensures and maintains adequate water flow and pressure. Although the local network has sufficient capacity and does not experience water shortages during dry periods, LRH monitors (through data available in water bills) its water consumption and strives to minimize it. To reduce water use in its activities, LRH implements various measures that contribute to conservation:

- To improve water efficiency, some facilities have installed aerators, which introduce air into the water stream to reduce consumption.
- Pools in certain facilities are filled with available seawater. The water undergoes filtration and regular quality testing to ensure guest safety, and no additional quantities are drawn from the municipal network, contributing to sustainability.
- Besides technological solutions, LRH continuously raises awareness and educates both employees and guests on responsible water use, encouraging conservation. Guests are informed via leaflets and are encouraged to reduce towel washing frequency, thereby positively contributing to conservation efforts. Employees receive training on sustainable practices, aligning with municipal services, technological solutions, and daily actions that can enhance efficiency.
- LRH follows proper procedures for pollution management in marina operations. Bilge water and oily waste are collected separately and safely disposed of.

TARGET VALUES AND INDICATORS

Table: Water consumption and recycling water in LRH

METRIC	2024
Water withdrawal (m^3)	178,696.00
Water discharge (m^3)	175,122.08
Total recycled and recovered water (m^3)	0
Total stored water (m^3)	0
Changes in storage (m^3)	0
Water consumption (m^3)	3,573.92
Total water consumption in high-risk water areas, including water-scarce regions (m^3)	0
Water consumption intensity (total water consumption in m^3 per million EUR in net revenue)	55.76

Water consumption was calculated based on the difference between the withdrawn and discharged water volumes. 2% of the total withdrawn water, used for other purposes and not discharged, was deducted from the total. The indicators were obtained through direct measurement, but external assurance providers have not verified the measurements.

Since LRH currently lacks adopted policies on water, marine resources, and the environment, no measurable target value has been set to track performance. The effectiveness and efficiency of implemented measures to reduce water consumption can be monitored through indicators related to water withdrawal, discharge, and overall consumption. Given that these measures focus on minimal reduction possibilities and considering LRH's dependence on water and marine resources, no ambitious reduction targets have been set. Progress resulting from these measures will be monitored from the current reporting period onward.

Biodiversity and Ecosystem

Biodiversity supports goods and services that people depend on, such as food, air, and water, and is also a key factor contributing to the competitiveness of the tourism sector. Habitat destruction and pollution can lead to biodiversity loss and reduced ecosystem resilience, which threatens human health and food security. The tourism sector is committed to halting and reversing biodiversity loss by promoting environmental conservation and restoration. It aims to improve human health, quality of life, and the economy by leveraging tourism's unique potential as a driver of positive change, particularly through the revenue it generates for conservation efforts in many destinations.

LRH accommodation facilities indirectly impact biodiversity through greenhouse gas emissions and the use of marine resources. These effects are described in the chapters “Energy and Carbon Footprint” and “Water and Marine Resources.”

The locations where LRH operates do not fall within biodiversity-sensitive areas (according to the Natura2000 map, available at: https://natura2000.eea.europa.eu/), meaning no habitats of endangered species have been identified, nor have protected species or significant negative effects on land degradation, desertification, or land coverage been observed. No activities have been identified that negatively affect areas under LRH's operational control, leading to the conclusion that it is not necessary to implement measures prescribed in:

- Directive 2009/147/EC of the European Parliament and Council on the conservation of wild birds,
- Council Directive 92/43/EEC on the conservation of natural habitats and wild fauna and flora,
- Environmental impact assessments as defined in Article 1, Paragraph 2, Point (g) of Directive 2011/92/EU of the European Parliament and Council on the assessment of the effects of certain public and private projects on the environment.

EFFECTS ON ECOSYSTEM SCOPE AND CONDITION

LRH operates in urban areas using existing accommodation facilities that do not require the repurposing of coastal or other areas, thereby minimizing negative impacts on biodiversity, making this issue immaterial to its business. However, LRH recognizes the impact of hotels, camps, and marinas on biodiversity and takes measures to minimize environmental impact.

Accordingly, LRH accepts responsibility for protecting biodiversity, intends to manage its effects responsibly, and implements measures that promote biodiversity conservation and environmental accountability.

The process used to determine significant impacts, risks, and opportunities is described in Chapter Materiality Assessment. Activities related to biodiversity and ecosystems within LRH's operations were reviewed and based on information about protected areas and LRH activities, no negative impacts or associated risks were identified. The assessment of actual and potential effects, risks, and opportunities at higher and lower levels of the value chain was not conducted, nor was stakeholder consultation, due to the limited impact on biodiversity and ecosystems. There were no identified dependencies on biodiversity and ecosystems at LRH locations, and the assessment did not include ecosystem supply services that could potentially be disrupted. Since no double materiality impacts were identified, transition and physical risks and opportunities related to biodiversity, systemic risks, and consultations with affected communities were not assessed.

Some LRH accommodation facilities are surrounded by natural environments that require regular maintenance. Using native plant species reduces the need for additional resources, supports the conservation of the local ecosystem, and protects park areas, often designated as monuments of landscape architecture. Native plants, adapted to local conditions, lower maintenance costs and further encourage the survival of local species.

MEASURES

- LRH ensures that the impact of construction activities on maritime domain in areas with concessions promoting building with indigenous and natural materials such as wood and stone regulations set by the construction office and conservationists aim to protect maritime property at the national level. Special attention is paid to preserving the natural and cultural characteristics of locations to ensure construction aligns with the environment, historical heritage, and protected cultural sites.
- In cases of tree drying or falling, measures are taken to rehabilitate the trees, followed by planting saplings of the same species. When larger areas need rehabilitation, LRH collaborates with parks and designated conservationists to ensure restoration meets conservation and preservation requirements. Local authorities are involved in the process, integrating local knowledge and nature-based solutions for biodiversity and ecosystem conservation.
- Since hotels lead to an increased number of people interacting with the surrounding environment, LRH encourages guests to be responsible and minimize harm to ecosystems, such as promoting the use of sunscreens with lower environmental impact.

TARGET VALUES AND INDICATORS

LRH does not operate in areas sensitive to biodiversity, so its activities do not contribute to the deterioration of natural habitats or species habitats. Therefore, no biodiversity protection measures are implemented.

The information was determined based on a review of secondary data from national databases on protected areas, displayed in geospatial data layers overlaid with geographical location data of LRH business locations.

Circular Economy

Service industries generate waste as a byproduct of routine activities, including hospitality, maintenance, and administration. Waste not only poses a logistical challenge but also leaves an environmental footprint, making waste management crucial for sustainable business operations.

LRH acknowledges its responsibility for the waste it generates. It monitors specific waste types and quantities collected and disposed of by authorized companies under contract with LRH. Additionally, it tracks the amounts of waste separated annually, allowing insight into direct waste production impacts and related needs. LRH is aware of its responsibility and works to mitigate negative effects.

WASTE

The process used to determine significant impacts, risks, and opportunities is described in Chapter Materiality Assessment, where waste was identified as the only significant factor in the circular economy. Business activities were reviewed using information on waste quantities. The assessment of actual and potential effects, risks, and opportunities in the higher and lower levels of the value chain was not conducted, nor was stakeholder consultation due to the limited impact of waste generation.

Hotel operations generate significant waste, including food scraps, wastewater, plastic, paper, old furniture, electronic equipment, and packaging, as well as hazardous waste such as motor and cooking oils, light bulbs, batteries, and boiler residues. Waste volumes fluctuate annually, with a notable increase during the tourist season.

LRH responsibly manages waste through temporary storage, sorting, recovery, and disposal by authorized companies, contributing to sustainable business practices.

The following hazardous waste categories and key classification numbers (KBO) apply to LRH operations:

WASTE CATEGORY	KBO
Discarded equipment containing hazardous components	16 02 13*
Lead batteries	16 06 01*
Waste from liquid fuels	13 07 01*
Discarded equipment containing chlorofluorocarbons	20 01 23*
Electronic waste with hazardous components	20 01 35*
Fluorescent tubes and mercury-containing waste	20 01 21*
Paints, inks, adhesives, and resins with hazardous substances	20 01 27*
Discarded organic chemicals containing hazardous substances	16 05 08*

MEASURES

LRH faces limitations in reducing waste generation due to the necessity of maintaining business quality and costs, making it challenging to balance sustainability. However, while choosing environmentally friendly products is not a primary activity, LRH accepts them if they meet quality standards. This approach helps reduce the ecological footprint and strengthen its reputation. LRH does not compromise on quality and safety while striving for sustainable operations.

- As part of its operations, LRH is systematically replacing single-use plastic items at pools and beaches with more environmentally friendly alternatives, such as paper food and beverage packaging, wooden utensils, and returnable glass bottles for water in its facilities. Plastic laundry bags are being replaced with jute bags, and hotels are equipped with refillable dispensers for toiletries.

TARGET VALUES AND INDICATORS

Regular business activities such as meal preparation, room cleaning, laundry, pool and garden maintenance, and office operations generate both hazardous and non-hazardous waste.

Waste management is based on classifying waste into two categories: hazardous and non-hazardous waste.

Table: Waste Quantities by Waste Type

WASTE	2024
Total amount of waste generated	4,580.62
Non-hazardous waste (total)	4,570.30
Paper, cardboard (t)	168.83
Plastic (t)	8.61
Electronic waste (t)	8.78
Mixed municipal waste (t)	3,572.99
Biowaste (t)	676.45
Glass (t)	1.66
Toners (t)	0.22
Bulky waste (t)	93.03
Other: wood, wooden packaging, branches, sawdust, dismantled wood, paints, varnishes and resins (non-hazardous), mixed construction waste, scrap metal, waste steel, stainless steel (t)	39.74
Hazardous waste (total)	10.32
Electrical and electronic waste – category 2.10 (t)	2.53
Alkaline portable batteries (t)	0.05
Waste from liquid fuels	2.37
Electrical and electronic waste – category 1 (t)	3.97
Electrical and electronic waste – category 4 (t)	0.52
Fluorescent tubes and mercury-containing waste	0.26
Paints, varnishes, and resins (hazardous)	0.54
Organic laboratory chemicals	0.08

Comprehensive waste tracking data is collected from contracted waste disposal partners, ensuring responsible waste management.

Table: Waste Quantities by Disposal Method

WASTE	2024
Waste sent for recycling (t)	188.80
Waste sent for energy recovery (t)	676.45
Waste sent to landfill (t)	3,706.38
Share of non-recycled waste (%)	95.69

Data on the types and quantities of waste generated, as well as waste management methods, were collected from records on waste flows and management. The calculations for this report were prepared by the responsible person for environmental data.

The waste sent for recycling was determined by summing the amounts of paper, cardboard, plastic, glass, electronic and electrical waste, portable batteries, liquid fuel waste, fluorescent tubes, and mercury-containing waste. Bio-waste was sent for energy recovery, while the remaining waste was sent for disposal.

Currently, LRH has no formal policies related to the circular economy, meaning no measurable targets for tracking progress have been established. However, eliminating single-use packaging negates the need for ongoing monitoring of its effectiveness.

Social Category

LRH recognizes social responsibility as a key pillar of sustainable business, focusing on employee well-being, support for the local community, and providing a safe and high-quality service to guests. As an employer and driver of economic activity in the region, LRH invests in creating an inclusive, safe, and stimulating work environment while actively contributing to the development of the local community.

EMPLOYEE RESPONSIBILITY POLICIES

Through its business activities, LRH consistently applies the provisions of the Labor Law, the Work Regulations, the Personal Data Protection Regulations, the Hospitality Collective Agreement, and the Collective Agreement concluded with union branches operating within the company, including the Istria, Kvarner, and Dalmatia Union and the Croatian Tourism and Services Union. Additionally, the rights and obligations of each employee are defined through individual employment contracts, ensuring dignified working conditions in accordance with applicable laws and internal regulations.

In the upcoming reporting period, LRH plans to supplement its existing policies by adopting social policies and an ethical code tailored to the company's scope and activities.

EMPLOYEE DIALOGUE AND COMPLAINT MECHANISMS

Employees' right to participate in decision-making is defined in the collective agreement, allowing for active social dialogue between LRH, trade unions, and workers' councils in line with the Labor Law. This dialogue promotes transparency in defining working conditions and strengthens trust between the employer and employees.

According to the Work Regulations, internal mechanisms have been established for reporting rights violations, including harassment and discrimination, through confidential channels. Employees have the right to file complaints about any form of inappropriate behaviour through clearly defined procedures, which include appointing a confidential person to receive reports and ensuring confidentiality throughout the process. The goal of these procedures is to resolve complaints in a timely manner and protect whistleblowers from potential negative consequences. Remediation includes promptly addressing issues, implementing corrective measures, and regularly informing employees about the outcomes.

Employees can also report complaints related to accommodation or meal conditions through confidential complaint channels.

Breaches of data privacy are reported through the complaint management system in accordance with the provisions of the Personal Data Protection Regulations. Reports can be submitted via email, or directly to the responsible person.

Confidential channels are available for employees to express concerns and report potential irregularities, such as anonymous hotlines, email addresses, and personal meetings with relevant personnel and the Human Resources Department. Employees are informed about these channels through internal communications and educational programs.

The received complaints are processed in accordance with internal regulations through a transparent process that includes investigations, discussions with relevant parties, and the implementation of corrective actions.

The effectiveness of these channels is regularly evaluated through employee feedback, including anonymous satisfaction surveys. These surveys allow employees to express their level of trust in the channels and their effectiveness, with the results used to improve satisfaction and strengthen employee trust.

Employee Relations

WORKING CONDITIONS

LRH continuously ensures dignified working conditions that meet the needs and expectations of employees, providing security through a collective agreement, rights to family leave (such as maternity, parental, paternity, and caregiver leave), regulated working hours, appropriate compensation, and a benefits package. While the hotel industry presents challenges such as overtime, extended working hours, and seasonal workload fluctuations, LRH actively supports work-life balance, fostering employee motivation and productivity while reducing workforce turnover.

At the same time, LRH places great importance on employee health and safety, managing industry-specific risks such as prolonged standing, heavy lifting, and stress during peak seasons through regular assessments, training, and the provision of protective equipment. This proactive approach reduces workplace injuries and sick leave, ensuring employee satisfaction and sustainable business operations.

The protection of employee health and safety is regulated by the Work Regulations and is implemented through regular assessments of working conditions, employee training on safety measures, and the provision of adequate protective equipment to prevent unacceptable practices and ensure a safe working environment.

By providing attractive working conditions, fair compensation, and opportunities for professional development, LRH strengthens its reputation as a desirable employer, increases employee loyalty, and reduces turnover costs, ensuring long-term stability and a competitive advantage.

MEASURES

LRH implements a series of measures, monitored and evaluated to ensure dignified working conditions, focusing on the specifics of the hotel industry and employee well-being. The HR and H&S department has an internal system for assessment of procedures. However, the social policies are under development which will define measures and procedures in detail. The effectiveness of these measures is tracked by comparing key performance indicators (KPIs) with set goals, ensuring their alignment with employee needs.

- **Employee satisfaction and motivation** are enhanced through a customized benefits system, including an increased number of annual leave days, bonus payments, and the planned introduction of a health promotion program starting in 2025.
- **To facilitate employees in balancing private and professional obligations**, LRH collaborates with local transportation providers to adjust schedules, improving access to workplaces.
- **At the operational level, regular organizational meetings** with hotel directors ensure efficient coordination and timely resolution of challenges, especially during peak seasons.
- **Employee health and safety are integrated into all aspects of operations.** The company conducts regular risk assessments to prevent significant negative impacts on employees, while mitigation is achieved through targeted work condition adjustments and additional resources. Before starting work, employees undergo training or work under the supervision of experienced colleagues, depending on job requirements. Regular checks of first-aid kits and emergency evacuation boxes ensure necessary supplies are available. Employees are provided with essential work equipment, including uniforms, while periodic medical examinations are organized for employees working under special conditions, such as those frequently using computer equipment or performing physically demanding tasks.
- **Fire safety training is conducted regularly** to ensure the safety of employees and guests and increase awareness of emergency procedures. Training includes practical simulations and theoretical instructions, ensuring employees are prepared for timely and effective responses in case of fire or other emergencies.
- Planned job classification system in 2025 will further optimize work organization and tailor conditions to employee needs.
- **To attract and retain a qualified workforce**, LRH recognizes opportunities through partnerships, participates in job fairs domestically and internationally, collaborates with employment agencies, and introduces training programs. Financial resources and human capital are allocated to managing significant impacts, including benefits, training, and support programs, with HR Department activities being crucial for implementing and evaluating measures. These initiatives not only reduce employee turnover but also enhance LRH's reputation as a desirable employer in the hotel industry.

TARGET VALUES AND INDICATORS

Employee data is based on the average number of employees over 12 months of the reporting period. The average number of employees is calculated as the sum of the total number of employees at the end of the reporting year (December 31, 2024) and at the end of the reporting period (December 31, 2023), divided by two. This methodology was chosen to better reflect the seasonal characteristics of LRH's workforce.

Table: Workforce Structure by Gender

GENDER	2024	%
MALE	359	43.20%
FEMALE	472	56.80%
TOTAL EMPLOYEES	831	100%

During the 2024 reporting period, the gender composition of LRH's senior management was analysed. Level B-1 includes hotel directors, sector directors, and department heads.

Table: Gender Diversity in Senior Management

	GENDER	2024	%
Management Board	Male	2	100%
	Female	0	0%
B-1	Male	60	48%
	Female	65	52%

Table: Workforce Age Diversity

AGE GROUP	2024	%
UP TO 30 YEARS	186	22.36%
30 - 50 YEARS	355	42.67%
OVER 50 YEARS	290	34.97%

During the 2024 reporting period, 21 minor workplace injuries were reported, resulting in a total of 475 lost workdays. No fatal workplace injuries or health-related fatalities were recorded. During the reporting period, 0.4% of LRH employees were individuals with disabilities. These data were collected in compliance with legal privacy protection regulations.

Table: Workplace Injuries

WORKPLACE INJURIES	2024
Workplace Injuries	21
Total workplace injuries	12.05%
Injury rate	0
Fatalities	0
Off-site injuries (commuting)	4
Injuries involving external contractors	0
Work-related illnesses recorded	475

Target values are planned to be set for the upcoming period.

Table: Employment Contract Types by Gender

CONTRACT TYPE	GENDER	2024
Permanent Contract	Male	144
	Female	233
Fixed-Term Contract	Male	215
	Female	239
Zero-Hours Contract[6]	Male	0
	Female	0
Full-Time Employment	Male	351
	Female	470
Part-Time Employment	Male	8
	Female	3
Total Employees	Male	359
	Female	472

LRH strives to ensure employment stability and security for all workers, with 45% of employees on permanent contracts and 99% employed full-time. Through the Collective Agreement, equal working conditions are guaranteed for all employees, and in addition to legal obligations, additional reward systems are provided. These include a child gift, Easter bonus, and Christmas bonus. Furthermore, all employees were paid the maximum non-taxable amount for so-called 'performance-based bonuses. Participation in social dialogue is ensured through the Works Council and employee representatives. All LRH employees have a contracted gross base salary that is not lower than the legally prescribed minimum wage.

6 The company employs employees with an uncertain number of working hours, without a guarantee of a minimum or fixed number of working hours. The employee may be required to be available for work as needed, but the company is not contractually obligated to offer the employee a minimum or fixed number of working hours per day, week, or month. This category includes occasional employees, employees with contracts that do not guarantee a minimum number of working hours, and employees on standby.

EQUAL TREATMENT AND OPPORTUNITIES FOR ALL

LRH promotes equal opportunities and equality through the principles of equal opportunities, fair treatment, and the policy of equal pay for work of equal value. Workforce diversity enriches the organization, while the Work Regulations and internal procedures ensure the protection of employees' dignity and prevent discrimination. This approach contributes to an inclusive work environment, strengthening employee motivation and organizational stability.

Gender equality is promoted by ensuring a fair and safe work environment, transparent internal procedures, and mechanisms for reporting irregularities, thereby reinforcing trust and ethical principles within the company.

By investing in employee education, LRH ensures a competent and motivated workforce. Training programs focused on service quality, stress management, and organizational skill development support business goals and employees' professional growth, strengthening the company's competitiveness and reputation.

MEASURES

LRH implements measures aimed at promoting equal opportunities and equality among employees, ensuring a fair work environment that allows each individual to reach their full potential.

- To achieve equal opportunities and fair job evaluation, LRH conducts **systematic job classification and regular employee evaluations.** Using job complexity coefficients ensures an objective assessment of work, while all employees are encouraged to advance based on performance. As an additional incentive, employees can earn bonuses for their achievements, ensuring motivation and fair rewards for their contributions.
- LRH **prevents discrimination and inequality** through internal procedures, guideline adjustments, and monitoring employee feedback. Employee development opportunities are supported by clear promotion criteria and improvements in work processes, while regular assessments prevent negative impacts.
- **Professional training tailored to specific job roles**, such as housekeeping and kitchen staff, is regularly organized to enhance service quality and operational efficiency. Most training focuses on service quality improvement and includes topics such as stress management, organizational skills, and communication enhancement. The effectiveness of these measures is monitored against set goals to ensure alignment with long-term strategic priorities. Training results are regularly analysed to evaluate their effectiveness and adjust future plans accordingly.
- **Training planning** is conducted in collaboration with all LRH departments, with each department proposing relevant topics based on specific needs. Resources include allocated financial funds for training on equality and skills development, as well as the active role of the Human Resources Department in implementing internal guidelines and evaluating the effectiveness of measures. These proposals are integrated into the annual training plan to ensure targeted investment in employee professional development and alignment with LRH's long-term business goals. As part of employee and skill development planning, training sessions are planned for employees in the food and beverage departments in the upcoming period.

TARGET VALUES AND INDICATORS

Employee training data is collected based on the average number of employees during the reporting period unless otherwise specified. It is based on the total number of training hours attended by employees during the 2024 reporting period. The data is presented by employee category, including operational staff, administrative staff, management, technical maintenance, and seasonal workers, as well as by gender, providing a detailed overview of participation in training across different workforce segments.

Training data is calculated according to internationally recognized methodologies, ensuring consistency and comparability of the presented data. Target values are planned to be set in the upcoming period.

Training programs included:

- Workplace Safety (ZNR)
- Fire Protection (ZOP)
- Leadership Skills Development
- Programs for Improving Operational Efficiency
- Personal Data Protection

A total of **5,825 hours of training** were conducted, with:

- **5,052 hours** dedicated to Workplace Safety and Fire Protection (ZNR/ZOP) programs
- **690 hours** dedicated to Leadership Skills Development programs
- **83 hours** dedicated to Operational Efficiency Improvement programs

Table: Number of Training Hours (by Category and Gender)

EMPLOYEE CATEGORY	TRAINING HOURS
Operational Staff	1,878
Administrative Staff	287
Management	1,588
Technical Maintenance	88
Seasonal Workers	1,984
BY GENDER	
Male	2,534
Female	3,291

The data on training participants is based on the total number of employees who attended training sessions during the 2024 reporting period. A total of 441 employees participated in training programs. It is important to note that some employees attended multiple training programs, meaning the total number of training participants across different programs may exceed the actual number of employees.

Table: Number of Training Participants (by Category and Gender)

TRAINING PARTICIPANTS 2024	NUMBER
Total Employees (as of 31.12.2024)	831
Operational Staff	372
Administrative Staff	40
Management	206
Technical Maintenance	11
Seasonal Workers	284
BY GENDER	
Male	195
Female	246

The data on the proportion of employees who attended training is based on the percentage calculation of employee participation in training during the 2024 reporting period.

Table: Percentage of Employees Who Attended Training (by Category and Gender)

% OF EMPLOYEES WHO ATTENDED TRAINING	2024
Total Employees (as of 31.12.2024)	831
Operational Staff	32.35%
Administrative Staff	46.51%
Management	55.38%
Technical Maintenance	23.91%
Seasonal Workers	68.93%
BY GENDER	
Male	52.85%
Female	53.25%

During the reporting period, 23 female employees and 6 male employees took maternity, parental, or paternity leave, representing 4.9% of female employees and 1.7% of male employees.

LRH enforces a zero-tolerance policy for discrimination and human rights violations. These data, along with information on potential penalties, sanctions, and compensations, serve as the basis for improving policies and measures that ensure a fair and safe work environment.

LRH prioritizes ensuring equal treatment and the protection of employees' human rights. Employees can contact the defined e-mail address which the legal department is responsible for, both for responding and conducting all needed measures in the case of the discrimination. As part of its procedures, LRH monitors and records all incidents related to discrimination, complaints submitted through internal channels, and serious human rights violations.

During the reporting period, there were no recorded cases of discrimination, serious human rights violations, or complaints filed through internal reporting channels.

Table: Number of Discrimination Incident

	2024
Number of Discrimination Incidents	0
Number of Complaints Collected via Concern-Reporting Channels	1
Number of Complaints Submitted to National Contact Points for OECD Multinational Enterprises	0
Amount of Fines, Sanctions, and Compensation for Violations Related to Social and Human Rights	0
Number of Serious Human Rights Violations	0
Number of Serious Human Rights Violations Related to the Company's Workforce That Represent Violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises	0
Amount of Fines, Sanctions, and Compensation for Serious Human Rights Violations and Incidents Related to the Company's Workforce	0

OTHER RIGHTS ARISING FROM EMPLOYMENT

LRH provides accommodation near the workplace and meals in hotels for employees from other regions and countries. This reduces living costs, facilitates commuting logistics, and enhances the company's care for employees' needs. This approach increases satisfaction, motivation, and attracts the necessary workforce.

Employee privacy protection is ensured through the implementation of GDPR protocols and data management training, reducing the risk of misuse, enhancing data security, and strengthening employee and stakeholder trust in business operations.

MEASURES

- LRH **provides accommodation for employees** from other regions and countries in its own or rented facilities near the workplace, reducing costs and logistical challenges while increasing employee satisfaction and motivation.
- All employees are provided with at least one daily meal at LRH facilities.
- Employee privacy is protected through the **implementation of the IT Rulebook, GDPR compliance via security protocols**, secure data storage systems, and complaint mechanisms. The need for additional measures is determined through employee feedback, risk analysis, and evaluation of available resources.

In the coming periods, the goal is to maintain a zero rate of reported personal data breaches while actively working to increase the percentage of employees who complete personal data protection training.

In 2024, no incidents of personal data breaches were recorded, and all reported incidents were resolved immediately without delays. Two employees completed personal data protection training. In the upcoming periods, the goal is to maintain a zero-incident rate for personal data breaches, while actively working to increase the percentage of employees who have completed data protection training.

Affected Communities

ECONOMIC, SOCIAL, AND CULTURAL RIGHTS OF THE COMMUNITY

LRH contributes to community development and the local economy by providing employment to residents, reducing unemployment, and stimulating economic activity. Its operations increase tourism revenues, indirectly supporting the development of infrastructure, public utilities, and social services, ultimately improving the quality of life in the community.

Most LRH properties are located within the culturally protected area of the city of Opatija. Activities focused on preserving, restoring, and maintaining cultural heritage strengthen community identity and enhance the destination's attractiveness. The preservation of historical values and the development of local infrastructure ensure sustainability, improve the quality of life, and support economic and tourism growth in the region.

POLICIES

LRH promotes the sustainable development of the local community through its business operations, generating long-term benefits, preserving cultural heritage, ensuring equal opportunities, and conserving resources for future generations. In the upcoming period, LRH will adopt a Local Community Contribution Policy to define its role in economic, social, and cultural development.

STAKEHOLDER DIALOGUE

LRH recognizes the key role of local communities in the sustainable development of destinations and ensures regular collaboration with their representatives, including local authorities, non-governmental organizations, and other relevant stakeholders. Consultations are held regularly, and proposals and initiatives are mostly received through Supervisory Board meetings, in which local government units participate and vote, as they have two representatives on LRH's Supervisory Board.

Community perspectives are integrated into business decisions under the supervision and approval of the Management Board, which ensures implementation through the Executive Assistant Department. Transparency is maintained through meetings and the regular publication of consultation outcomes.

If communities have concerns or suggestions, there are available channels for expressing them, including the email address uprava@liburnia.hr. The Management Board ensures follow-up on these matters and the continuous improvement of communication channels based on feedback.

MEASURES

LRH actively contributes to cultural heritage preservation and local community development by investing in the restoration and maintenance of historical buildings. Supported community projects are coordinated by marketing department which has internal procedure for evaluation of its effectiveness, evaluation and PR impact.

- A key example of such investment is the **restoration of the façade of Hotel Kvarner**, the first hotel on the eastern Adriatic coast, built in 1884. As a strictly protected cultural asset within Opatija's urban area, its maintenance highlights LRH's commitment to preserving historical values. To ensure the effectiveness of these measures, LRH monitors results through community feedback and impact assessments on cultural heritage preservation.
- LRH also implements **internship programs** for students, offering them hands-on experience in the hospitality industry. These programs help young people prepare for professional challenges, with some securing employment at LRH upon completing their internships.
- Additionally, LRH **actively participates in social and economic initiatives** through donations and sponsorships. For example, LRH has supported sports and recreational activities, provided financial aid for student scholarships through humanitarian organizations, and contributed to preserving cultural traditions by supporting local associations. Through sponsorships, LRH backs events that enrich the region's tourism offerings, promote culture, and strengthen the community's social life. LRH allocates financial and human resources to ensure the long-term sustainability and benefits of these initiatives.
- LRH prioritizes **hiring local workforce candidates**. When the necessary qualified workforce is not available locally, recruitment is expanded to the broader region and the rest of the country. This approach ensures business continuity while further contributing to economic growth and stability.

To mitigate negative impacts on local communities, LRH implements sustainable business strategies, including involving local stakeholders in project planning and complying with local environmental protection regulations.

TARGET VALUES AND INDICATORS

LRH supports local community development through financial contributions in the form of donations and sponsorships. These initiatives focus on fostering education, culture, sports, and other socially significant activities, further strengthening connections with local residents.

Although measurable, time-bound targets for donations and sponsorships have not yet been established, LRH evaluates the effectiveness of its initiatives through annual financial analyses and assessments of the impact of supported activities on the local community. This internal review includes the number of supported projects, the types of activities (e.g., education, culture, sports), and feedback from beneficiaries and local stakeholders.

Progress in donations and sponsorships is evaluated based on the increase in financial support for key socially significant projects, with results published in annual reports.

The company has not recorded any significant incidents or cases of human rights violations in relation to the local community. In line with its established practices, LRH will continue to implement measures aimed at maintaining a zero rate of human rights violations related to the local community in the future, thereby ensuring the consistent application of high ethical and legal business standards.

Table: LRH Donations and Sponsorships in 2024 (amounts in euros)

INDICATOR	2024
Donations	8,000.00 EUR
Sponsorships	17,860.00 EUR

Consumers and End Users

PERSONAL SAFETY OF CONSUMERS AND/OR END USERS

Guest satisfaction is crucial for LRH's success and long-term operations. By providing services tailored to guests' needs, along with quality communication and a personalized approach, the customer experience is continuously improved, strengthening guest satisfaction and loyalty.

The protection of guest privacy and data is ensured through security protocols aligned with GDPR, enhancing data security and reinforcing trust in the professionalism of LRH's operations. At the same time, strict safety standards and health measures in food and hygiene services ensure guest health protection, minimizing risks and providing a safe stay.

POLICIES

LRH's operations are guided by high service quality standards, ensuring that all activities align with principles of professionalism and hospitality. Guest satisfaction is based on LRH's commitment to delivering a consistently high level of service that meets and exceeds expectations.

The protection of guest privacy and personal data is a priority for LRH and is regulated by the Personal Data Protection Policy, in compliance with the General Data Protection Regulation (GDPR). Through the implementation of data protection policies and adherence to applicable regulations, LRH ensures a high level of confidentiality and protection of guest data.

Guest health and safety protection is based on compliance with legal obligations and standards, including the HACCP system (Hazard Analysis and Critical Control Points). LRH ensures continuous monitoring, evaluation, and compliance of processes related to hygiene, food safety, and other aspects of guest health.

STAKEHOLDER DIALOGUE

LRH actively engages with guests to ensure high-quality service and customer satisfaction. This collaboration includes collecting feedback during and after their stay through surveys, online tools, and direct interactions with staff, enabling a better understanding of their needs.

The Guest Relations Department and the Marketing Department are responsible for coordinating this collaboration, using the collected information to make decisions on service improvements. Guest perspectives are considered in the development of new services and the adaptation of existing processes to ensure their satisfaction and trust.

LRH utilizes advanced digital tools to ensure the systematic collection and analysis of guest feedback. In all hotels, restaurants, and bars, NFC tags have been implemented, allowing guests to easily scan with their mobile devices and leave ratings and reviews regarding service quality, ambiance, and offerings. This system enables fast and efficient data collection and provides a real-time snapshot of the guest experience. In addition, LRH uses TrustYou, one of the world's leading tools for analyzing guest comments. TrustYou gathers and processes reviews from all relevant online channels, including OTA platforms, social media, internal surveys, and other sources. This system allows for in-depth analysis of key guest satisfaction indicators and provides clear guidance for service improvement. Furthermore, through the WeCare system, guests receive an email after checking out, inviting them to share their impressions, compliments, or suggestions for improvement. This tool enables direct communication between guests and the hotel and ensures a prompt response to their needs and potential complaints.

The effectiveness of guest engagement is monitored by analysing various indicators, including the results of digital surveys, TrustYou ratings and comments, the number and nature of complaints, the percentage of returning guests, and data collected via the WeCare system. Based on this data, LRH continuously optimizes its processes and implements targeted improvements to enhance service quality and guest satisfaction. In addition to enhancing the guest experience, LRH places special emphasis on guest health and safety. In collaboration with authorized companies, regular testing of water quality and food safety is conducted to ensure compliance with the highest hygiene standards in the hotel industry. The analysis of testing results enables timely corrective actions, reducing health risks and ensuring a safe and pleasant environment for all guests. LRH remains committed to continuous development and the implementation of innovative solutions that contribute to improving the guest experience and strengthening relationships with guests and the local community.

MEASURES

LRH tailors its measures to the specific needs of consumers and end users, ensuring compliance with regulatory requirements and hospitality industry standards.

- **Guest feedback** is collected through digital surveys (via QR code scanning) and direct communication with staff, enabling the identification of key areas for improvement and the development of measures aimed at service enhancement.
- To ensure health and safety, authorized companies **regularly conduct water quality and food safety tests**. Implementing these measures reduces health risks and ensures a safe environment for guests. The procedures for determining necessary measures include analysing test results and assessing potential health risks based on industry standards.

INDICATORS AND TARGET VALUES

The company has not recorded any serious issues or human rights violations related to consumers or end users. In the upcoming period, LRH aims to maintain a zero rate of human rights violations related to consumers or end users.

Corporate Culture & Governance

LRH recognizes corporate governance as a foundation for achieving transparent, responsible, and ethical business practices. By implementing clear rules and procedures, LRH ensures high governance standards and compliance with legal frameworks and best practices in the hospitality industry.

Through the Data Protection Policy, the Whistleblowing Procedure and the Appointment of a Confidential Person, and other internal guidelines, LRH is already directing its business toward high standards of accountability and integrity. The Data Protection Policy ensures privacy and confidentiality in accordance with GDPR regulations.

Code of Ethics was adopted after the reported period, further strengthening guidelines for responsible business conduct and respect for stakeholders' rights. These steps ensure regulatory compliance, transparency in business processes, and accountability to all stakeholders, solidifying LRH's position as a reliable and responsible business entity.

Corporate Culture

The procedure for identifying significant impacts, risks, and opportunities related to business behaviour is described in section 1.5. Materiality Assessment. The criteria used in this process include the company's location and key operations, its business activities, the sector in which it operates, and the structure of transactions with partners and third parties.

Internal business activities were reviewed to identify actual and potential effects related to business behaviour, with an assessment that included compliance with relevant laws and standards. The identification of actual and potential effects in higher and lower levels of the value chain was not conducted due to the limited number of transactions outside the company's core business and the low probability of significant impacts. Stakeholder consultations were also not carried out, as the impacts assessed in this area were not deemed significant.

LRH fosters a strong corporate culture based on trust, responsibility, and integrity, contributing to the satisfaction of guests, employees, and other stakeholders. By maintaining high service standards, complying with laws, and actively contributing to the community, LRH strengthens its reputation as a socially responsible business entity.

POLICIES

LRH's corporate culture is based on the principles of trust, responsibility, and integrity, which are essential for establishing high business standards. The Code of Ethics is adopted after the reporting period and provides guidelines for employee and stakeholder conduct, ensuring compliance with laws, internal regulations, and professional standards. The Code defines procedures for adhering to ethical principles, transparent management, and promoting responsible business practices. The management is responsible for its implementation and regular evaluation.

LRH has adopted the Internal Whistleblowing Procedure, which outlines how to submit reports, appoints a responsible person for receiving and handling reports, and ensures confidentiality and impartiality in the process. Legal department is responsible for ensuring the effectiveness and internal reporting to the management board. The procedure is available to all employees via the internal Intranet platform or internal communication channels.

Additionally, LRH has implemented the Information Technology and End-User Systems Policy, ensuring proper handling of technology, information, and security threats. It includes contact details for data protection officers and the IT sector for reporting issues or requesting support. This policy safeguards employee privacy protects the company from external threats and ensures the efficient use of equipment and software for business operations. Employees can access this policy via bulletin boards.

MEASURES

- LRH recognizes the importance of **strengthening corporate culture** and develops initiatives to ensure compliance with legal requirements and the promotion of ethical standards. Upon adopting the Code of Ethics, the company plans to introduce regular employee training to enhance awareness of ethical principles and policies, focusing on responsible behaviour and transparency.
- The Internal Whistleblowing Procedure ensures clearly defined **mechanisms for reporting concerns and irregularities** while maintaining confidentiality and whistleblower protection. The appointed person for handling reports is responsible for prompt and impartial resolution, while the management regularly analyses the outcomes to identify potential risks and implement corrective measures.
- LRH currently does not have formal internal control and audit systems; however, reported incidents are analysed to **ensure compliance** with regulations and identify potential risks. To further enhance responsible business practices, LRH is considering the future improvement of compliance monitoring through internal audits or external evaluations.

Anti-Corruption, Political Influence, and Lobbying

LRH maintains a zero-tolerance approach to bribery and corruption, ensuring responsible management in this area in line with transparency and ethical principles. Although an Anti-Corruption Policy was adopted after the reporting period. The policy includes clearly defined procedures for preventing, detecting, and addressing corruption and bribery allegations.

A designated responsible person, independent of the case management process, will oversee the implementation to ensure an impartial investigation. The results of investigations will be regularly reported to the company's administrative and management bodies, along with recommendations for further policy and procedural improvements.

LRH has already taken steps to ensure all employees are familiar with anti-corruption policies and practices through internal communications. Planned training sessions will cover the nature and consequences of corruption, conflict-of-interest prevention, and employee responsibilities. Special emphasis will be placed on high-risk functions such as procurement and finance, with training expected to begin in the upcoming period. Additionally, members of administrative, management, and supervisory bodies will participate in the training program.

In the 2024 reporting period, there were no convictions or financial penalties related to violations of anti-corruption and bribery regulations. As a result, no corrective measures were required for addressing breaches of anti-corruption procedures and standards. Furthermore, LRH did not record any financial or non-financial political contributions and did not engage in lobbying or take positions on political issues.

During the reporting period, no members of the administrative, management, or supervisory bodies held comparable positions in public administration (including legislative bodies) within two years prior to their appointment.

Payment Practices and Supplier Relationship

LRH applies a responsible approach to supplier relationship management, ensuring supply chain stability and adherence to the principles of sustainable business. Procurement processes are guided by transparency and professionalism, with efforts to fulfil contractual obligations in a timely manner and optimize payments. When selecting suppliers, LRH considers quality, reliability, and long-term cooperation. Recognizing the importance of sustainability within the supply chain, LRH is in the process of gradually introducing criteria that include social and environmental aspects of business operations.

In the 2024 reporting period, the average time required for LRH to settle invoices from the start date of the contractual or statutory payment period was 32.48 days.

The company's standard payment terms depend on the supplier category. Suppliers of fresh products have an agreed payment term of 30 days. All other suppliers have an agreed payment term of 60 days.

Currently, the company has 9 unresolved legal cases related to late payments.

Table: Payment Practices Summary

2024	DETAILS
Average payment time	32.48 days from the start of the contractual or statutory period
Standard payment terms	30 days for fresh product suppliers, 60 days for others
Unresolved legal cases	9 cases related to late payments

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Appendix 1. EU Taxonomy

The EU Taxonomy Regulation is an EU classification system that defines criteria for environmentally sustainable activities. It provides clear definitions of sustainability for companies and investors, enabling them to identify economic activities that align with the EU's sustainability goals, thereby contributing to an increase in sustainable investments and improved implementation of the European Green Deal.

All companies subject to sustainability reporting under the Accounting Act are required to include taxonomy performance indicators in their reports.

The delegated acts of the EU Taxonomy Regulation define taxonomy-eligible activities, which, if they meet the compliance criteria, can be considered sustainable. With the amendment to the Climate Delegated Act in November 2023, activities from the aviation sector were added to the list of eligible activities.

In the process of EU Taxonomy activity identification and calculation of EU Taxonomy KPI's (Turnover, CapEx and OpEx) are used EU Tools such as: EU Taxonomy Navigator / Compass and Calculator available at: https://ec.europa.eu/sustainable-finance-taxonomy/wizard

ELIGIBILITY ANALYSIS

The core activity of LRH is Hotels, holiday, camping grounds and similar accommodation. The Sustainability Reporting Working Group, which includes representatives from finance, accounting and controlling, as well as the fuel procurement and sustainable development units, conducted an eligibility analysis based on a review of reporting practices in the sector and an analysis of the descriptions of taxonomy-eligible activities. Based on this, it was concluded that LRH performs one taxonomy-eligible activities.

COMPLIANCE ANALYSIS

For the identified taxonomy-eligible activity, an assessment was conducted to determine alignment with the technical screening criteria outlined in the Climate Delegated Act. This included evaluating whether the activities contribute to the EU environmental objectives, ensuring they do not significantly harm other environmental goals (DNSH), and confirming compliance with minimum social safeguards.

For the activity Hotels, holiday, camping grounds and similar accommodation was undertaken. The findings show that the activity does not meet the technical screening (TSC) and do not significant harm (DNSH) criteria which makes it eligible not Taxonomy-aligned activity.

RESPECT FOR HUMAN RIGHTS AND MINIMUM SAFEGUARDS

LRH upholds human and labor rights in accordance with the laws of the Republic of Croatia and the European Union, as well as international instruments such as the conventions of the International Labour Organization (ILO), the UN International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

LRH respects workers' freedom of association and actively engages in collective bargaining processes.

OCCUPATIONAL HEALTH AND SAFETY

A comprehensive health and safety management system is in place, ensuring decent and dignified working conditions for all employees.

ANTI-DISCRIMINATION AND GRIEVANCE MECHANISMS

Measures are implemented to prevent discrimination, including a formal grievance mechanism and a system for protecting employee dignity.

ZERO TOLERANCE FOR FORCED AND CHILD LABOR

The company enforces a strict zero-tolerance policy on forced and child labor.

CONSUMER RIGHTS AND DATA PROTECTION

Measures are in place to safeguard consumer rights, including privacy protection.

SAFETY MANAGEMENT SYSTEM

LRH has established a robust safety management system in line with industry standards.

ENVIRONMENTAL PROTECTION

The company implements initiatives to enhance environmental protection, energy efficiency, and the reduction of greenhouse gas emissions.

During the reporting period, there were no sanctions, penalties, or claims related to human rights or environmental issues. LRH fully complies with the minimum safeguards as required under the EU Taxonomy Regulation.

CALCULATION OF KEY PERFORMANCE INDICATORS

Taxonomy-aligned turnover, CapEx, and OpEx have been calculated in accordance with the requirements outlined in the Delegated Regulation on Disclosures.

REVENUE

Revenue = Portion of net revenue from products and services related to taxonomy-aligned activities / Total net revenue

The denominator of net revenue represents the amount from the sale of products and provision of services in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No. 1126/2008 (1), in the total amount of EUR 64.1 million, and is included in the statements of comprehensive income.

The numerator of revenue includes revenue recognized in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), adopted by Commission Regulation (EC) No. 1126/2008, which is derived from activities that are taxonomy-eligible (aligned).

In 2024, 100% of revenue is considered taxonomy-eligible but not aligned for activity 2.1 Hotels, resorts, camps, and similar accommodation.

The accounting policies related to the revenue calculation are disclosed in Note 2 of the annual financial report.

Table: Proportion of turnover from products or services associated with economic activities aligned with the taxonomy - disclosure covering year 2024

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (DO NO SIGNIFICANT HARM)										
ECONOMIC ACTIVITIES (1)	CODE(S) (2)	ABSOLUTE TURNOVER (3)	PROPORTION OF TURNOVER (4)	CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER (7)	POLLUTION (8)	CIRCULAR ECONOMY (9)	BIODIVERSITY AND ECOSYSTEMS (10)	CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER (13)	POLLUTION (14)	CIRCULAR ECONOMY (15)	BIODIVERSITY AND ECOSYSTEMS (16)	MINIMUM SAFEGUARDS (17)	TAXONOMY-ALIGNED PROPORTION OF TURNOVER, YEAR N (18)	TAXONOMY-ALIGNED PROPORTION OF TURNOVER, YEAR N-1 (19)	CATEGORY (ENABLING ACTIVITY) (20)	CATEGORY (TRANSITIONAL ACTIVITY) (21)
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E	T
A. ELIGIBLE ACTIVITIES			0%																	
A.1. Eligible Taxonomy-aligned activities																				
Turnover of eligible Taxonomy-aligned activities (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	/	/	/	/	/	/	/	0%	0%	0%	0%
A.2 Eligible not Taxonomy-aligned activities																				
Turnover of eligible not Taxonomy-aligned activities (A.2)		64,1 mil. eur	100%																	
2.1 Hotels, holiday, camping grounds and similar accommodation		64,1 mil. eur	100%																	
Total (A.1+A.2)		64,1 mil. eur	100%																	
B. NON-ELIGIBLE ACTIVITIES																				
Turnover of non-eligible activities (B)		0,00	0%																	
Total (A+B)		64,1 mil. eur	100%																	

CAPITAL EXPENDITURES

CapEx = Capital expenditures related to taxonomy-eligible (aligned) activities / Total capital expenditures as described in Annex I of the Disclosure Delegated Regulation (EU) 2021/2178

The denominator of CapEx includes investments in tangible and intangible assets during the reporting period (including assets acquired through business combinations), prior to revaluation processes (including revaluations and impairments), depreciation costs, and excluding changes in fair value, applying IAS 16 paragraph 73(e) items (i) and (iii), IAS 38 paragraph 118(e) item (i), IAS 40 paragraphs 76(a) and (b) (for fair value), IAS 40 paragraph 79(d) items (i) and (ii) (cost model), IAS 41 paragraph 50 items (b) and (e), and IFRS 16 paragraph 53(h), as stated in Annex I of the Disclosure Delegated Regulation (EU) 2021/2178, in the amount of EUR 3.9 million. The total CapEx denominator, as described in the Taxonomy Regulation, is disclosed in financial notes 14.1 and 14.2.

In 2024, 100% of capital expenditures are considered taxonomy-eligible but not aligned for activity 2.1 Hotels, resorts, camps, and similar accommodation.

The accounting policies related to the calculation of capital investments or expenditures are disclosed in Note 2 of the annual financial report.

Table: Proportion of capital expenditures associated with economic activities aligned with the taxonomy – disclosure covering year 2024

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (DO NO SIGNIFICANT HARM)										
ECONOMIC ACTIVITIES (1)	CODE(S) (2)	ABSOLUTE CAPEX (3)	PROPORTION OF CAPEX (4)	CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER (7)	POLLUTION (8)	CIRCULAR ECONOMY (9)	BIODIVERSITY AND ECOSYSTEMS (10)	CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER (13)	POLLUTION (14)	CIRCULAR ECONOMY (15)	BIODIVERSITY AND ECOSYSTEMS (16)	MINIMUM SAFEGUARDS (17)	TAXONOMY-ALIGNED PROPORTION OF CAPEX, YEAR N (18)	TAXONOMY-ALIGNED PROPORTION OF CAPEX, YEAR N-1 (19)	CATEGORY (ENABLING ACTIVITY) (20)	CATEGORY (TRANSITIONAL ACTIVITY) (21)
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E	T
A. ELIGIBLE ACTIVITIES			0%																	
A.1. Eligible Taxonomy-aligned activities																				
Capital expenditure of eligible Taxonomy-aligned activities (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	/	/	/	/	/	/	/	0%	0%	0%	0%
A.2 Eligible not Taxonomy-aligned activities																				
Capital expenditure of eligible not Taxonomy-aligned activities (A.2)		3.9 mil. eur	100%																	
2.1 Hotels, holiday, camping grounds and similar accommodation		3.9 mil. eur	100%																	
Total (A.1+A.2)		3.9 mil. eur	100%																	
B. NON-ELIGIBLE ACTIVITIES																				
Capital expenditure of non-eligible activities (B)		0,00	0%																	
Total (A+B)		3.9 mil. eur	100%																	

OPERATING EXPENDITURES

OpEx = Operating expenditures related to taxonomy-eligible (aligned) activities / Total operating expenditures as described in Annex I of the Disclosure Delegated Regulation (EU) 2021/2178

According to the Taxonomy Regulation, total operating expenditures are considered to include maintenance costs of fixed assets, as well as direct non-capitalized research and development expenses and short-term lease agreements that contribute to increased sustainability.

In 2024, 100% of operating expenditures are considered taxonomy-eligible but not aligned for activity 2.1 Hotels, resorts, camps, and similar accommodation.

LRH applies International Financial Reporting Standards. When calculating key performance indicators for the purpose of reporting in accordance with the requirements of the Taxonomy Regulation, an analysis was carried out of the individual elements that needed to be included in the KPI calculations.

Table: Proportion of operating expenses associated with economic activities aligned with the taxonomy – disclosure covering year 2024

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (DO NO SIGNIFICANT HARM)										
ECONOMIC ACTIVITIES (1)	CODE(S) (2)	ABSOLUTE CAPEX (3)	PROPORTION OF CAPEX (4)	CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER (7)	POLLUTION (8)	CIRCULAR ECONOMY (9)	BIODIVERSITY AND ECOSYSTEMS (10)	CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER (13)	POLLUTION (14)	CIRCULAR ECONOMY (15)	BIODIVERSITY AND ECOSYSTEMS (16)	MINIMUM SAFEGUARDS (17)	TAXONOMY-ALIGNED PROPORTION OF CAPEX, YEAR N (18)	TAXONOMY-ALIGNED PROPORTION OF CAPEX, YEAR N-1 (19)	CATEGORY (ENABLING ACTIVITY) (20)	CATEGORY (TRANSITIONAL ACTIVITY) (21)
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E	T
A. ELIGIBLE ACTIVITIES			0%																	
A.1. Eligible Taxonomy-aligned activities																				
Capital expenditure of eligible Taxonomy-aligned activities (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	/	/	/	/	/	/	/	0%	0%	0%	0%
A.2 Eligible not Taxonomy-aligned activities																				
Capital expenditure of eligible not Taxonomy-aligned activities (A.2)		3.9 mil. eur	100%																	
2.1 Hotels, holiday, camping grounds and similar accommodation		3.9 mil. eur	100%																	
Total (A.1+A.2)		3.9 mil. eur	100%																	
B. NON-ELIGIBLE ACTIVITIES																				
Capital expenditure of non-eligible activities (B)		0,00	0%																	
Total (A+B)		3.9 mil. eur	100%																	

Appendix 2.

List of data in cross-sectoral and thematic standards resulting from other EU regulations

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	PAGE
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (5), Annex II		19
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II.		19
ESRS 2 GOV-4 Statement on due diligence paragraph 30.	Indicator number 10 Table #3 of Annex 1				21
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (6) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		LRH does not participate in the activities..
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	36
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		/

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	PAGE
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1.	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		NA
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				38
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				38
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity			NM
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		39
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1.	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		39
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	NM
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		NA

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	PAGE
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			NA
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency-classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			NA
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegirana uredba (EU) 2020/1818, Prilog II.		NA
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				NM
ESRS E3-1 Water and marine resources paragraph 9.	Indicator number 7 Table #2 of Annex 1				34
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				NA
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				NM
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				40
ESRS E3-4 Total water consumption in m 3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				40
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				NM
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				NM

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	PAGE
ESRS 2- IRO 1 - E4 paragraph	Indicator number 14				NM
ESRS E4-2 Sustainable land / agriculture practices or policies	Indicator number 11 Table #2 of Annex 1				NM
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				NM
ESRS E4-2 Policies to address deforestation paragraph 24	Indicator number 15 Table #2 of Annex 1				NM
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				43
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				43
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				NM
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				NM
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				44
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		NA
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				NM
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				44, 45
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				44
ESRS S1-14 Number of fatalities and number and rate of work- related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		46
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				46

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	PAGE
ESRS S1-16 Unadjusted gender pay gap	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		NM
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				NM
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				48
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		48
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				NM
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				NM
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				NM
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		NM
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		NM
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream-value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				NM
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				49

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	PAGE
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		NA
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				49
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				50
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		NA
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				50
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				NA
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				51
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		52
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				52

NM = Not material

NA = Not available

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Independent auditor's limited assurance report on Sustainability Statement

To the Shareholders of LIBURNIA RIVIERA HOTELI d.d.

SCOPE

We have been engaged by LIBURNIA RIVIERA HOTELI d.d. to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Sustainability Statement (the "Subject Matter") of LIBURNIA RIVIERA HOTELI d.d. (the "Company", an EU/EEA entity), contained in the Management Report (the "Sustainability Statement"), as at 31 December 2024 and for the year then ended.

CRITERIA APPLIED BY THE COMPANY

In preparing the Sustainability Statement, the Company applied the provisions of the Articles 29 and 36 of the Croatian Accounting Act, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note ESRS 2 IRO-1 Double materiality assessment for the LIBURNIA RIVIERA HOTELI d.d. and IRO-2 Content of the sustainability statement of the LIBURNIA RIVIERA HOTELI d.d.; and
- Compliance of the disclosures set out in the Sustainability Statement with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

INHERENT LIMITATIONS IN PREPARING THE SUSTAINABILITY STATEMENT

Inherent limitations exist in all assurance engagements.

The criteria, nature of the Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

In reporting forward-looking information in accordance with ESRS, Management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, Management interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

MANAGEMENT AND AUDIT COMMITTEE RESPONSIBILITIES

Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in note ESRS 2 IRO- 1 Double materiality assessment for the LIBURNIA RIVIERA HOTELI d.d. and IRO-2 Content of the sustainability statement of the LIBURNIA RIVIERA HOTELI d.d. This responsibility includes:

- understanding the context in which the Company's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Company's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

MANAGEMENT AND AUDIT COMMITTEE RESPONSIBILITIES (CONTINUED)

Management is further responsible for the preparation of the Sustainability Statement, in accordance with Croatian Accounting Act Articles 29 and 36, including:

- compliance with the ESRS;
- preparing the disclosures in the Report on the requirements of the Taxonomy Regulation within the environmental section of the Sustainability Statement, in compliance with Article 8 of Regulation (EU) 2020/852 (the “Taxonomy Regulation”);
- designing, implementing and maintaining such internal controls that Management determines are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Audit committee is responsible for overseeing the Company’s sustainability reporting process.

AUDITOR’S RESPONSIBILITIES

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (‘ISAE 3000 (Revised)’) as prescribed by the Article 37 of the Croatian Accounting Act, and the terms of reference for this engagement as agreed with LIBURNIA RIVIERA HOTELI d.d. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our responsibilities in respect of the Subject Matter, in relation to the Process, include:

- Obtaining an understanding of the process but not for the purpose of providing a conclusion on the effectiveness of the process, including the outcome of the process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the process is consistent with the Company’s description of its process, as disclosed in note ESRS 2 IRO-1 Double materiality assessment for the LIBURNIA RIVIERA HOTELI d.d. and IRO-2 Content of the sustainability statement of the LIBURNIA RIVIERA HOTELI d.d.

Our other responsibilities in respect of the Subject Matter include:

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error;
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. 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 control.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We have the required competencies and experience to conduct this assurance engagement.

We also apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

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DESCRIPTION OF PROCEDURES PERFORMED (CONTINUED)

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Sustainability statement and related information, and applying analytical and other appropriate procedures.

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by Management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the process implemented by the Company was consistent with the description of the process set out in note ESRS 2 IRO-1 Double materiality assessment for the LIBURNIA RIVIERA HOTELI d.d. and IRO-2 Content of the sustainability statement of the LIBURNIA RIVIERA HOTELI d.d.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its Sustainability Statement, processes and information systems relevant to the preparation of the Sustainability Statement, but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether material information identified by the process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify EU taxonomy eligible and aligned economic activities for turnover, CAPEX and OPEX and the corresponding disclosures in the Sustainability Statement;
- Evaluated the presentation and use of EU taxonomy templates in accordance with relevant requirements;
- Reconciled and ensured consistency between the reported EU taxonomy economic activities and the items reported in the financial statements including the disclosures provided in related notes.

We also performed such other procedures as we considered necessary in the circumstances.

LIMITED ASSURANCE CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with Articles 29 and 36 of the Croatian Accounting Act, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note ESRS 2 IRO-1 Double materiality assessment for the LIBURNIA RIVIERA HOTELI d.d. and IRO-2 Content of the sustainability statement of the LIBURNIA RIVIERA HOTELI d.d.; and
- compliance of the disclosures in Report on the requirements of the Taxonomy Regulation within the environmental section of the Sustainability Statement with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

OTHER MATTERS

The comparative information included in the Sustainability statement of the Company for the financial year 1 January – 31 December 2023 was not subject to an assurance engagement. Our conclusion is not modified with respect of this matter.

Grant Thornton revizija d.o.o. Zagreb, 29 April 2025

Ulica grada Vukovara 284

10000 Zagreb

Hrvatska

Vedran Miloš
Director and certified auditor

LIBURNIA

HOTELS & VILLAS

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

31 December 2024

Statement of Responsibility of the Management Board

Opatija, 22nd April 2025

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 and statements on the application of the Code of corporate governance, in accordance with the Croatian Accounting Act. The management report and the report of the corporate governance code for the period from 1.1.2024 to 31.12.2024 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, 85/24), 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 1.1.2024 to 31.12.2024 give a true and fair view of the Company's assets and liabilities, financial position, profit or loss.

The management report, together with the sustainability report and 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,
Management Board President

LIBURNIA RIVIERA HOTELI
DIONIČKO DRUŠTVO
OPATIJA 13

Mr. Filip Močibob,
Management Board Member

BALANCE SHEET

balance as at 31.12.2024. in EUR

Obveznik: 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**		
B)FIXED ASSETS (ADP 003+010+020+031+036)	**002**	110,520,325	105,717,081
I INTANGIBLE ASSETS (ADP 004 to 009)	**003**	2,862,067	2,544,182
1 Research and development	**004**	125,542	153,070
2 Concessions, patents, licences, trademarks, software and other rights	**005**	935,497	480,217
3 Goodwill	**006**	0	0
4 Advance payments for purchase of intangible assets	**007**	0	0
5 Intangible assets in preparation	**008**	541,559	858,217
6 Other intangible assets	**009**	1,259,469	1,052,678
II TANGIBLE ASSETS (ADP 011 to 019)	**010**	101,147,920	97,469,401
1 Land	**011**	16,251,192	16,251,192
2 Buildings	**012**	63,351,662	63,851,192
3 Plant and equipment	**013**	2,642,177	2,414,439
4 Tools, working inventory and transportation assets	**014**	11,043,842	9,600,584
5 Biological assets	**015**	0	0
6 Advance payments for purchase of tangible assets	**016**	2,431,695	2,458,414
7 Tangible assets in preparation	**017**	4,911,963	2,378,323
8 Other tangible assets	**018**	515,389	515,257
9 Investment property	**019**	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	**020**	3,105,834	3,105,834
1 Investments in holdings (shares) of undertakings within the group	**021**	3,105,834	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 interest	**024**	0	0
5 Investment in other securities of companies linked by virtue of participating interest	**025**	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	**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**	3,404,504	2,597,664
C) CURRENT ASSETS (ADP 038+046+053+063)	**037**	11,616,892	14,048,313
I INVENTORIES (ADP 039 to 045)	**038**	691,631	697,084
1 Raw materials	**039**	621,488	657,173
2 Work in progress	**040**	0	0
3 Finished goods	**041**	0	0
4 Merchandise	**042**	41,533	39,803
5 Advance payments for inventories	**043**	28,610	108
6 Fixed assets held for sale	**044**	0	0
7 Biological assets	**045**	0	0
II RECEIVABLES (ADP 047 to 052)	**046**	4,053,128	3,577,129
1 Receivables from undertakings within the group	**047**	0	0
2 Receivables from companies linked by virtue of participating interest	**048**	1,914,199	1,975,680
3 Customer receivables	**049**	1,780,106	1,354,969
4 Receivables from employees and members of the undertaking	**050**	51,255	6,888
5 Receivables from government and other institutions	**051**	269,174	221,049
6 Other receivables	**052**	38,394	18,543
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	**053**	637	0
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 interest	**057**	0	0
5 Investment in other securities of companies linked by virtue of participating interest	**058**	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	**059**	0	0
7 Investments in securities	**060**	637	0
8 Loans, deposits, etc. given	**061**	0	0

BALANCE SHEET - CONTINUED

ITEM	ADP CODE	LAST DAY OF THE PRECEDING BUSINESS YEAR	AT THE REPORTING DATE OF THE CURRENT PERIOD
1	2	3	4
9 Other financial assets	**062**	0	0
IV CASH AT BANK AND IN HAND	**063**	6,871,496	9,774,100
D) PREPAID EXPENSES AND ACCRUED INCOME	**064**	142,164	194,087
E)TOTAL ASSETS (ADP 001+002+037+064)	**065**	122,279,381	119,959,481
OFF-BALANCE SHEET ITEMS	**066**	8,373	8,296
LIABILITIES			
A)CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	**067**	69,470,093	73,574,417
I. INITIAL (SUBSCRIBED) CAPITAL	**068**	92,305,505	92,305,505
II CAPITAL RESERVES	**069**	0	0
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	**070**	6,252,880	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**	277,863	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**		
2 Cash flow hedge - effective portion	**079**		
3 Hedge of a net investment in a foreign operation - effective portion	**080**		
4 Other fair value reserves	**081**		
5 Exchange differences arising from the translation of foreign operations (consolidation)	**082**		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	**083**	-30,489,754	-29,088,292
1 Retained profit	**084**	0	0
2 Loss brought forward	**085**	30,489,754	29,088,292
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	**086**	1,401,462	4,104,324
1 Profit for the business year	**087**	1,401,462	4,104,324
2 Loss for the business year	**088**	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	**089**	0	0
B) PROVISIONS (ADP 091 to 096)	**090**	1,471,340	1,351,736
1 Provisions for pensions, termination benefits and similar obligations	**091**	289,716	314,522
2 Provisions for tax liabilities	**092**	0	0

ITEM	ADP CODE	LAST DAY OF THE PRECEDING BUSINESS YEAR	AT THE REPORTING DATE OF THE CURRENT PERIOD
1	2	3	4
3 Provisions for ongoing legal cases	**093**	1,181,624	1,037,214
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**	31,854,542	32,462,413
1 Liabilities towards undertakings within the group	**098**	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	**099**	0	0
3 Liabilities towards companies linked by virtue of participating interest	**100**	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	**101**	0	0
5 Liabilities for loans, deposits etc.	**102**	0	0
6 Liabilities towards banks and other financial institutions	**103**	30,835,004	31,605,543
7 Liabilities for advance payments	**104**	0	0
8 Liabilities towards suppliers	**105**	0	0
9 Liabilities for securities	**106**	0	0
10 Other long-term liabilities	**107**	1,019,538	856,870
11 Deferred tax liability	**108**	0	0
D)SHORT-TERM LIABILITIES (ADP 110 to 123)	**109**	19,351,598	12,340,736
1 Liabilities towards undertakings within the group	**110**	316,554	300,874
2 Liabilities for loans, deposits, etc. to companies within the group	**111**	0	0
3 Liabilities towards companies linked by virtue of participating interest	**112**	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	**113**	0	0
5 Liabilities for loans, deposits etc.	**114**	0	0
6 Liabilities towards banks and other financial institutions	**115**	12,003,551	4,905,266
7 Liabilities for advance payments	**116**	2,037,614	1,895,169
8 Liabilities towards suppliers	**117**	1,942,799	1,682,050
9 Liabilities for securities	**118**	0	0
10 Liabilities towards employees	**119**	1,714,430	2,161,348
11 Taxes, contributions and similar liabilities	**120**	810,658	1,020,828
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**	525,992	375,201
E) ACCRUALS AND DEFERRED INCOME	**124**	131,808	230,179
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	**125**	122,279,381	119,959,481
G) OFF-BALANCE SHEET ITEMS	**126**	8,373	8,296

STATEMENT OF PROFIT OR LOSS

for the period 1.1.2024. to 31.12.2024. 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	58,766,148	64,071,634
1 Income from sales with undertakings within the group	002	201,046	178,233
2 Income from sales (outside group)	003	55,671,083	60,369,926
3 Income from the use of own products, goods and services	004	0	0
4 Other operating income with undertakings within the group	005	80,210	1,596
5 Other operating income (outside the group)	006	2,813,809	3,521,879
II OPERATING EXPENSES (AOP 08+009+013+017+018+019+022+029)	007	56,294,137	57,404,838
1 Changes in inventories of work in progress and finished goods	008		
2 Material costs (AOP 010 do 011)	009	22,912,028	22,808,328
a) Costs of raw material	010	12,312,688	12,051,549
b) Costs of goods sold	011	22,196	31,257
c) Other external costs	012	10,577,144	10,725,522
3 Staff costs (AOP 014 do 016)	013	19,508,064	22,058,021
a) Net salaries and wages	014	13,446,905	15,196,384
b) Tax and contributions from salaries expenses	015	3,962,377	4,418,115
c) Contributions on salaries	016	2,098,782	2,443,522
4 Depreciation	017	9,812,840	7,770,301
5 Other expenses	018	0	0
6 Value adjustments (AOP 020+021)	019	154,664	258,199
a) fixed assets other than financial assets	020	145,897	163,154
b) current assets other than financial assets	021	8,767	95,045
7 Provisions (AOP 023 do 028)	022	146,262	99,416
a) Provisions for pensions, termination benefits and similar obligations	023	47,754	24,806
b) Provisions for tax liabilities	024	0	0
c) Provisions for ongoing legal cases	025	98,508	74,610
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	3,760,279	4,410,573
III FINANCIAL INCOME (AOP 031 do 040)	030	177,928	280,008
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	54,343	59,588
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	0
7 Other interest income	037	123,585	220,420
8 Exchange rate differences and other financial income	038	0	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	2,034,151	2,035,640
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	2,032,715	1,992,705
4 Exchange rate differences and other expenses	045	0	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	1,436	42,935
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	58,944,076	64,351,642
X TOTAL EXPENDITURE (AOP 007+041+051 + 052)	054	58,328,288	59,440,478
XI PRE-TAX PROFIT OR LOSS (AOP 053-054)	055	615,788	4,911,164
1 Pre-tax profit (AOP 053-054)	056	615,788	4,911,164
2 Pre-tax loss (AOP 054-053)	057	0	0
XII INCOME TAX	058	-785,674	806,840
XIII PROFIT OR LOSS FOR THE PERIOD (AOP 055-059)	059	1,401,462	4,104,324
1 Profit for the period (AOP 055-059)	060	1,401,462	4,104,324

STATEMENT OF PROFIT OR LOSS - CONTINUED

ITEM	ADP CODE	SAME PERIOD OF THE PREVIOUS YEAR	CURRENT PERIOD
1	**2**	**3**	**4**
2 Loss for the period (AOP 059-055)	061	0	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (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	1,401,462	4,104,324
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	1,401,462	4,104,324
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 1.1.2024. to 31.12.2024. 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	615,788	4,911,164
2 Adjustments (ADP 003 to 010):	002	11,435,885	9,656,254
a) Depreciation	003	9,812,840	7,770,301
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	145,897	156,316
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	8,767	95,045
d) Interest and dividend income	006	-177,928	-280,008
e) Interest expenses	007	2,032,715	2,035,640
f) Provisions	008	-398,029	-119,604
g) Exchange rate differences (unrealised)	009	0	0
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	11,623	-1,436
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	12,051,673	14,567,418
3 Changes in the working capital (ADP 013 to 016)	012	-909,594	643,721
a) Increase or decrease in short-term liabilities	013	-714,918	260,555
b) Increase or decrease in short-term receivables	014	-240,420	388,619
c) Increase or decrease in inventories	015	45,744	-5,453
d) Other increase or decrease in the working capital	016	0	0
II Cash from operations (ADP 011+012)	017	11,142,079	15,211,139
4 Interest paid	018	-1,637,719	-2,366,897
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	9,504,360	12,844,242
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	34,650	8,962
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	123,585	220,420
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	132,723	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	290,958	229,382
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-4,141,012	-3,921,676
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-500	-1,500
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-4,141,512	-3,923,176
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-3,850,554	-3,693,794
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	5,330,000	21,500,000
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	5,330,000	21,500,000
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-13,562,544	-27,496,489
2 Dividends paid	041	0	0
3 Cash payments for finance lease	042	-256,430	-59,188
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	0	-192,167
VI Total cash payments from financing activities (ADP 040 to 044)	045	-13,818,974	-27,747,844
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-8,488,974	-6,247,844
1 Unrealised exchange rate differences in cash and cash equivalents	047		
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	048	-2,835,168	2,902,604
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	9,706,664	6,871,496
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD(ADP 048+049)	050	6,871,496	9,774,100

STATEMENT OF CHANGES IN EQUITY

u razdoblju 1/1/2024 do 12/31/2024 in EUR

Obveznik: LIBURNIA RIVIERA HOTELI d.d.

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	-30,489,754	0	68,068,631		68,068,631
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	-30,489,754	0	68,068,631	0	68,068,631
5 Profit/loss of the period	05	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	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	-79,431	0	0	0	0	0	79,431									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

STATEMENT OF CHANGES IN EQUITY - CONTINUED

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)
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	92,305,505	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 OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	-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 PREVIOUS PERIOD (ADP 05+25)	26	-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 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	92,305,505	0	5,975,017	1,221	1,221	0	277,863	0	0	0	0	0	0	-29,088,292	0	69,470,093		69,470,093
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	92,305,505	0	5,975,017	1,221	1,221	0	277,863	0	0	0	0	0	0	-29,088,292	0	69,470,093	0	69,470,093
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0			0	4,104,324	4,104,324		4,104,324
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

STATEMENT OF CHANGES IN EQUITY - CONTINUED

		ATTRIBUTABLE TO OWNERS OF THE PARENT																	
ITEM	ADP CODE	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)
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																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	-29,088,292	4,104,324	73,574,417	0	73,574,417
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	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 CURRENT PERIOD (ADP 32 do 52)	53	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,104,324	4,104,324	0	4,104,324
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

Statement of responsibility of the management board

Pursuant to the Croatian Accounting Law, the Management Board is responsible for ensuring that financial statements are prepared for each financial year in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, which give a true and fair view of the state of affairs and results of Liburnia Riviera Hoteli d.d. (˝the Company˝) for that period.

After making enquiries, the Management Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing consolidated and separate financial statements, the responsibilities of the Management Board include ensuring that:

- Suitable accounting policies are selected and then applied consistently;
- Judgments and estimates are reasonable and prudent;
- Applicable accounting standards are followed;
- The financial statements are prepared on a going-concern basis.

The Management Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and must also ensure that the financial statements comply with the Croatian Accounting Law. The Management Board is also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Board is also responsible for the preparation and content of the Annual Report and the Statement on the Application of the Corporate Governance Code, in accordance with the Croatian Accounting Act. The Annual Report and the Statement on the Application of the Corporate Governance Code have been approved for issuance by the Management Board and signed accordingly. The Management Board is responsible for submitting the Company's annual financial statements to the Supervisory Board. Thereafter, the Supervisory Board must approve the annual financial statements for their submission to the General Assembly of shareholders for adoption.

Signed by the Management Board on April 22, 2025:

Mr. Ante Barić,
Management Board President

Mr. Filip Močibob,
Management Board Member

Grant Thornton

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 as at 31 December 2024, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and 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 (IFRS).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

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. For each matter below, our description of how our audit addressed the matters is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

KEY AUDIT MATTERS (CONTINUED)

KEY AUDIT MATTER

Impairment and useful life of tourist facilities

As of 31 December 2024, the carrying amount of the Company's property, plant and equipment amounted to EUR 97,469 thousand (2023: EUR 101,148 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 2024, the carrying amount of property, plant and equipment represented 81% 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 2024, 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 2024.

Determination of the recoverable amount requires making significant assumptions and judgments, in particular those relating to the comparability of properties.

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 remain consistent with prior estimates.

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.

HOW OUR AUDIT ADDRESSED THE MATTERS

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;

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.

OTHER INFORMATION

Management is responsible for the other information. Other information comprises information included in the Annual Report, but does not include 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 materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Management Report and Corporate Governance Report, we also performed procedures required by the Accounting Act. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of Article 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in Article 25 of the Accounting Act.

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

1. the information given in the enclosed Management Report and Corporate Governance Report is consistent, in all material respects, with the enclosed financial statements;

2. the enclosed Management Report is prepared in accordance with requirements of Article 24 of the Accounting Act; and

3. the enclosed Corporate Governance Report includes the information specified in Article 25 of the Accounting Act.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit of financial statements, we are also required to report if we have identified material misstatements in the other information. We have nothing to report in this respect.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

Audit Committee is 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, 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, whetherdue 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 control.
- 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 auditor's 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 auditor's 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 Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, 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 auditor's 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

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of ISAs:

Appointment of Auditor and Period of Engagement

1. As of 9 August 2024, 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 2024.

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 2024, totaling 5 years.

Consistence with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 18 April 2025 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company and its controlled undertakings within the European Union. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the financial statements.

REPORT ON OTHER LEGAL REQUIREMENTS (CONTINUED)

Report based on Delegated Regulation (EU) 2018/815 on supplementing Directive 2004/109/EZ of European parliament and Council related to regulatory technical standard for specification of single electronic reporting format of reporting

Independent report on the compliance of financial statements prepared pursuant to Article 462 (5) of the Capital Market Act (Official Gazette 65/18, 17/20, 83/21,151/22 and 85/24) applying the requirements of the Delegated Regulation (EU) 2018 / 815 on establishing of single electronic reporting format for issuers (the ESEF Regulation).

We have conducted a reasonable assurance engagement on whether the financial statements, as contained in the attached electronic file lrh-2024-12-31-en, are prepared, for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, in all material respects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the management and Audit Committee

Management is responsible for the preparation of the financial statements in accordance with ESEF Regulation. Furthermore, management is responsible for maintaining an internal control system that reasonably ensures the preparation of financial statements without material non-compliances with ESEF Regulation requirements, whether due to fraud or error.

Management is also responsible for:

- the public disclosure of financial statements included in the annual report, in XHTML format and
- selecting and using XBRL codes in accordance with ESEF regulation

Audit Committee is responsible for overseeing the preparation of the financial statements in ESEF format as part of the financial reporting process.

Auditor's responsibilities

Our responsibility is to express a conclusion, based on the audit evidence gathered, as to whether the financial statements are free from material non-compliances with the requirements of the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with International Standard for 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, however it does not guarantee that the scope of procedures will identify all significant (material) non-compliance with ESEF regulation.

In respect of the subject matter, we have performed the following procedures:

- we have read the requirements of the ESEF Regulation,
- we have gained an understanding of the Company's 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 due to fraud or error; and
- based on this, devise and implement procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The aim of our procedures was to assess whether:

- the financial statements, which are included in the annual report, are prepared in the relevant XHTML format,
- the information contained in the financial statements required by the ESEF Regulation is marked and all markings meet the following requirements:
  - the XBRL markup language was used,
  - the basic taxonomy elements listed in the ESEF Regulation with the closest accounting significance have been used, unless an additional taxonomy element has been created in accordance with Annex IV. ESEF Regulation,
  - the labeled elements comply with the common labeling rules under the ESEF Regulation.

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

Grant Thornton

Conclusion

Based on the procedures performed and evidence gathered, the financial statements presented in ESEF format for the year ended on 31 December 2024, contained in the aforementioned attached electronic file and prepared pursuant to Article 462 paragraph 5 of the Capital Market Act prepared for public disclosure, are prepared in all material respects in line with the requirements of Articles 3, 4 and 6 of the ESEF Regulation.

Further to this conclusion, as well as the opinion contained in this independent auditor's report related to accompanying financial statements and annual report for the year ended 31 December 2024, we do not express any opinion on the information contained in these presentations or on any other information contained in the aforementioned file.

The partner in charge of the audit resulting in this independent auditor's report is Vedran Miloš.

Grant Thornton revizija d.o.o.

Ulica grada Vukovara 284

10000 Zagreb

Hrvatska

Zagreb, 29 April 2025

Vedran Miloš
Director and certified auditor

(IN THOUSANDS OF EUR)	**NOTE**	**2024**	**2023**
Revenue	6.1	60,548	55,872
Other income	6.2	3,516	2,892
Cost of materials and services	7	(22,808)	(22,911)
Staff costs	8	(22,058)	(19,508)
Depreciation and amortization	14.1,14.2,14.3	(7,770)	(9,813)
Other operating expenses	9	(4,673)	(4,052)
Impairment loss on trade receivables	16	(95)	(9)
Other gains - net	10	7	1
Operating profit / (loss)		**6,667**	**2,472**
Finance income	11	280	178
Finance costs	11	(2,036)	(2,034)
Net finance costs	**11**	**(1,756)**	**(1,856)**
Profit / (loss) before tax		**4,911**	**616**
Income tax expense	12	(807)	785
Profit / (loss) for the year		**4,104**	**1,401**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		**4,104**	**1,401**
Earnings/(loss) per share (in EUR) - basic and diluted	13	13,6	4,6

(IN THOUSANDS OF EUR)	NOTE	31 DECEMBER 2024	31 DECEMBER 2023
ASSETS			
Non-current assets			
Property, plant and equipment	14.1	97,469	101,148
Intangible assets	14.2	1,491	1,603
Right of use assets	14.3	1,053	1,259
Financial assets	15	3,106	3,106
Deferred tax assets	12	2,597	3,404
		105,716	**110,520**
Current assets			
Inventories		698	692
Loans granted	25	1,761	1,760
Trade, other receivables and financial assets	16	2,010	2,436
Cash and cash equivalents	17	9,774	6,871
		14,243	11,759
Total assets		**119,959**	**122,279**
EQUITY			
Share capital	18	92,306	92,306
Treasury shares	18	(1)	(1)
Treasury shares reserves	18	1	1
Legal reserves	18	5,975	5,975
Capital reserves	18	278	278
Loss carryforward		(24,985)	(29,089)
		73,574	**69,470**
LIABILITIES			
Non-current liabilities			
Borrowings	19	31,605	30,835
Provisions for other liabilities and expenses	20	1,352	1,471
Lease liabilities	21	857	1,020
		33,814	**33,326**
Current liabilities			
Trade and other payables	22	7,471	7,210
Borrowings	19	4,905	12,004
Lease liabilities	21	195	269
		12,571	**19,483**
Total liabilities		**46,385**	**52,809**
Total liabilities and equity		**119,959**	**122,279**

(IN THOUSANDS OF EUR)	NOTE	SHARE CAPITAL	TREASURY SHARES	LEGAL RESERVES	CAPITAL RESERVES	OTHER RESERVES	CARRIED FORWARD LOSS	TOTAL
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**
Balance as of 1 January 2024		92,306	(1)	5,975	278	1	(29,089)	69,470
Profit for the year		-	-	-	-	-	4,104	4,104
Share capital alignment		-	-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	-	-	-
Share in profits participating interests		-	-	-	-	-	-	-
Treasury shares		-	-	-	-	-	-	-
Balance as of 31 December 2024	**18**	**92,306**	**(1)**	**5,975**	**278**	**1**	**(24,985)**	**73,574**

(IN THOUSANDS OF EUR)	**NOTE**	**2024**	**2023**
Cash flow generated from operating activities			
Cash from operations	23	15,213	11,141
Income tax (paid) /returned		-	-
Interest paid		(2,369)	(1,638)
Net cash generated from operating activities		**12,844**	**9,503**
Cash flow from investing activities			
Purchase of property, plant and equipment	14.1	(3,527)	(3,492)
Purchase of intangible assets	14.2	(395)	(649)
Proceeds from disposal of financial assets	15	-	133
Proceeds from disposal of property, plant and equipment		9	35
Loans granted		(1)	-
Interest received		220	123
Net cash used in investing activities		**(3,694)**	**(3,850)**
Cash flow from financing activities			
Borrowings received	19	21,500	5,330
Repayments of borrowings	19	(27,496)	(13,563)
Repayments of the right of use liabilities	21	(251)	(256)
Net cash from financing activities		**(6,247)**	**(8,489)**
Net increase/ (decrease) in cash and cash equivalents		**2,903**	**(2,836)**
Cash and cash equivalents at beginning of the year		6,871	9,707
Cash and cash equivalents at end of year	17	9,774	6,871

Note 1 – General information

LIBURNIA RIVIERA HOTELI d.d. 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 at 31 December 2024, 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 that ended 31 December 2024 were approved for issuance on 22 April 2025.

MANAGEMENT BOARD AND SUPERVISORY BOARD

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

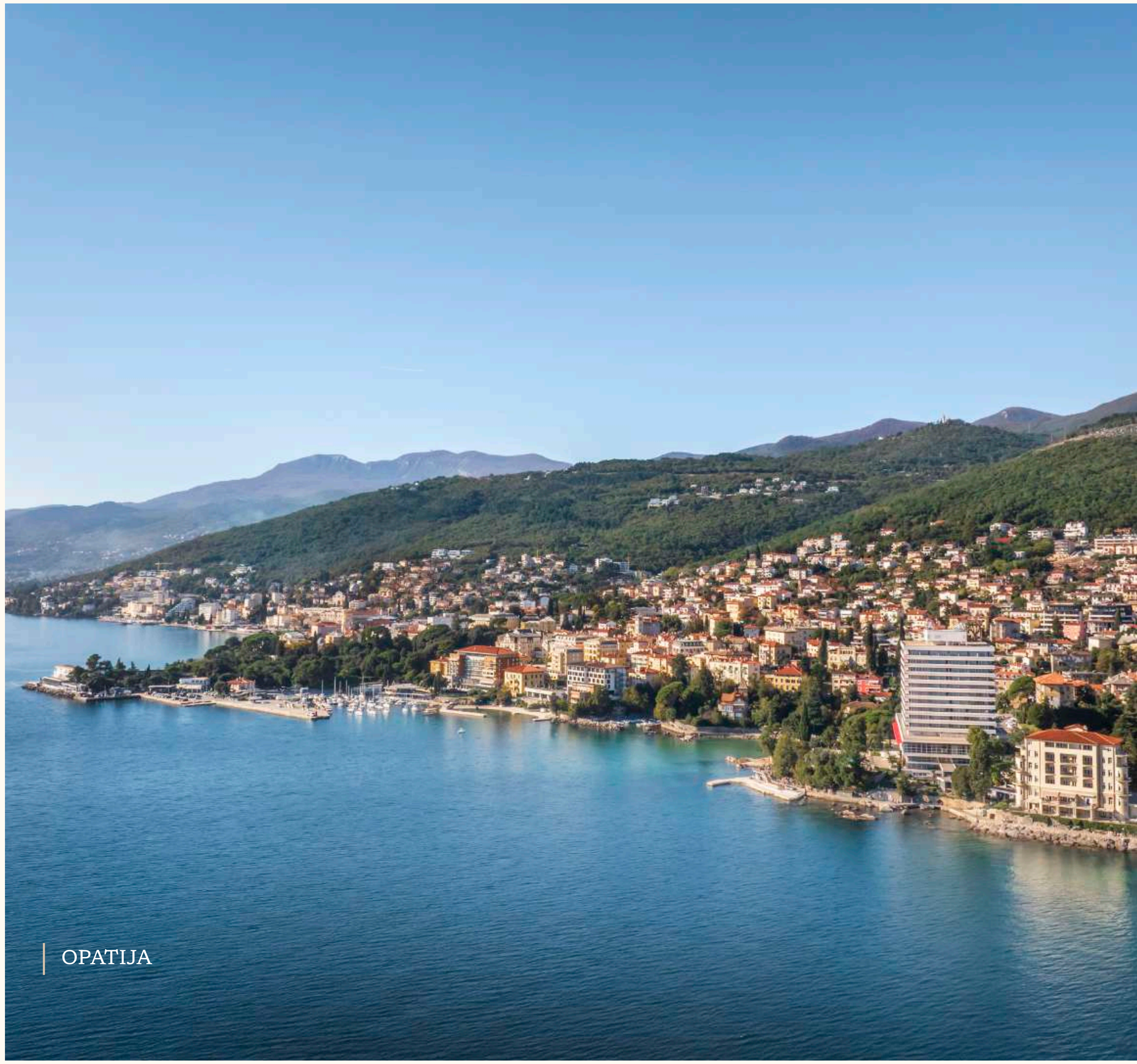
As at 31 December 2024, the Management Board of the Company was composed of two members, Mr. Ante Barić (Management Board president) and Mr. Filip Močibob (Management Board member). There were no changes in the composition of the Company's Management Board during 2024.

The powers of the Management Board members are fully aligned with the provisions of the Companies Act and are further regulated in detail by the provisions of the Articles of Association 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 2024, 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.

During 2024, there were no changes in the composition of the Company's Supervisory Board.



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.

2.2 FOREIGN CURRENCIES

(a) Functional and presentation currency

The items included in the financial statements are presented in the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in thousands of euros, which has been the Company's functional and reporting currency since January 1, 2023.

(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 European Central 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".

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.

2.3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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:

	2024	2023
Buildings	17-50 years	17-50 years
Equipment	2-15 years	2-15 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 items are depreciated using a calculated write-off method based on their estimated useful life, which ranges from 1 to 4 years, depending on the type of item. This category includes items such as porcelain, ceramics, glassware, metalware, kitchen utensils, tools, textiles, bedding, and other small inventory assets.

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".

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.

2.4 INTANGIBLE ASSETS

Intangible assets comprising mainly form 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.

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 costs to sell 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.

2.6 FINANCIAL ASSETS

2.6.1 CLASSIFICATION

The Company measures financial assets at amortised cost if both of the following conditions are met: 1) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and 2) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount.

Financial assets measured at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Interest income from such financial assets is calculated using the effective interest rate method and is presented in the Statement of Comprehensive Income under "Finance income." Gains and losses are recognised in the income statement when the asset is derecognised, modified, or impaired. Financial assets measured at amortised cost include trade receivables.

2.6.2. MEASUREMENT AND RECOGNITION

All financial assets purchased or sold are recognised on the transaction date, i.e., the date on which the Company commits to purchasing or selling the asset. A financial asset is derecognised when the rights to receive cash flows have expired or have been transferred, provided that the Company has also transferred substantially all the risks and rewards of ownership.

Loans and receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method. For trade receivables and contract assets, the Company applies a simplified approach to measuring expected credit losses. Under this approach, changes in credit risk are not tracked; instead, an impairment allowance is recognised based on lifetime expected credit losses at each reporting date. Financial assets are written off when there is no reasonable expectation of full or partial recovery.

2.6.3. IMPAIRMENT

Impairment losses related to receivables

For trade receivables without significant financing components, the Company applies the simplified approach in accordance with the requirements of IFRS 9. Based on its historical experience with default rates and observed credit losses, regulatory requirements, and forward-looking expectations of credit losses for this type of exposure, the Company has established a matrix of lifetime expected credit loss (ECL) rates, which serves as the basis for determining impairment percentages.

Delinquency rates are calculated for the following ageing categories:

- up to 60 days
- 61 to 90 days
- 91 to 120 days
- 121 to 180 days
- 181 to 365 days
- over 365 days

A default event is considered to have occurred when either of the following conditions is met:

- the Company considers it likely that the debtor will not fully meet its obligations, disregarding any potential recovery through collateral, or
- the receivable is more than 365 days past due.

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

Write-off

The gross carrying amount of a financial asset is written down when the Company no longer expects to recover the asset in full or in part. For corporate clients, the Company performs an individual assessment to determine the timing and amount of the write-off, based on whether there is a reasonable expectation of recovery. The Company does not anticipate significant recoveries of written-down amounts. However, written-down financial assets may still be subject to further collection efforts in line with the Company's credit recovery policies.

2.7 INVENTORIES

Inventories 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.

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.

2.10 LEASES (CONTINUED)

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
- 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

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income is recognized on a straight-line basis over the lease term, in accordance with the lease conditions, and is included in revenue within the statement of comprehensive income due to its operational nature.

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.

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.

2.14 CURRENT AND DEFERRED INCOME TAX

The tax expense for the year consists of current and deferred corporate income tax. Tax is recognized in the profit or loss for the period, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In such cases, the tax is recognized in the statement of other comprehensive income or in equity.

The amount of current income tax for the year is calculated based on the tax legislation in force in the Republic of Croatia as at the balance sheet date. 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. 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.

2.15 EMPLOYEE BENEFITS (CONTINUED)

(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 liability for long-term employee benefits (retirement severance payments and jubilee awards) on a straight-line basis over the period in which the benefit is earned, based on the actual number of years of service. The liability for long-term employee benefits includes assumptions regarding the number of employees entitled to such benefits, the estimated cost of those benefits, and the applicable discount rate.

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.

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:

- Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures – Supplier Finance Arrangements, issued on 25 May 2023 (effective for annual periods beginning on or after 1 January 2024).
- Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Deferral of Effective Date, and Non-current Liabilities with Covenants, issued on 23 January 2020, 15 July 2020, and 31 October 2022, respectively (effective for annual periods beginning on or after 1 January 2024).
- Amendments to IFRS 16 – Leases: Lease Liability in a Sale and Leaseback Transaction, issued on 22 September 2022 (effective for annual periods beginning on or after 1 January 2024).

The adoption of the mentioned standards and interpretations did not have a material impact on the Company's financial statements.

2.21.1 STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED AND ARE NOT APPLIED BY THE COMPANY

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, issued on 15 August 2023 (effective for annual reporting periods beginning on or after 1 January 2025).

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.

2.21.2 STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED IN THE EU

As at the date of issuance of these financial statements, the following standards, amendments, and interpretations issued by the International Accounting Standards Board have not yet been adopted by the European Union:

- IFRS 18 – Presentation and Disclosure in Financial Statements (issued on 9 April 2024).
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024).
- Amendments to IFRS 9 and IFRS 7 – Power Purchase Agreements Dependent on Weather Conditions (issued on 18 December 2024).
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments (issued on 30 May 2024).
- Annual Improvements to IFRS Accounting Standards – Cycle 11 (issued on 18 July 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.

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).

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 2024	31 DECEMBER 2023
Financial assets at amortized cost		
Trade receivables	1,569	1,934
Other receivables and current financial assets	441	502
Loans granted	1,761	1,760
Cash and cash equivalents	9,774	6,871
	13,545	**11,067**
Financial liabilities at amortized cost		
Trade payables	1,983	2,259
Borrowings	36,510	42,839
Lease liabilities	1,052	1,289
	39,545	**46,387**

(a) Market risk

(i) Currency risk

Following the Republic of Croatia's entry into the Eurozone on January 1, 2023, the Company's exposure to currency risk was substantially reduced, as foreign currency transactions no longer materially affect its operations. Consequently, as of December 31, 2024, the Company had no exposure to currency risk.

	2024			2023		
(IN THOUSANDS OF EUR)	EUR	OTHER	TOTAL	EUR	OTHER	TOTAL
Financial assets						
Trade receivables	1,569	-	1,569	1,934	-	1,934
Loans granted	1,761	-	1,761	1,760	-	1,760
Cash and cash equivalents	9,774	-	9,774	6,871	-	6,871
	13,104	-	**13,104**	**10,565**	-	**10,565**
Financial liabilities						
Trade and other payables	1,983	-	1,983	2,259	-	2,259
Borrowings	36,510	-	36,510	42,839	-	42,839
Lease liabilities	1,052	-	1,052	1,289	-	1,289
	39,545	-	**39,545**	**46,387**	-	**46,387**
Net exposure	**(26,441)**	-	**(26,441)**	**(35,822)**	-	**(35,822)**

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(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 3.57% (2023: 3.55%).

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 at 31 December 2024, the borrowings contracted at variable interest rates amount to EUR 36,005 thousand (2023: EUR 28,692 thousand). The Company has no formal objectives or policies with respect to interest rate risk management.

As at 31 December 2024, 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 148 thousand higher/lower (2023: EUR 118 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.

(b) Credit risk

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

(IN THOUSANDS OF EUR)	31 DECEMBER 2024	31 DECEMBER 2023
Loans and receivables		
Trade receivables	1,569	1,934
Loans granted	1,761	1,760
Cash and cash equivalents	9,774	6,871
Total	**13,104**	**10,565**

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

(IN THOUSANDS OF EUR)	TRADE RECEIVABLES	CASH AND CASH EQUIVALENTS	LOANS GRANTED	TOTAL
2024				
Neither past due nor impaired	1,215	9,774	1,761	**12,750**
Past due but not impaired	354	-	-	**354**
Past due and impaired	544	-	-	**544**
Impairment	(544)	-	-	**(544)**
	1,569	9,774	1,761	**13,104**

(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**

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

(IN THOUSANDS OF EUR)	31 DECEMBER 2024	31 DECEMBER 2023
Cash at bank		
A+	-	979
A-	1,227	-
BBB+	7	63
BBB	-	5,576
BBB-	4,018	-
BB	2,227	-
Other or without rating	2,295	253
	9,774	**6,871**

3.1 FINANCIAL RISK FACTORS (CONTINUED)

In accordance with its sales policies, the Company engages with customers who meet specified credit criteria or requires upfront payments, security deposits, or credit card payments. To minimize credit risk exposure, the Company continuously monitors the financial stability and creditworthiness of its partners and secures receivables using tools such as guarantees and debentures, thereby reducing the risk of non-payment for services provided.

The Management Board monitors the collectability of receivables through weekly reports on individual balances of receivables.

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

(IN THOUSANDS OF EUR)	31 DECEMBER 2024	31 DECEMBER 2023
Up to one month	81	76
One to two months	23	111
Two to three months	32	41
Over three months	218	351
	354	**579**

(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 2024 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.

AS AT 31 DECEMBER 2024 (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	441	441	441	-	-	-
Trade receivables	1,569	1,569	1,569	-	-	-
	2,010	2,010	2,010	-	-	-
Interest bearing assets						
Loans granted	1,761	1,761	1,761	-	-	-
Cash and cash equivalents	9,774	9,774	9,774	-	-	-
	11,535	11,535	11,535			
	13,545	**13,545**	**13,545**	-	-	-

AS AT 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**	-	-	-

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 AT 31 DECEMBER 2024 (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	5,488	5,488	5,488	-	-	-
Interest liabilities	505	505	505	-	-	-
Trade payables	1,983	1,983	1,983			
	7,976	7,976	7,976	-	-	-
Interest bearing liabilities						
Loan liabilities	36,005	36,005	4,400	4,400	13,200	14.005
Lease liabilities	1,052	1,052	195	135	161	561
	37,057	37,057	4,595	4,535	13,361	14,566
	45,033	**45,033**	**12,571**	**4,535**	**13,361**	**14,566**

AS AT 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**

HOTEL AMBASADOR

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.

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 2024, the Company has reported provisions for several disputes in the total amount of EUR 1,037 thousand.

(c) Land ownership and legal disputes

Issues related to land ownership proceedings are common among tourism companies in the Republic of Croatia. Their resolution is anticipated based on the Act on Unvalued Building Land, which entered into force on May 2, 2020. A more accurate assessment of the outcome of court and administrative proceedings concerning unapprised land will be possible only after the resolution of property-legal matters and the determination of actual ownership of tourism land, in accordance with the provisions of the Act on Unvalued Building Land. The outcome of these proceedings is not expected to have a significant impact on the Company’s financial statements or performance.

(d) Deferred tax assets

Deferred tax assets include an amount of EUR 2,597 thousand recognized on the basis of carried forward tax losses and other temporary tax differences. The Company has a five-year period from the date the tax losses were incurred to utilize the related tax benefits. In contrast, the realization of deferred tax assets arising from other temporary differences is not time-limited, resulting in a very low level of uncertainty regarding their utilization.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the tax assets can be utilized. In assessing the likelihood of realizing future taxable profits and the related tax benefits, Management makes judgments and estimates based on historical taxable income and reasonable expectations of future earnings under current conditions. Considering the Company’s recent financial performance, it is expected that a portion of the carried forward tax losses will be utilized within the next few years, prior to their expiration.

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 2024 is as follows:

(IN THOUSANDS OF EUR)	HOTELS AND APARTMENTS	OTHER	UNALLOCATED	TOTAL
Sales revenues	58,311	2,237	-	60,548
GOP	15,461	1,897	-	17,358
Procurement of real estate, plants, equipment and intangible assets	3,847	75	-	3,922
Book value of real estate, plant, equipment and intangible assets	85,318	13,642	-	98,960
Book value of other long-term assets	-	-	6,757	6,757
Depreciation	7,137	411	222	7,770
Current assets	-	-	14,242	14,242
Total liabilities	-	-	46,385	46,385

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	13,341	380	-	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	88,884	13,867	-	102,751
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

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)	**2024**	**2023**
Domestic sales	8,354	6,787
Foreign sales	52,194	49,085
	60,548	**55,872**

FOREIGN SALES	2024	%	2023	%
Austria	14,014	26,9	14,260	29,1
Germany	10.515	20,1	9,897	20,2
Slovenia	5,201	10,0	4,702	9,6
Hungary	4,706	9,0	3,564	7,3
Netherlands	2,328	4,5	1,877	3,8
Italy	1,754	3,4	1,840	3,7
Slovakia	1,299	2,5	996	2,0
Other EU members /i/	5,105	9,8	5,303	10,8
Other /i/	7,272	13,8	6,646	13,5
	52,194	**100**	**49,085**	**100**

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

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

(IN THOUSANDS OF EUR)	**2024**	**2023**
Revenue from hotel services		
Individual guests	28,556	26,116
Groups	8,280	7,816
Allotment	8,103	8,349
MICE	4,618	3,449
	49,557	**45,730**
Revenue from other services		
Food and beverages	7,426	6,963
Revenue from services rendered to hotel guests	1,930	1,745
Other revenue	1,635	1,434
	10,991	**10,142**
Total sales revenue	**60,548**	**55,872**

Note 6.2 – Other income

(IN THOUSANDS OF EUR)	**2024**	**2023**
Write-off of liabilities	437	291
Income from insurance compensation	527	224
Recharged costs to lessees and others	154	179
Collection of receivables previously written-off	17	14
Income from reversal of provision	219	544
Rental income	789	742
Income from aids and supports	-	94
Other income	1,373	804
	3,516	**2,892**

Note 7 – Cost of materials and services

(IN THOUSANDS OF EUR)	**2024**	**2023**
Food, beverages and other supplies	8,154	7,365
Energy and water used	3,929	4,969
	12,083	**12,334**
Tourist agency services	2,791	2,587
External labor costs	589	1,079
Maintenance	1,330	1,448
Advertising and promotion	1,018	639
Laundry services	1,338	1,191
Utilities and other similar services	672	621
Rent	1,116	767
Entertainment of guests	350	318
Other expenses	1,521	1,927
	10,725	**10,577**
	22,808	**22,911**

Note 8 – Staff costs

(IN THOUSANDS OF EUR)	**2024**	**2023**
Gross salaries and wages	15,705	13,723
Contributions on salaries	2,376	2,040
Other staff costs /i/	3,977	3,745
	22,058	**19,508**
Number of employees at year end	835	755

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

During the year, the Company had an average of 831 employees *(2023: 697)*.

The company capitalized staff costs in the amount of EUR 29 thousand *(2023: EUR 4 thousand)*.

Note 9 – Other operating expenses

(IN THOUSANDS OF EUR)	**2024**	**2023**
Professional services	600	724
Utility and similar fees	1,410	1,168
Write-off of property, plant and equipment and intangible assets	163	146
Insurance	254	223
Provisions for legal disputes (note 20)	99	146
Bank charges and membership fee	141	126
Travel and entertainment	294	184
Other expenses	1,712	1,335
	4,673	**4,052**

Note 10 – Other gains – net

(IN THOUSANDS OF EUR)	**2024**	**2023**
Net gains on sale of property, plant and equipment	7	1
	7	**1**

Note 11 – Net finance costs

(IN THOUSANDS OF EUR)	**2024**	**2023**
Finance income		
Interest income	280	178
	280	**178**
Finance costs		
Interest expense	(1,993)	(2,033)
Other finance costs	(43)	(1)
	(2,036)	**(2,034)**
Net finance costs	**(1,756)**	**(1,856)**

Note 12 – Income tax

(IN THOUSANDS OF EUR)	2024	2023
Current tax expense		
Current year	-	-
Deferred tax (income)/expenses		
Origination and reversal of temporary differences	7	(274)
Recognition / utilization of tax losses	800	(511)
	807	(785)
Tax (income)/expense	**807**	**(785)**

(IN THOUSANDS OF EUR)	2024	2023
Profit/(loss) before tax	4,911	616
Tax rate of 18%	884	111
The effect of non-deductible revenues/expenses	52	(101)
Recognition of previously unrecognized temporary differences	(129)	41
Net effect of recognition/release of tax losses	-	(836)
Tax (income)/expense	807	(785)
Effective tax rate	16,4%	-

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.

DEFERRED TAX ASSETS AND LIABILITIES

As of 31 December 2024, deferred tax assets amount to EUR 2,597 thousand *(2023: EUR 3,404 thousand)*.

(IN THOUSANDS OF EUR)	ASSETS AS OF 31 DECEMBER		LIABILITIES AS OF 31 DECEMBER		NET AS OF 31 DECEMBER	
	2024	2023	2024	2023	2024	2023
Provisions for other liabilities and expenses	183	163	-	-	183	163
Property, plant and equipment	502	529	-	-	502	529
Tax losses recognized	1,912	2,712	-	-	1,912	2,712
	2,597	**3,404**	-	-	**2,597**	**3,404**

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

(IN THOUSANDS OF EUR)	31 DECEMBER 2023	RECOGNIZED IN PROFIT OR LOSS	31 DECEMBER 2024
Provisions for other liabilities and expenses	163	20	183
Property, plant and equipment	529	(27)	502
Tax losses recognized	2,712	(800)	1,912
	3,404	**(807)**	**2,597**

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.

	2024	2023
Profit/(loss) for the year (in thousands of EUR)	4,104	1,401
Weighted average number of shares (basic and diluted)	302,637	302,637
Earnings/(loss) per share (basic) (in EUR)	13.6	4.6

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.

HOTEL IMPERIAL

Note 14.1 – Property, plant and equipment

(IN THOUSANDS OF EUR)	LAND	BUILDINGS	EQUIPMENT	ASSETS UNDER CONSTR.	ARTWORK	TOTAL
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)
Reclassification	-	5	264	(269)	-	-
Transfer	-	-	-	-	-	-
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**
As at 1 January 2024						
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**
Year ended 31 December 2024						
Opening net carrying amount	16,251	63,352	13,686	7,344	515	101,148
Additions	-	514	1,175	1,907	-	3,596
Disposals and write-offs	-	(54)	(109)	-	-	(163)
Depreciation	-	(3,931)	(3,111)	-	-	(7,042)
Transfer	-	3,970	371	(4,341)	-	-
Reclassification	-	-	3	(73)	-	(70)
Closing net carrying amount	**16,251**	**63,851**	**12,015**	**4,837**	**515**	**97,469**
As at 31 December 2024						
Cost	16,251	233,650	51,835	4.837	515	307,088
Accumulated depreciation	-	(169,799)	(39,820)	-	-	(209,619)
Net carrying amount	**16,251**	**63,851**	**12,015**	**4,837**	**515**	**97,469**

NOTE 14.1 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2024, land and buildings in the amount of EUR 21,946 thousand (*2023: EUR 29,006 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 2024 comprised 202,330 m2 (*2023: 202,330 m2*) and, together with the respective buildings, it has a net carrying value of EUR 80,102 thousand (*2023: EUR 79,603 thousand*).

Assets under construction primarily relate to project documentation, construction works on villa Danica and villa Slatina, as well as construction and preparatory works at the Company's other tourist facilities.

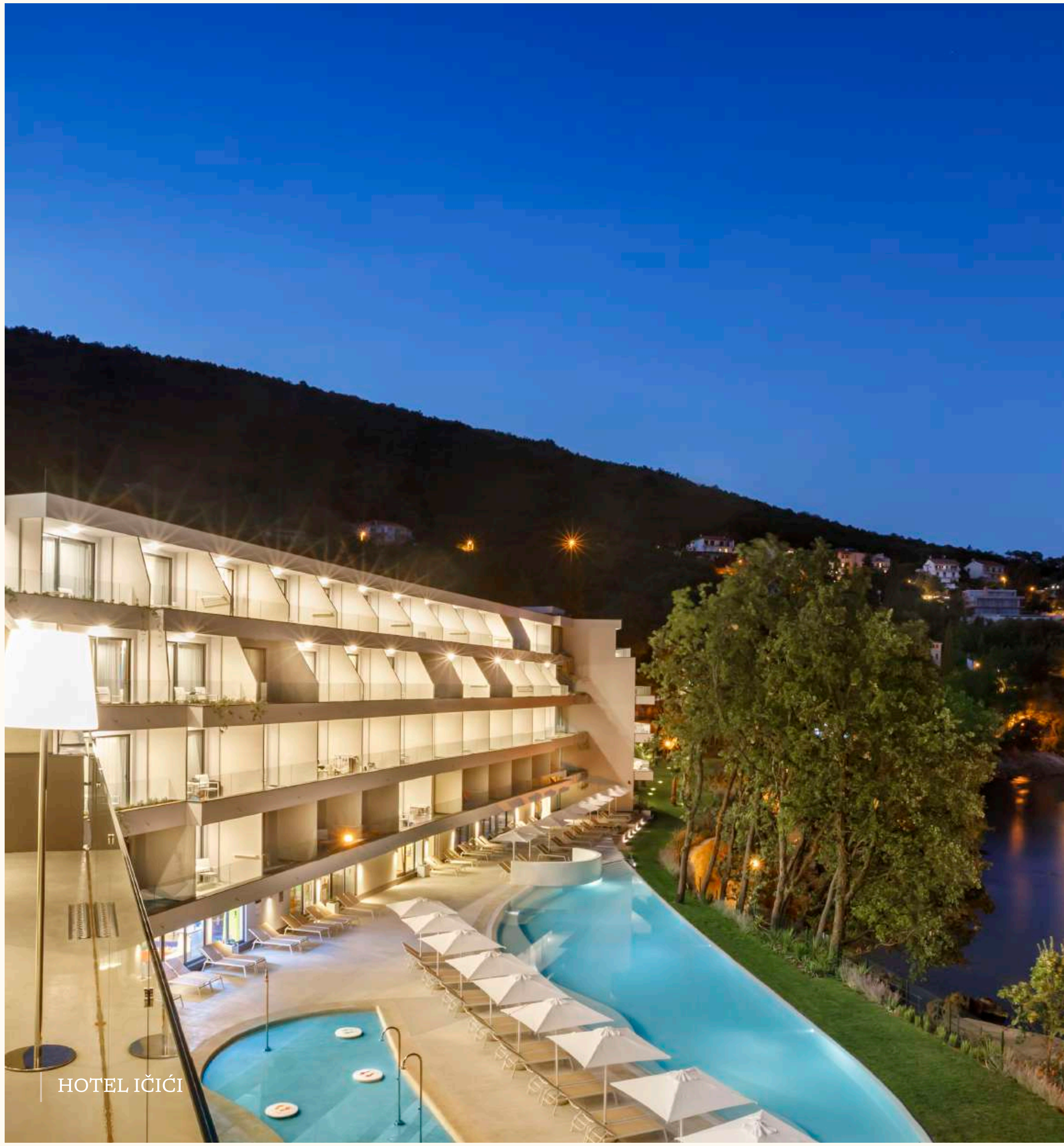
The carrying value of property, plant and equipment of the Company leased out is as follows:

(IN THOUSANDS OF EUR)	2024	2023
Cost	1,221	1,221
Accumulated depreciation as at 31 December	(778)	(756)
Net carrying amount	**443**	**465**

The operating lease relates to the lease of hospitality facilities and stores. During 2024, the Company realized rental income in the amount of EUR 789 thousand (*2023: EUR 742 thousand*).
The aggregate lease payments receivable for operating leases are as follows:

(IN THOUSANDS OF EUR)	2024	2023
Up to 1 year	788	732
Between 2 and 5 years	2,799	2,708
	3,587	**3,440**

The majority of lease agreements with tenants are concluded for an indefinite period, while a smaller number are contracted for a fixed term of one to five years. Upon lease expiration, contracts are either renewed at market rates or, following a tender process, awarded to the most favorable bidders.


HOTEL IČIĆI

Note 14.2 – Intangible assets

(IN THOUSANDS OF EUR)	CONCESSIONS, PATENTS, LICENSES, SOFTWARE AND RIGHTS	OTHER INTANGIBLE ASSETS	ASSETS IN PREPARA-TION	TOTAL
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)	-
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**
As at 1 January 2024				
Cost	2,898	1,008	542	4,448
Accumulated amortization	(1,963)	(882)	-	(2,845)
Net carrying amount	**935**	**126**	**542**	**1,603**
Year ended 31 December 2024				
Opening net carrying amount	935	126	542	1,603
Additions	1	4	389	394
Amortization	(456)	(50)	-	(506)
Transfer	-	73	(73)	-
Closing net carrying amount	**480**	**153**	**858**	**1,491**
As at 31 December 2024				
Cost	2,899	1,085	858	4,842
Accumulated amortization	(2,419)	(932)	-	(3,351)
Net carrying amount	**480**	**153**	**858**	**1,491**

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 2024				
Opening net carrying amount	1,001	164	94	1,259
Additions	-	58	-	58
Disposals and write-offs	-	(42)	-	(42)
Depreciation	(98)	(110)	(14)	(222)
Closing net carrying amount	**903**	**69**	**80**	**1,053**

(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)	2024	2023
Depreciation of assets with right of use		
Concessions	(98)	(98)
Vehicles	(110)	(75)
Equipment	(14)	(6)
	(222)	(179)
Interest expense (included in financial expenses)	(15)	(23)

Note 15 – Financial assets

(IN THOUSANDS OF EUR)	31 DECEMBER 2024	31 DECEMBER 2023
Investments in Aeris d.o.o.	2,148	2,148
Investments in IKA 21 d.o.o.	958	958
	3,106	**3,106**

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.

Note 16 – Trade and other receivables

(IN THOUSANDS OF EUR)	31 DECEMBER 2024	31 DECEMBER 2024
Domestic receivables	722	1.109
Foreign receivables	465	477
Non-invoiced receivables /i/	926	843
Allowance for impairment of trade receivables	(544)	(495)
Trade receivables - net	**1,569**	**1,934**
Receivables from the state and other receivables	441	502
	2,010	**2,436**

/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 2024	31 DECEMBER 2023
As at 1 January	(495)	(508)
Increase	(70)	(1)
Collection	21	14
Write-off	-	-
As at 31 December	**(544)**	**(495)**

When determining the potential need for impairment, the Company has chosen to apply a simplified assessment approach, which primarily relies on historical default rates and is supplemented by forward-looking factors relevant to estimating credit losses.

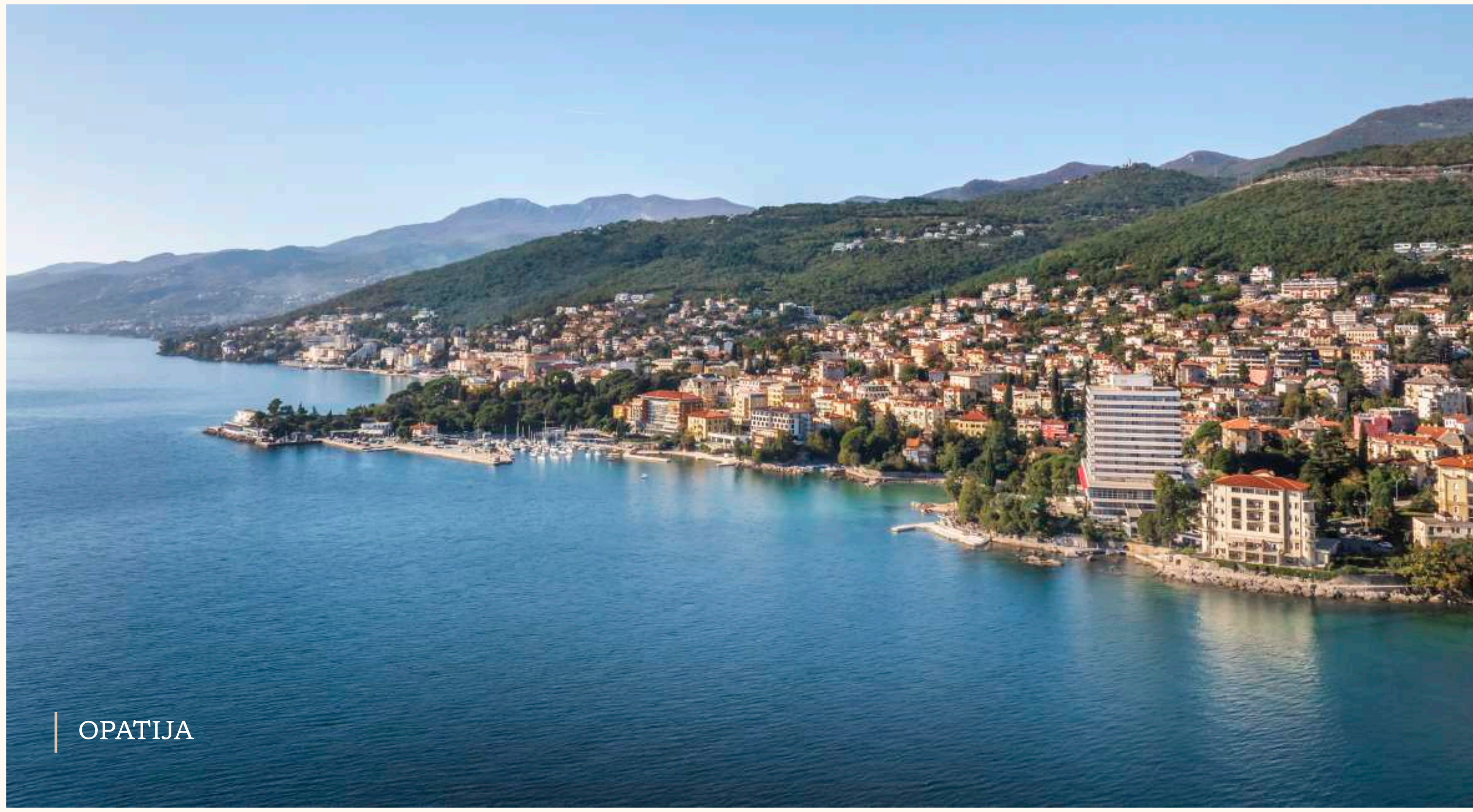
Accordingly, the fair value of trade and other receivables is considered to be approximately equal to their book value.

The ageing analysis of gross receivables from customers and related parties is presented in Note 3.1.

Note 17 – Cash and cash equivalents

(IN THOUSANDS OF EUR)	31 DECEMBER 2024	31 DECEMBER 2024
Deposits up to 90 days	9,298	6,315
Cash on hand	397	465
Giro accounts	79	91
	9,774	**6,871**

Interest rates on cash and cash equivalents amounted to a maximum of 3.57% (2023: up to 3.55%).



Note 18 – Capital and reserves

SHARE CAPITAL

As at 31 December 2024, the Company's share capital amounted to EUR 92,306 thousand *(2023: EUR 92,306 thousand)* and comprises 302,641 ordinary shares with a nominal value of EUR 305 per share (*2023: EUR 305 per share*).

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 2024 was as follows:

	NUMBER OF SHARES	IN EUR THOUSAND	%
Gitone Adriatic d.o.o.	215,605	65,760	71.24
Nova Liburnija d.o.o.	75,661	23,077	25.00
CERP	1,624	495	0.54
Small shareholders	9,747	2,973	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

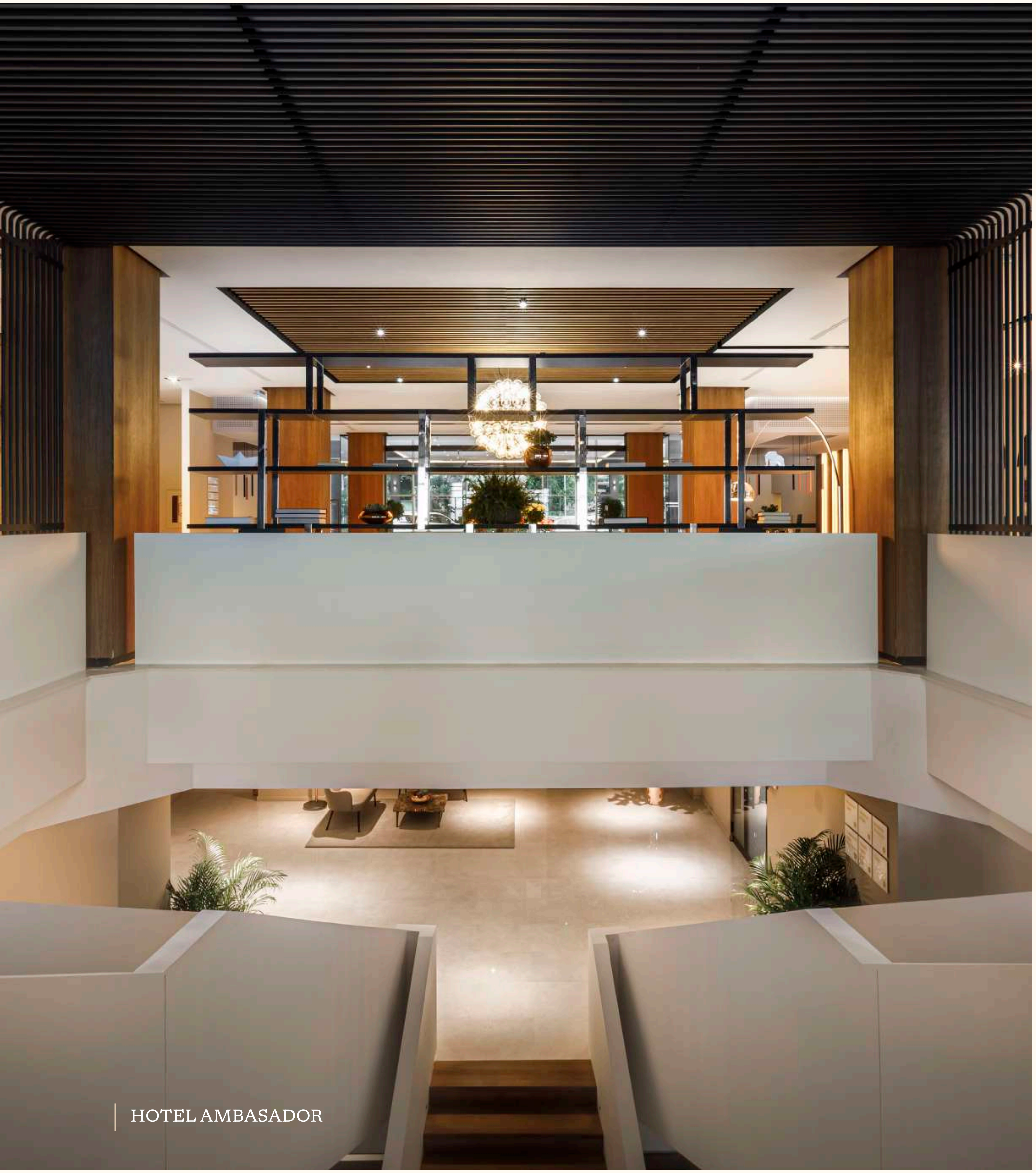
(IN THOUSANDS OF EUR)	31 DECEMBER 2024	31 DECEMBER 2023
Bank borrowings	36,510	42,839
Less: non-current portion	(31,605)	(30,835)
Current portion	**4,905**	**12,004**

Bank borrowings are secured by a mortgage over land and a building (Note 14). Of the total amount of current borrowings, EUR 505 thousand relates to interest payable (2023: EUR 837 thousand). Bank loan contracts contain loan covenants.

Maturities of long-term borrowings are as follow:

(IN THOUSANDS OF EUR)	31 DECEMBER 2024	31 DECEMBER 2023
Bank borrowings		
Between 1 and 5 years	17,600	23,929
Over 5 years	14,005	6,906
	31,605	**30,835**

(IN THOUSANDS OF EUR)	2024	2023
Bank borrowings		
As of 1 January	**42,839**	**50,676**
Borrowings received	21,500	5,330
Repayments of borrowings	(27,496)	(13,563)
Net increase (decrease) in interest payable	(333)	396
As of 31 December	**36,510**	**42,839**



HOTEL AMBASADOR

Note 20 – provisions for other liabilities and expenses

(IN THOUSANDS OF EUR)	TERMINATION BENEFITS AND JUBILEE AWARDS	LEGAL DISPUTES	TOTAL
As of 1 January 2024	**290**	**1,181**	**1,471**
Increase	25	74	99
Paid during the year	-	-	-
Released during the year	-	(218)	(218)
As of 31 December 2024	**315**	**1,037**	**1,352**
Current portion	-	-	-
Non-current portion	**315**	**1,037**	**1,352**

Note 21 – Lease liabilities

The maturity of operate leases is as follows:

(IN THOUSANDS OF EUR)	2024	2023
Lease liabilities		
As at 1 January	**1,289**	**1,283**
Receipts	58	262
Repayment	(251)	(256)
Release	(44)	-
As at 31 December	**1,052**	**1,289**
Lease liabilities		
Current portion	195	269
Non-current portion	857	1,020
	1,052	**1,289**

Note 22 – Trade and other payables

(IN THOUSANDS OF EUR)	**31 DECEMBER 2024**	**31 DECEMBER 2023**
Domestic trade payables	1,798	2,051
Foreign trade payables	185	208
Total trade payables	**1,983**	**2,259**
Due to employees /i/	2,162	1,715
Taxes and contributions payable	1,021	811
Advances payable	1,895	2,038
Other liabilities	410	387
Total other payables	**5,488**	**4,951**
	7,471	**7,210**

/i/ Liabilities to employees do not include provisions for severance in 2024 (2023: EUR 58 thousand).

Note 23 – Cash generated from operations

Reconciliation of profit and cash generated from operations:

(IN THOUSANDS OF EUR)	**2024**	**2023**
Profit/(loss) for the year	4,104	1,401
Adjustments for:		
Depreciation and amortization	7,770	9,813
Write-off of property, plant and equipment	163	165
Net gains on sale of property, plant and equipment	(7)	(1)
Net gains on sale of financial assets	-	(10)
Allowance for impairment of trade receivables - net	95	9
Net finance costs	1,756	1,856
Increase in provisions-net	(120)	(398)
Income tax	807	(785)
Changes in working capital:		
- trade and other receivables	390	(240)
- inventories	(6)	46
- trade and other payables	261	(715)
Cash generated from operations	**15,213**	**11,141**

Note 24 – Contingencies and commitments

LEGAL DISPUTES

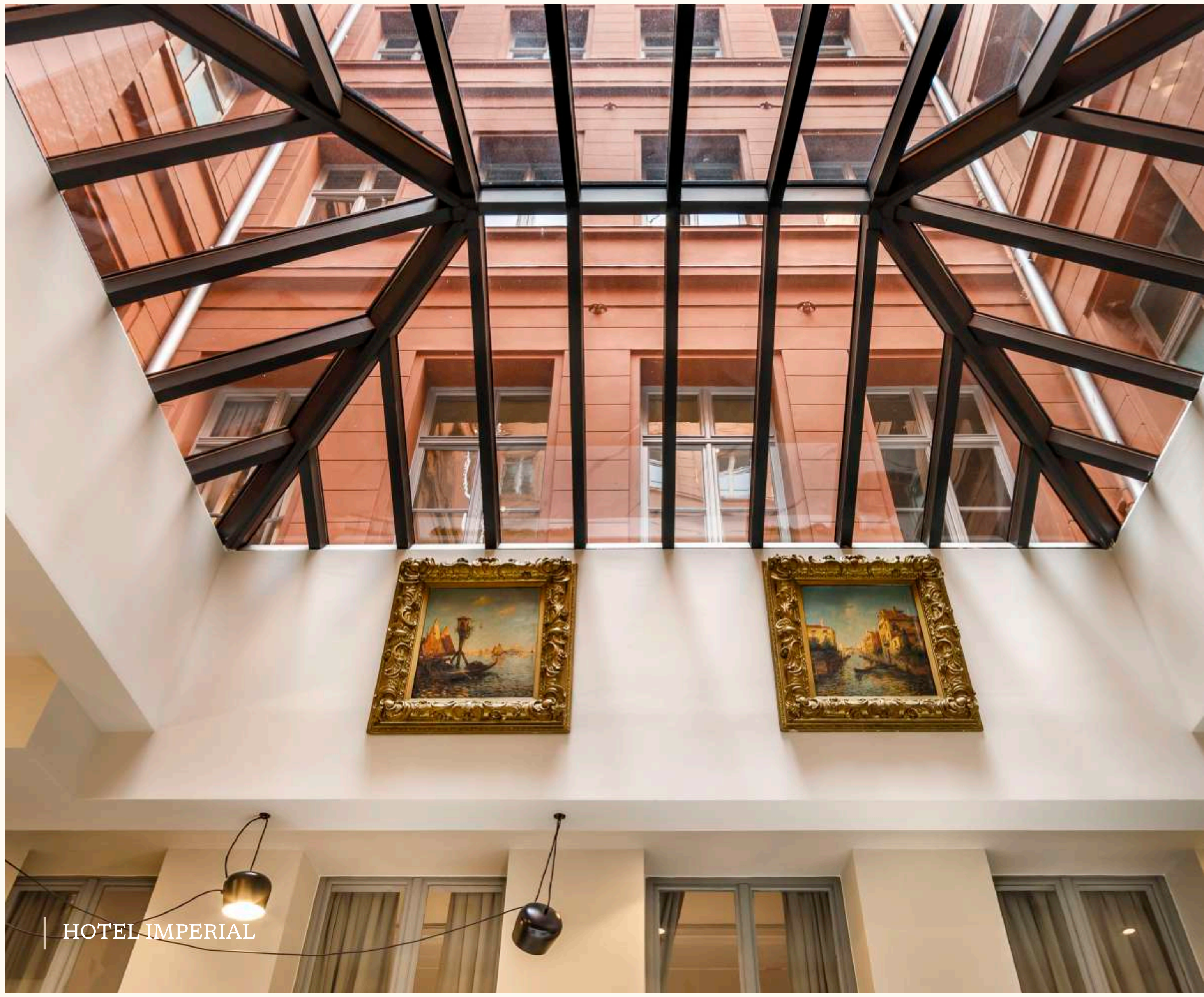
The Company is involved in a number of legal disputes arising from the ordinary course of business. In the financial statements for the year ended 31 December 2024 provisions for legal disputes have been made for which the Company anticipates outflow of economic benefits in the amount of EUR 1,037 thousand (2023: EUR 1,182 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 27 February 1998, the Conclusion of CPF dated 30 April 1998 and the Conclusion of CPF dated 10 June 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 COMMITMENTS

As at December 31, 2024, there were no outstanding contractual obligations for investments in tourist facilities (2023: EUR 3,050 thousand).



HOTEL IMPERIAL

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 2024, 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)	**2024**	**2023**
Sales revenues:		
Other parties associated with the group, owners or persons in supervision	178	201
	178	**201**
Other revenues:		
Other parties associated with the group, owners or persons in supervision	2	79
	2	**79**
Financial revenues:		
Subsidiaries	60	56
	60	**56**
Costs of materials and services:		
Other parties associated with the group, owners or persons in supervision	600	620
	600	**620**
Other operating expenses:		
Other parties associated with the group, owners or persons in supervision	2,386	1,841
	2,386	**1,841**
Trade and other payables:		
Other parties associated with the group, owners or persons in supervision	301	317
	301	**317**
Trade and other payables:		
Subsidiaries (Receivables for advances given)	1,761	1,760
Subsidiaries (Trade receivables)	197	129
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)	18	25
	4,276	**4,214**

COMPENSATIONS TO MEMBERS OF THE KEY MANAGEMENT AND THE SUPERVISORY BOARD

The key management comprises four members during 2024 (*2023: four members*).

(IN THOUSANDS OF EUR)	2024	2023
Key management compensation		
Net salaries	739	1,929
Pension contributions	97	77
Health insurance contribution	174	238
Other costs	262	621
	1,272	**2,865**

(IN THOUSANDS OF EUR)	2024	2023
Supervisory board compensation	**60**	**56**


HOTEL IMPERIAL

Note 26 – events after the reporting date

CHANGES IN THE SUPERVISORY BOARD

In early April 2025, the Company received the resignation of Mr. Manfred Kainz, a member of the Supervisory Board. Following this, the company, Gitone Adriatic, appointed Mr. Thomas Mayer as the new member of the Supervisory Board, effective from April 5, 2025.

INVESTMENT CYCLE 2025-2027

The Supervisory Board unanimously approved capital investments for the period from 2025 to 2027 in the amount of EUR 49,730 thousand. The investment cycle covers three strategically defined areas: the reconstruction and repositioning of hotel properties, the implementation of investment programs aimed at improving the quality and content of the hotels, and the implementation of digital and infrastructure solutions that support the long-term competitiveness of the company.

Apart from the aforementioned, there were no other significant events after the reporting date that would require adjustment or disclosure in the financial statements as of 31 December 2024.

Note 27 – Approval of the financial statements

The financial statements presented on the preceding pages were prepared and approved for issuance by the Company's Management Board on 22 April 2025.

Signed on behalf of the Company:

Mr. Ante Barić,
Management Board President

Mr. Filip Močibob,
Management Board Member