



LIBURNIA
HOTELS & VILLAS



Hotel Admiral 4*, Opatija

BUSINESS RESULTS 1/1/2021 - 31/12/2021

LIBURNIA RIVIERA HOTELI d.d.

Opatija, February 2022

KEY MESSAGES

KEY FINANCIAL INDICATORS

(in HRK million)	2020	2021	2021/ 2020
Total revenues	110.9	249.1	125%
Operating revenues	110.7	248.2	124%
Sales revenues	73.1	215.9	195%
Board revenues	59.1	180.8	206%
Operating costs	134.1	216.2	61%
EBITDA	-31.7	20.9	n/a
Adjusted EBITDA	-23.7	36.6	n/a
EBIT	-164.3	-81.1	51%
EBT	-172.1	-87.0	49%
	31/12/2020	31/12/2021	2021/2020
Net debt	265.3	350.2	32%
Cash and cash equivalents	12.0	15.2	26%

KEY OPERATING INDICATORS

	2020	2021	2021/ 2020
Number of acc. units (operating)	1,212	1,828	51%
Annual occupancy (%)	16.7%	29.7%	1.300bp
Accommodation units sold	73,991	198,308	168%
Overnights	143,718	387,040	169%
Average daily rate (in HRK)	798	912	14%
RevPAR (in HRK)	48,735	98,888	103%

Note: Details and explanations of indicators can be found on page 8 in the chapter "Company results"

During 2021, Liburnia Riviera Hotels d.d. (hereinafter Liburnia Riviera or the Company) recorded a recovery in tourism and business activities compared to 2020, especially during the high season due to strong demand for tourist accommodation in the Republic of Croatia. Despite the absence of a large portion of the pre-season business due to extraordinary movement restrictions and travel limitations, operating revenues increased by HRK 137.5 million (+124%) to HRK 248.2 million as a result of: i) successful business operations, marketing and sales activities adjustments to the COVID-19 pandemic impact, ii) gradual mitigation of the COVID-19 impact on tourist and economic flows, iii) increased population vaccination on key tourism markets and in the Republic of Croatia which resulted in strong demand for Company's tourist capacities since June 2021, and iv) gradual recovery of the Group and M.I.C.E segment during the last quarter of 2021.

The achieved results further indicate a faster than initially expected recovery, as well as the resilience of Croatian tourism, particularly in the northern Adriatic regions where Liburnia Riviera operates. Namely, the diverse hotel portfolio of Liburnia Riviera and the convenient geographical location for automobile guests (Croatians, Germans, Austrians, Hungarians, Czechs, Slovenians, Italians, Serbs) represent Liburnia Riviera's natural hedging from travel disruptions caused by the COVID-19 virus pandemic.

By the end of June 2021, Liburnia Riviera had opened most of its tourist capacities, with a total of 387,040 realized overnight stays (+169%; 2020: 143,718) during 2021. Despite the negative impact of the COVID-19 pandemic and the absence of a large portion of the 2021 pre-season business, Liburnia Riviera achieved adjusted EBITDA (adjusted for litigation and severance provisions) in the amount of HRK 36.6 million (2020: HRK -23.7 million). HRK 60.3 million better EBITDA is achieved as a result of: i) increase of operating income due to strong demand for tourist capacities mainly during peak season, ii) a significant increase in the average daily price (+14% compared to 2020 and +25% compared to 2019) driven through the optimization of sales

channels and marketing activities, as well as through improvement of revenue management policies, and iii) further optimization and rationalization of operating costs.

Liburnia Riviera carefully monitors positive developments related to the impact of COVID-19 pandemic on market fluctuations and dynamically analyses and implements necessary changes in its operations. Among them are preventive measures and action plans aimed at protection of health of guests and employees, as well as at maintaining business continuity while preserving jobs. Positive trend of business normalization of the Company during 2021 was further supported by the proactive approach and sound liquidity management, while ensuring uninterrupted business operations.

Liburnia Riviera's long-term liquidity position has been further strengthened during 2021 through i) arranging a moratorium on the repayment of credit obligations until 30 June 2021, ii) refinancing most of the existing loan obligations to Erste&Steiermärkische Bank d.d. and iii) arranging a new EUR 11.5 million long-term credit line with Sberbank d.d. This additionally supports the Company's financial stability and cash flow strength for the repositioning of the tourism portfolio and safeguarding working capital levels to successfully execute comprehensive activities for the expected business normalization.

Through a timely mitigate and control the adverse effects caused by the COVID-19 pandemic, an adjusted business plan was introduced in all business segments, including investments. In the first half of 2021, investments were reduced to the necessary works aimed at improving the quality of services and safety of guests and preparing facilities for the upcoming season (Hotel Ambassador, Hotel Excelsior, Villa Slatina). Works related to Hotel Kvarner reconstruction continued at a slower pace, while the works in the new premium café Imperial were finalized by the end of 2021.

Strong recovery of tourist flows in the peak season opened room for Liburnia Riviera to conduct several assets acquisitions at geostrategic locations in

destinations where it operates to further consolidate and develop tourism products and services. In December 2021, Hotel Laurus (ex. Villa Kapetanović) joined Liburnia Riviera's portfolio. It is an ideal choice for guests looking for a peaceful and intimate vacation due to its location above the picturesque town of Volosko and well-known restaurant and wellness center. Moreover, the remaining 50% part of currently non-operational Hotel Miramar in Lovran were purchased, as well as asset nearby Hotel Palace-Bellevue in Opatija. Hence, 2021 investments and asset acquisitions amount to HRK 62.4 million in total.

In parallel, preparation of projects for further growth and development of Liburnia Riviera's tourism portfolio continues, with the current priority being maximization of free cash flow and reduction of net debt/EBITDA ratio towards pre-COVID levels. Namely, Croatia in 2022 has the opportunity to further consolidate the position of a safe and desirable Mediterranean destination, as well as to continue with a strong recovery dynamic.

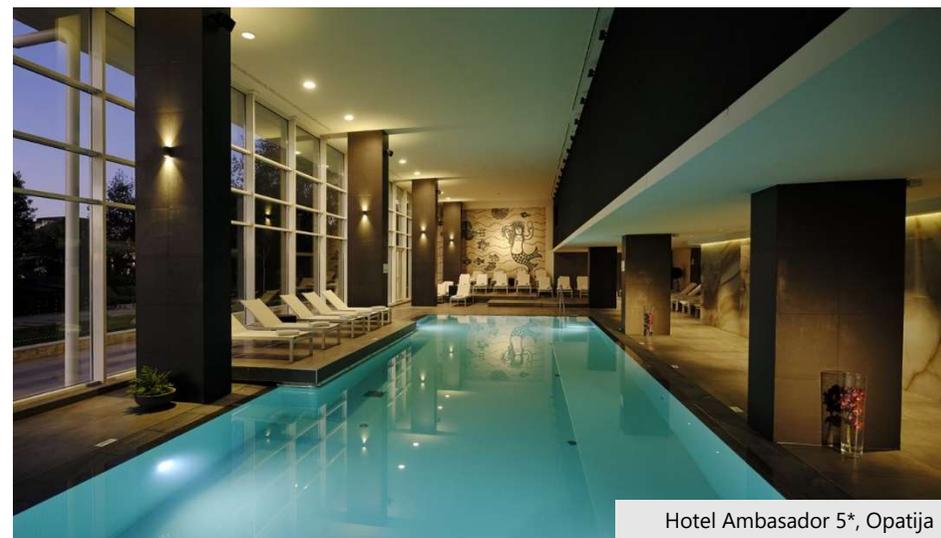
Given the resilience of the tourism industry in Croatia, especially the locations where Liburnia Riviera has its own tourist capacities, the strategic focus of the Government of the Republic of Croatia on key resources and the promotion of investments in tourism, are fundamental grounds for acceleration of business normalization, expediting the growth of Croatia's total GDP and increasing the competitiveness of the Croatian tourism sector in the coming period.

Liburnia Riviera, as a company with strong positive net asset value and simultaneous ownership and management of valuable hotel and tourist facilities together with contracted credit lines and refinancing of credit obligations during 2021, has created the necessary preconditions for expected normalization of the business during 2022 and 2023, and further sustainable growth and development of the company.

ABOUT LIBURNIA RIVIERA

Liburnia Riviera is one of the largest hospitality companies in the Republic of Croatia with revenues of over HRK 300 million in pre-COVID-19 market conditions. Opatija, also known as the 'Old Lady', 'Pearl of the Adriatic' or 'Queen of Tourism', represents an exclusive Adriatic resort with a long history of tourism dating back to 1844, and Liburnia Riviera's tourism portfolio has been highly integrated into international tourist markets for more than 100 years. Liburnia Riviera has about 2,300 keys in its tourism portfolio where in its 14 hotels, 3 villas, 2 apartment complexes and one camping resort it can host more than 4,700 guests per day. Catering for the perfect holiday and authentic experiences for them, there is almost 1,000 high-season employees.

Adhering to the vision of positioning of the Opatija Riviera as one of the best tourist destinations in the Mediterranean, the Opatija Riviera needs a significant strategic shift in tourism development that will ultimately result in further improvements and upscaling of tourist products and experiences. As the largest hotelier on the Opatija Riviera, Liburnia Riviera has launched internal reorganization measures, improving the business model, as well as renovating and reconstructing hotels and other premises in 2020 and 2021. However, due to the COVID-19 pandemic outbreak and its adverse impact on all industries, economic and tourist flows, including Liburnia's cash flow, the amount of planned investments decreased compared to the initial expectations and development plans. Nevertheless, the Company is focused on a strategy to stimulate growth and create new value, recognizing the started reorganization to be the first step in building a solid ground for sustainable investments in high value-added products, talents, innovative services and destinations, as well as international branding.



Hotel Ambassador 5*, Opatija



Hotel Ičići 4*, Ičići

SIGNIFICANT BUSINESS EVENTS

IMPACT OF COVID-19 ON THE COMPANY'S BUSINESS

Considering the continued adverse impact of COVID-19 unpredictable spread and resulting issues for the Company's business, actions and events related to the pandemic are explained in more detail in the chapter "Business management during the COVID-19 pandemic", to follow.

LIBURNIA RIVIERA GENERAL ASSEMBLY

General Assembly was held on 9th August 2021, with the following admissions:

- the Remuneration Report of Management and Supervisory Board Members for 2020 is approved together with the auditor's report of its inspection;
- the Company's realized loss for 2020 in the total amount of HRK 161,386,839 is distributed in such a way that part of HRK 27,105,058 is recovered from the Company's retained earnings, and the difference in the amount of HRK 134,280,781 is recorded as a transferred loss;
- discharge is given to the Board members responsible for managing the Company's business and to the members of the Supervisory Board for the supervision of the management of the Company's affairs in 2020;
- Auditor Grant Thornton revizija d.o.o. from Zagreb is appointed to carry out the audit of Liburnia Riviere in 2021;
- Mr. Johannes Böck and Mrs. Ana Odak were elected as new members of the Supervisory Board, following received resignations of Mr. Klaus Riederer, by then President and Mr. Branimir Žarkovic, by then member of the Supervisory Board.

STRENGTHENING MEDIUM-TERM LIQUIDITY

At the end of July 2021, the Company contracted refinancing of the most of its existing loan obligations with the Company's largest lender, Erste&Steiermärkische Bank d.d., amounting to EUR 25 million which, by extending repayment periods, strengthened the future liquidity position in accordance with the sound management of the Company's long-term sustainability in the COVID-19 pandemic.

In September 2021, the Company entered into a loan agreement with Sberbank d.d. in the amount of EUR 11.5 million for a period of 6 years for the purpose of financing the working capital and ensuring the company's medium-term liquidity. These legal activities are a confirmation of trust of investors and financiers in the further development of Liburnia Riviera, as well as in the rapid recovery and further development of Croatian tourism.

BUSINESS SHARE PURCHASE AGREEMENT

Gitone Kvarner d.o.o. from Zagreb and Liburnia Riviera Hotels d.d. entered into a contract for the purchase of business shares in the amount of EUR 3.7 million, which gave Liburnia Riviera 100% shares of Aeris, company based in Opatija, for the purpose of consolidating and developing of future tourist products in geostrategic positions in Opatija.



Vila Elsa 4*, Opatija

BUSINESS MANAGEMENT DURING THE COVID-19 PANDEMIC

Market remained uncertain in the first half of 2021, as countries across Europe experienced a resurgence of COVID-19 patients, resulting in movement restrictions of various degrees, aimed at reducing the number of COVID-19 infections, and ultimately undermining the travel demand until May 2021. During June, governments across Europe began easing restrictions on movements. That had a positive impact on the number of reservations and a strong increase in demand in Croatia, so most of Liburnia Riviera facilities (79% capacity) were open for the summer season.

During July and August there was a noticeable increase in the number of overnight stays with high levels of occupancy of open capacities (July: 72%; August: 83%) with a significant increase in average daily prices in July and in August.

In the post-season, i.e. during the fourth quarter of 2021, stricter epidemiological measures were reintroduced in the Republic of Croatia in order to reduce the sharp infected persons number increase. Nevertheless, in the same period, Liburnia Riviera recorded an increase in arrivals and overnight stays compared to 2020 with an increase in the average daily price. These results indicate the start of recovery and normalization of Liburnia Riviera's business and assures the resilience of Croatian tourism.

The Company continues to continuously monitor situation related to the adverse impact of the COVID-19 pandemic on market dynamics and analytically assesses necessary changes in its operations. At present, the Company still applies preventive measures to protect the health of guests and employees. In addition, in cooperation with the city of Opatija and the Teaching Institute for Public Health (NZZJZ), a public testing center for guests and employees has been set up, and employees have access to self-testing

kits on Company premises. Benefits of employee vaccination are continuously and actively promoted in agreement with the epidemiological service, complemented by the observance of "Stay safe" standards defined by the Croatian Tourist Board and the NZZJZ.

IMPROVEMENTS OF TOURIST PRODUCTS AND SERVICES

Focusing on the increase of quality of services and safety of guests and employees, the Company continuously implements comprehensive set of activities. These include implementation of crisis procedures while providing general information on COVID-19 spread, and measures to prevent the occurrence and control of spread of respiratory viruses. In addition, precautionary activities comprise of restriction of the number of seatings in restaurants in accordance with the prescribed measures, mandatory wearing of masks for all employees in contact with guests, the possibility of testing for guests and delivering results, mandatory temperature check for employees, as well as continuous disinfection of all public spaces and accommodation units, including additional disinfection measures after the departure of a guest.

Incrementally adapting to the impact of the pandemic, and to increase the demand for the Company's tourist capacities, policy of active management and adjustment to daily prices of tourist facilities has been intensified, as well as the creation of packages with additional services included, which has certainly contributed to the realization of a significant increase in average daily prices in high season. In the present circumstances of uncertainty related to the further development of the pandemic and the freedom of movement of people, the final effect of the entry of new reservations in 2022 cannot be definitely predicted, especially given the pronounced trend of "last-minute" bookings, but also the simplified cancellation policy. At the end of February 2022, Liburnia Riviera recorded almost three times higher reservations in the books compared to the same period last year.

MEASURES TO SUPPORT AND HELP THE ECONOMY

The competent state and local authorities have adopted packages of support measures and assistance to the economy to mitigate the consequences of the specific circumstances caused by the COVID-19 pandemic, in order to overcome short-term liquidity challenges and ensure the preservation of jobs. The Company has undertaken a comprehensive scope of actions to minimize negative impact on its own business, including, inter alia, the use of support to preserve jobs (HRK 4,000 per employee for salaries during the first seven months of 2021) and exemption from tax liabilities and contribution obligations, which relieved the cost of employees during 2021 by a total of HRK 16.3 million.

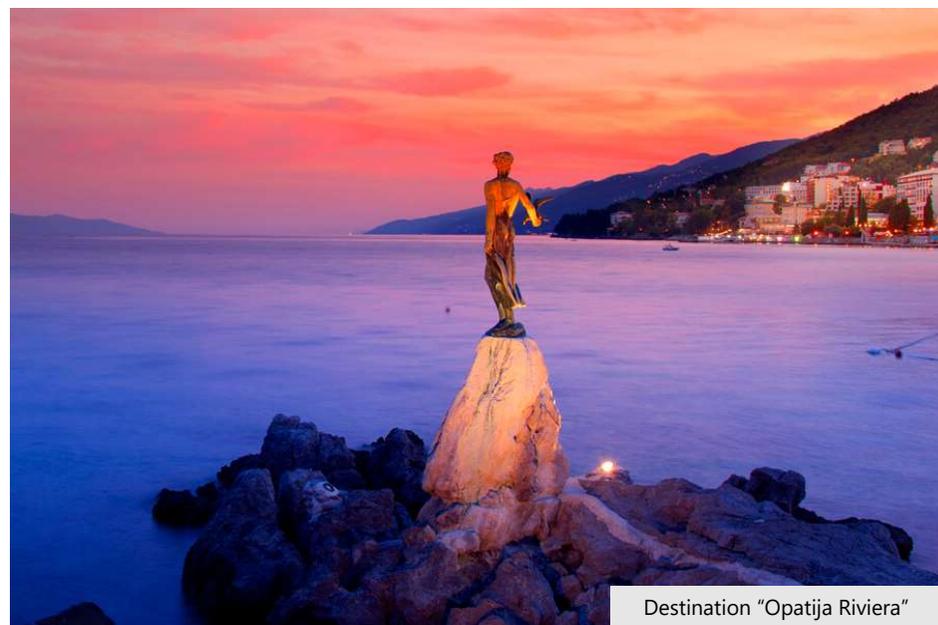
LIQUIDITY PROTECTION

Aiming to secure liquidity and solvency, the Company continued its financial savings measures throughout 2021, mainly in the part of direct and operating costs due to reduced business volumes while ensuring the smooth business continuation. Cash outflow plans continued to be adapted to crisis management measures and included a high level of savings in direct and operational costs due to reduced volume of operations and minimization of otherwise fixed costs by dynamically opening tourist facilities while rationally using the workforce. Rationalization of operating costs included savings in energy costs, direct costs of food and beverages, costs of maintenance of systems and processes through negotiations with suppliers for lower prices, as well as minimizing employee costs through active resources management according to the needs. During May and June, with the opening of tourist facilities due to the strong entry of new reservations, Company actively hired additional seasonal workers, thereby increasing the number of employees to 742 in the peak season.

With the support of social partners and Government measures, the Company preserved all jobs without laying off and reducing working conditions to

sustain business continuity. In addition, in cooperation with the unions, rewards were agreed and paid for permanent and seasonal workers depending on the months of their work.

In 2020, moratoriums on the repayment of credit obligations were successfully agreed until 30 June 2021 in accordance with the applicable measures. Thus, in agreement with commercial banks, the repayment of the principal in the total amount of HRK 89.2 million was deferred. At the end of July, greater portion of the existing loan obligations to the Company's largest lender, Erste&Steiermärkische Bank d.d. was refinanced in the amount of EUR 25 million, which strengthened the medium-term cash position by extending repayment periods. Activities by sound management of long-term business sustainability continued in September 2021, when a long-term loan agreement with Sberbank d.d. was signed in the amount of EUR 11.5 million for a period of 6 years.



Destination "Opatija Riviera"

COMPANY RESULTS

KEY FINANCIAL INDICATORS¹

(in HRK million)	2020	2021	2021/2020
Total revenues	110.9	249.1	125%
Operating revenues	110.7	248.2	124%
Sales revenue	73.1	215.9	195%
Board revenues ²	59.1	180.8	206%
Operating costs ³	134.1	216.2	61%
EBITDA ⁴	-31.7	20.9	n/a
Adjusted EBITDA ⁵	-23.7	36.6	n/a
EBIT	-164.3	-81.1	51%
EBT	-172.1	-87.0	49%
	31.12.2020	31.12.2021	2021/2020
Net debt ⁶	265.3	350.2	32%
Cash and cash equivalents	12.0	15.2	26%

KEY OPERATING INDICATORS

	2020	2021	2021/2020
Number of acc. units (operating)	1,212	1,828	51%
Annual occupancy (%) ⁷	16.7%	29.7%	1.300bp
Accommodation units sold	73,991	198,308	168%
Overnights	143,718	387,040	169%
Average daily rate (in HRK)	798	912	14%
RevPAR ⁷ (in HRK)	48,735	98,888	103%

¹ Classified according to Quarterly Financial Statement standard (TFI PODRDG) EBIT and EBITDA are recorded on the basis of operating income.

² In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry) board revenues includes accommodation revenues and board food and beverage revenues.

³ Operating costs calculated according to the formula operating expenses - depreciation - value adjustment - provisions.

In 2021, total revenues amounted to HRK 249.1 million, which represents an increase of 125% compared to the same period last year.

The increase in total revenues in the amount of HRK 138,2 million was influenced by:

a) **a significant increase in sales revenues** in the amount of 195% (HRK +142.8 million) to the level of HRK 215.9 million, consisting primarily of board revenues in the amount of HRK 180.8 million (+206%; HRK +121.7 million). Despite extraordinary restrictions on movement, including restrictions on gatherings, partial restrictions on the operation of catering establishments and shops, and restrictions on border crossings and travel border controls which consequently created a gap in the greater part of pre-season during the first half of 2021, there was an 81% increase in board revenues (HRK +16.9 million).

In high season, we have witnessed a strong demand for tourist capacities in Croatia due to the great desire of tourists to travel after a long period of restrictions and bans on crossing state borders and related quarantines. Consequently, Liburnia Riviera recorded an 242% increase in board revenues in the third quarter of 2021 (HRK +84.8 million), primarily in the individual marketing segment thanks to a diverse tourism portfolio and convenient geographical location for automobile guests (Croatians, Germans, Austrians, Hungarians, Czechs, Slovenians, Italians, Serbs). This represents Liburnia Riviera's natural hedge from market disruptions caused by COVID-19 pandemic.

⁴ EBITDA (earnings before interest, taxes, depreciation and amortization) is calculated according to the formula: operating income - operating expenses + depreciation + value adjustments.

⁵ Adjusted EBITDA includes adjustments for the result of extraordinary operations and one-off items: i) extraordinary net expenses for long-term provisions (2020: HRK 7.9 million, 2021: HRK 8.9 million) and expenses for severance provisions (2021: HRK 6.8 million).

⁶ Net debt: long-term and short-term liabilities to banks and other financial institutions + other liabilities in accordance with IFRS 16 (leases) - cash and cash equivalents.

⁷ Annual occupancy and RevPar calculated based on the number of operating accommodation units.

During the post-season (October - December) a 625% increase in board revenues (HRK +20.1 million) was recorded primarily in the individual marketing segment due to the organization of many interesting events and experiences for guests such as the Chocolate Festival in Opatija, Active & Healthy offer in Hotel Istria, as well as the New Year's program during which a total of 7 hotels were opened. An increase in board revenues was also recorded in the Group and M.I.C.E segments, which are characterized by a gradual recovery, after their sharp decline in 2020. With a significant sales increase of accommodation units (+168%) to the level of 198,308 units, strong support to the increase of sales revenues comes from a 14% increase in the average daily price during 2021 versus 2020. During July and August there was a noticeable increase in the number of overnight stays coupled with high levels of open capacity occupancy (July: 72%; August: 83%) and significant increases in average daily prices in July and August. It is significant to note that the average daily price achieved during the third quarter was 25% higher than in the comparative period of 2020 and 19% higher than in the comparative period of 2019, respectively.

b) realized **other operating revenues** in the amount of HRK 32.3 million, which represents a decrease of 14% compared to the same period in 2020. The decrease is a result of a shorter period of support measures usage, which includes Government's support for job preservation (HRK 4,000 per employee) and exemption from related contributions and tax liabilities (7 months in 2021, compared to 10 months in 2020). This part affected other operating revenues with HRK 16.3 million (HRK 26.9 million in 2020), while the rest is mainly due to the rent income, revenues from re-invoicing and long-term litigation provisions cancellation.

c) realized **financial revenue** in the amount of HRK 0.8 million (HRK +0.6 million compared to the same period in 2020) primarily due to the realized positive exchange rate differences on long-term loans due to the appreciation of the domestic currency against the euro on annual level.

OPERATING EXPENSES

(in HRK million)	2020	2021	2021/ 2020
Total operating expenses	275.0	329.3	20%
Material costs	52.8	98.5	87%
Staff costs	58.1	95.8	65%
Depreciation and amortization	109.8	100.2	-9%
Provisions and value adjustments	31.1	12.9	-58%
Other operating expenses	23.2	21.9	-5%

Total operating expenses amounted to HRK 329.3 million with an increase of 20% (HRK +54.3 million). The structure of total operating expenses consists of:

- a) **material costs** with a share of 30% (19% in 2020). The 87% growth (HRK +45.7 million) to the level of HRK 98.5 million is primarily due to an increase in direct costs of raw materials and materials due to increased volume of operations and the inflationary pressures in the second half of 2021;
- b) **staff costs** with an increase in the share of total operating expenses (29%) compared to the previous comparative period (21% in 2020). The reasons for the 65% increase (HRK +37.7 million) to the amount of HRK 95.8 million are found in a) the increase in business volumes and the associated increase in the number of hours worked, b) new employment that was necessary to ensure the quality of service in higher category tourist facilities, c) further strengthening of the key management team, aiming to transform the business model in order to make Liburnia Riviera an internationally competitive tourism company in the hotel business in the medium term and d) provisions for future severance payments in the amount of HRK 6.8 million in order to improve the organizational structure that supports the next

- phase of the company's growth and sustainable business development;
- c) **depreciation** with a share of 30% (40% in 2020). Its 9% decline (HRK - 9.6 million) to the level of HRK 100.2 million is a result of the absence of stronger investment cycles during 2020 and 2021 in order to preserve and prudently manage liquidity due to the COVID-19 pandemic;
 - d) **provisions and value adjustments** with a share of 4% (11% in 2020) recorded a decrease of 58% (HRK -18.2 million) compared to the same period last year to the amount of HRK 12.9 million due to much lower long-term and short-term tangible assets write-off (2020: HRK 22.9 million). Provisions and value adjustments in 2021 relate to: i) increase in provisions for initiated litigation during the year and provisions for accrued default interest on litigation reserved in previous years in the total amount of HRK 11.2 million and ii) write-off of long-term tangible assets in the amount of HRK 1.7 million.
 - e) **other operating expenses** with a share of 7% (8% in 2020). The 5% decline (HRK -1.3 million) to HRK 21.9 million is primarily due to decreased utility expenses.

EBITDA

Despite still pronounced impact of the COVID-19 pandemic and lack of the larger portion of pre-season business, Liburnia Riviera achieved positive EBITDA in the amount of HRK 36.6 million (2020: HRK -23.7 million) adjusted for litigations and severance provisions.

The rise of HRK 60.3 million is due to: i) an increase in operating income due to strong demand for tourist capacities mainly during peak season, ii) a significant increase in the average daily price (+14% compared to 2020 and +25% compared to 2019) due to the optimization of sales channels and marketing activities and improvement of the revenue management policies, and iii) further optimization and rationalization of operating costs.

FINANCIAL RESULT

Financial result amounts to HRK -5.9 million (HRK -7.8 million in 2020). The main reasons for HRK 1.9 million of better financial performance compared to the previous comparative period are primarily found in the lack of last year's depreciation of the domestic currency against the euro on an annual basis and the consequent lack of negative exchange rate differences on long-term debt.

GROSS PROFIT/(LOSS)

Pre-tax loss in 2021 amounts to HRK -87.0 million (HRK -172.1 million in 2020), representing an improvement of 49% as a result of stronger business operations.

ASSETS AND LIABILITIES

As of 31 December 2021, the total value of the Group's assets amounted to HRK 950.9 million, up by 2,1% compared to 31 December 2020. Fixed assets amounted to HRK 906.2 million and are lower by HRK 1.6 million mainly as a result of: i) accrued depreciation in the amount of HRK 100.2 million, and ii) performed low investment cycle necessary to maintain the existing quality of products and services, as well as asset acquisitions and financial assets purchase to consolidate assets nearby existing facilities and to further develop tourism products and services in the total amount of HRK 95.9 million.

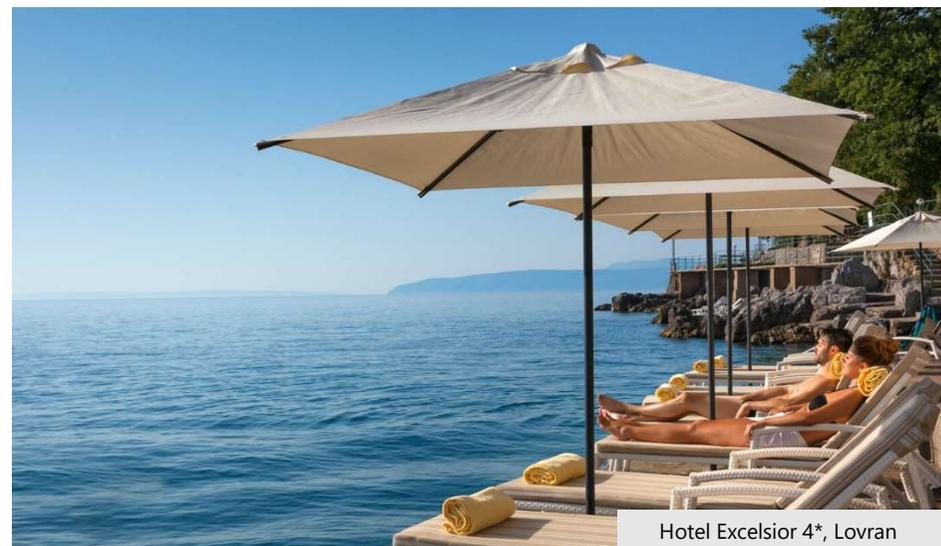
Total current assets increased by HRK 20.8 million to the amount of HRK 44.1 million as a result of a stronger cash position (HRK 15.2 million; HRK +3.1 million compared to 31 December 2020) and a higher balance of receivables (HRK +15.7 million). The rise in short-term receivables primarily refers to: i) increase in trade receivables due to the opening of 7 hotels during the New Year holidays, which were mostly collected during January, and ii) increase in intra-group receivables taken over with the Aeris company acquisition (details in chapter: "Significant Business Events").

Total share capital and reserves decreased by 14.7% to the amount of HRK 518.7 million as a result of the realized loss in 2021.

Total long-term liabilities grew from HRK 184.0 million to HRK 297.1 million due to refinancing most of the existing loan obligations towards Erste&Steiermärkische Bank d.d. and the withdrawal of long-term credit lines in order to strengthen the Company's liquidity position.

Total short-term liabilities amounted to HRK 110.5 million, down by 11.5% (HRK -14.3 million) compared to 31 December 2020. The decline is largely due to refinancing most of the credit exposure towards Erste&Steiermärkische Bank

d.d. On the other hand, the increase in short-term liabilities to employees (HRK +11.0 million compared to 31.12.2020) is influenced by: i) higher number of working hours in December due to higher business volumes, ii) increase in the balance of accrued redistribution of working hours and annual leaves in the amount of HRK 2.7 million, and iii) provisions for future severance payments in the amount of HRK 6.8 million due to the business reorganization in order to increase operational efficiency, develop a stimulating corporate culture and climate and improve the organizational structure that supports the next phase of company growth and sustainable business development.



Hotel Excelsior 4*, Lovran

RISKS IN THE COMPANY'S BUSINESS

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

The aim of risk management is to further encourage the creation of sustainable value and to assure 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 number of risks in daily business that can be divided into the following categories:

1) FINANCIAL RISKS

Financial risks include currency, interest rate, credit, price and liquidity risk. Since the Company operates internationally, it is exposed to currency risk, which mainly arises from changes in the nominal exchange rate of EUR/HRK. Majority of the proceeds from sales abroad are generated in EUR, the currency in which all long-term credit debt is denominated, so the Company is for the

most part naturally protected from currency risk. However, a certain part of liabilities (primarily obligations to suppliers and obligations to employees) are expressed in HRK, which is why the Company actively manages currency risk through financial instruments available on the financial market, in accordance with the current state and future assessment of the Company's foreign exchange position, expectations of the movement of the value of the EUR/HRK currency pair, as well as other cross-currency relationships between the world currencies.

Furthermore, part of the debt with banks contracted at variable interest rates partially exposes the Company to the risk of changing interest outflows at cash flow, while credit risk arises from money, term deposits and trade receivables. Credit risk is minimized by arranging deals with customers who have an appropriate credit history, arranging prepayments or payments through security deposits and credit cards for individual customers. The Company also acquires insurance instruments for receivables (bills of exchange, promissory notes and guarantees) thus allaying the risks of non-performing of its claims for the services provided. In view of the negative consequences of COVID-19 on the Company's customers, mainly tour operators and travel agencies, the Company continuously monitors the adverse impact on related parties, 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 2021 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. The COVID-19 pandemic, as an external stressor on the Company's business, has created strong pressures on operating cash flow. In accordance with sound management of the now increased liquidity risk, escalation plans for minimizing operating and fixed costs, preserving liquidity, solvency of companies and maintaining business continuity have been developed and activated. Also, together with applications for measures to support and assist the economy and the tourism sector, including deferring the payment of overdue principal on long-term loans in accordance with the given possibility of a moratorium on the repayment of credit obligations, a refinancing of part of the existing credit exposure and the provision of a new liquidity credit line was carried out (more details in chapter 'Business management during the COVID-19 pandemic').

2) BUSINESS RISKS

The Company is exposed to business risk 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 an inconsistent quality of work. These risks may adversely affect the Company's cost increase, as well as weaker cash flow and lower revenues.

Given that in conditions of a stable market, excluding the impact of the pandemic, more than 90% of the Company's guests are guests from abroad, the stability of macroeconomic indicators in their domicile countries is very important, where the exchange rate and 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 labour market in recent years has identified risks related to deficit positions, the development of new knowledge and specific skills. The Company's ability to provide support to its business may be impaired if the Company is unable to hire, train and retain the sufficient number of workers necessary for the realization of its business strategy and sustainable growth and development, especially during the high season from June to September. Therefore, the Company continuously engages in a dialogue with social partners and ensures high level of workers' rights, starting with wage competitiveness, motivation and reward systems, until the career development, health care programmes and numerous training programmes.

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 analysis of data that actively monitor Company's business actions, thus providing timely work frame for valid business decisions.

Quality human resources management is the basis of future sustainable development of the Company, and hence the opening and expansion of the labor market highlights risks related to deficient positions, development of

new knowledge and specific skills. Proactive monitoring and identifying global tourism trends helps Liburnia Riveira to define the need for new knowledge and skills, as well as respond to challenges in the environment. Therefore, in dialogue with the social partners, the Company seeks to ensure a high level of workers' rights in terms of wage competitiveness, motivation and reward systems, as well as career development, health care and cooperation with educational institutions throughout Croatia.

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



Hotel Istra 3*, Opatija

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.

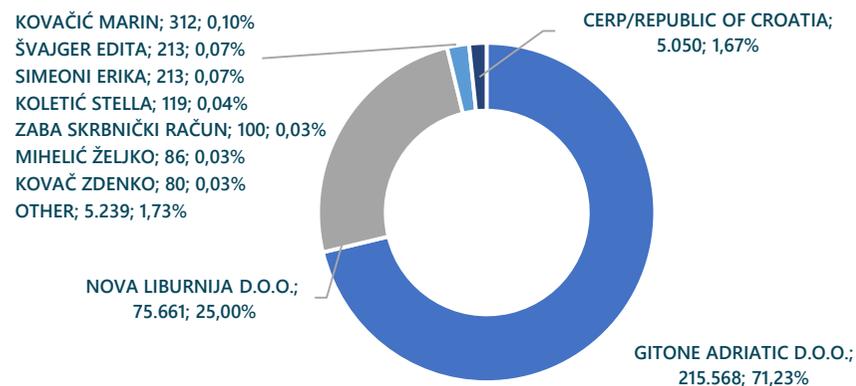
During 2021 for the most part, the Company has followed and applied the recommendations set out in the Code, disclosing all information as foreseen by the positive regulations and information beneficial for the interest of the Company's shareholders.

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

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

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

Overview of the largest shareholders of the Company on December 31, 2021:



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 of voting rights. Each ordinary share carries one vote at the General Assembly.

The Company's rights and obligations arising from the acquisition of its own shares are exercised in accordance with the provisions of Companies Act (ZTD). On the day of 31 December 2021, the Company holds 4 of its own shares, and in 2021 the Company did not acquire its own shares.

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

The Management Board of the Company shall be appointed and revoked by the Supervisory Board.

Until 4 March 2021, President of the Management Board of the Company was Mr. Agron Berisha, who resigned during the first quarter of 2021, and board member was Mr. Johannes Böck. On 5 March 2021, the Supervisory Board appointed Mr. Vladimir Bosnjak as the new President of the Management Board, and on 14 June 2021, Mr. Karl Eckerstorfer was appointed as the third Board Member of the Company. In August 2021, Mr. Johannes Böck resigned as a member of the Management Board and from that day until the end of October 2021 the Company acts with two-member Board: Mr. Vladimir Bosnjak as the President of the Board, and Mr. Karl Eckerstorfer as a member of the Management Board. From 1.11.2021. due to the resignation of Mr. Bošnjak, the former President of the Management Board, Company continues to be managed by Mr. Eckerstorfer, in the position of President of the Management Board with the newly appointed member of the Management Board, Mr. Dušan Mandič.

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

Company's Assembly appoints and revokes the Supervisory Board, in accordance with the Statute of the Company and the Companies Act (ZTD), and on the day of 31 December 2021 is composed of the following members:

- Johannes Böck, President,
- Alexander Paul Zinell, Deputy President,
- Philip Göth, member,
- Thomas Mayer, member,
- Davor Žic, member,
- Helena Masarić, member,
- Domijan Mršić, member,
- Ana Odak, member.

By shareholders' decision of Nova Liburnia d.o.o. on 23 June 2021, Mr. Davor Žic was appointed as a member of Supervisory Board of the Company, instead of Ms. Andreja Rudančić. At the General Assembly of the Company held on 9 August 2021, Ms. Ana Odak and Mr. Johannes Böck were elected as Supervisory Board members, with Mr. Johannes Böck being elected as President during the first subsequent Supervisory Board meeting, since Company received the resignation of Mr. Klaus Riederer, by then President, and by Mr. Branimir Žarković, by then member of the Supervisory Board. On December 30, 2021, the company received the resignation of Mrs. Barbara Mesić, now former member of the Supervisory Board.

As a rule, the Management Board and the Supervisory Board work in meetings, by decision-making without holding meetings, by correspondence, all in accordance with the provisions of positive regulations. The General Assembly is convened, operates and has the authority in accordance with the provisions of the ZTD as well as the provisions of the Statute of the Company, and the

invitation and proposals of decisions, as well as the decisions taken, are made public in accordance with the provisions of the Companies Act (ZTD), the Capital Market Act and the Rules of the Zagreb Stock Exchange d.d. The rules on the appointment and revocation of members of the Management Board and members of the Supervisory Board are defined by the Statute, and in accordance with the provisions of the Companies Act (ZTD). The appointment rules do not contain any restrictions on diversity with regards to gender, age, education, profession and similar limitations.

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

Audit Committee: Mr. Branimir Žarković, President (until resignation) and Mr. Philip Göth and Mr. Domijan Mršić, members,

Strategic Development, Investments and Constructions Committee: Mr. Johannes Böck, President and of Mr. Domijan Mršić and Mrs. Ana Odak, members,

Procurement Committee: Mr. Johannes Böck, President and of Mr. Domijan Mršić and Mrs. Ana Odak, members.

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

Opatija, February 28th, 2022

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. Management report and report of the corporate governance code for the period from 01.01.2021. to 31.12.2021. were approved for issuance by the Management Board.

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

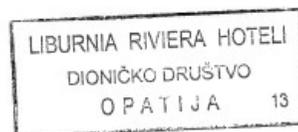
Interim unaudited unconsolidated financial statements of Liburnia Riviera Hotels d.d. have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Croatian Accounting Act.

The unaudited unconsolidated financial statements for the period from 1 January to 31 December 2021 give a true and fair view of the Company's assets and liabilities, financial position, profit or loss.

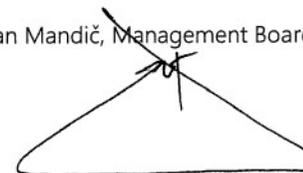
The management report, together with the unaudited financial statements for the stated period, contains an objective presentation of the development and results of operations and position of the Company with a description of the most significant risks and uncertainties to which the Company is exposed.



Mr. Karl Eckerstorfer, Management Board President



Mr. Dušan Mandič, Management Board Member



Annex 1**ISSUER'S GENERAL DATA**

Reporting period:

1.1.2021

to

31.12.2021

Year:

2021

Quarter:

4.

Quarterly financial statements

Registration number (MB):

03166619

Issuer's home
Member State code:

HR

Entity's registration
number (MBS):

040008080

Personal identification
number (OIB):

15573308024

LEI:

74780000COJHFR9WBI35

Institution
code:

1121

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

Postcode and town:

51410

OPATIJA

Street and house number: MARŠALA TITA 198

E-mail address: liburnia@liburnia.hr

Web address: www.liburnia.hr

Number of employees
(end of the reporting

645

Consolidated report:

KN

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Bookkeeping firm:

(Yes/No)

(name of the bookkeeping firm)

Contact person:

Kristina Lovrić

(only name and surname of the contact person)

Telephone:

+ 385 (0)51 710-347

E-mail address:

kristina.lovric@liburnia.hr

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

BALANCE SHEET
balance as at 31.12.2021

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	907.833.655	906.189.310
I INTANGIBLE ASSETS (ADP 004 to 009)	003	15.748.150	19.101.960
1 Research and development	004	445.970	501.975
2 Concessions, patents, licences, trademarks, software and other rights	005	11.778.261	9.218.145
3 Goodwill	006		
4 Advances for the purchase of intangible assets	007		
5 Intangible assets in preparation	008		
6 Other intangible assets	009	3.523.919	9.381.840
II TANGIBLE ASSETS (ADP 011 to 019)	010	870.968.717	835.150.908
1 Land	011	113.159.833	119.230.130
2 Buildings	012	578.790.808	542.313.179
3 Plant and equipment	013	25.600.306	22.500.116
4 Tools, working inventory and transportation assets	014	133.078.457	112.857.247
5 Biological assets	015		
6 Advances for the purchase of tangible assets	016	2.515.293	4.903.921
7 Tangible assets in preparation	017	14.318.728	29.460.205
8 Other tangible assets	018	3.505.292	3.886.110
9 Investment property	019		
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	7.716.435	41.205.240
1 Investments in holdings (shares) of undertakings within the group	021	7.716.435	41.205.240
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits, etc. to undertakings within the group	023		
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024		
5 Investment in other securities of companies linked by virtue of participating interests	025		
6 Loans, deposits etc. to companies linked by virtue of participating interests	026		
7 Investments in securities	027		
8 Loans, deposits, etc. given	028		
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030		
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
V DEFERRED TAX ASSETS	036	13.400.353	10.731.202
C) CURRENT ASSETS (ADP 038+046+053+063)	037	23.265.016	44.103.031
I INVENTORIES (ADP 039 to 045)	038	3.239.639	5.224.560
1 Raw materials and consumables	039	1.789.582	2.885.896
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	151.454	101.643
5 Advances for inventories	043	1.298.603	2.237.021
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	7.947.388	23.635.653
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interests	048	2.068.695	13.662.122
3 Customer receivables	049	1.482.169	6.751.015
4 Receivables from employees and members of the undertaking	050	32.877	53.276
5 Receivables from government and other institutions	051	4.363.647	3.169.240
6 Other receivables	052		
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	16.320	32.554
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057		
5 Investment in other securities of companies linked by virtue of participating interests	058		
6 Loans, deposits etc. to companies linked by virtue of participating interests	059		

7 Investments in securities	060	16.320	
8 Loans, deposits, etc. given	062		32.554
IV CASH AT BANK AND IN HAND	063	12.061.669	15.210.264
D) PREPAID EXPENSES AND ACCRUED INCOME	064	501.318	572.024
E) TOTAL ASSETS (ADP 001+002+037+064)	065	931.599.989	950.864.365
OFF-BALANCE SHEET ITEMS	066		275.131
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	608.323.687	518.668.341
I INITIAL (SUBSCRIBED) CAPITAL	068	696.074.300	696.074.300
II CAPITAL RESERVES	069		
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	46.530.168	46.513.848
1 Legal reserves	071	45.018.765	45.018.765
2 Reserves for treasury shares	072		9.200
3 Treasury shares and holdings (deductible item)	073		-9.200
4 Statutory reserves	074		
5 Other reserves	075	1.511.403	1.495.083
IV REVALUATION RESERVES	076		
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	27.105.058	-134.280.781
1 Retained profit	084	27.105.058	
2 Loss brought forward	085		134.280.781
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-161.385.839	-89.639.026
1 Profit for the business year	087		
2 Loss for the business year	088	161.385.839	89.639.026
VIII MINORITY (NON-CONTROLLING) INTEREST	089		
B) PROVISIONS (ADP 091 to 096)	090	12.476.993	21.397.957
1 Provisions for pensions, termination benefits and similar obligations	091	2.315.167	2.033.432
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	10.161.826	19.364.525
4 Provisions for renewal of natural resources	094		
5 Provisions for warranty obligations	095		
6 Other provisions	096		
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	183.974.058	297.130.786
1 Liabilities to undertakings within the group	098		
2 Liabilities for loans, deposits, etc. of undertakings within the group	099		
3 Liabilities to companies linked by virtue of participating interests	100		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101		
5 Liabilities for loans, deposits etc.	102		
6 Liabilities to banks and other financial institutions	103	180.232.700	287.539.871
7 Liabilities for advance payments	104		
8 Liabilities to suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	3.741.358	9.590.915
11 Deferred tax liability	108		
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	124.838.089	110.507.328
1 Liabilities to undertakings within the group	110		433.631
2 Liabilities for loans, deposits, etc. of undertakings within the group	111		
3 Liabilities to companies linked by virtue of participating interests	112		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113		
5 Liabilities for loans, deposits etc.	114		
6 Liabilities to banks and other financial institutions	115	92.440.295	67.016.346
7 Liabilities for advance payments	116	4.646.613	6.560.349
8 Liabilities to suppliers	117	16.353.124	13.778.415
9 Liabilities for securities	118		
10 Liabilities to employees	119	4.496.563	15.475.692
11 Taxes, contributions and similar liabilities	120	556.564	2.920.796
12 Liabilities arising from the share in the result	121		
13 Liabilities arising from fixed assets held for sale	122		
14 Other short-term liabilities	123	6.344.930	4.322.099
E) ACCRUALS AND DEFERRED INCOME	124	1.987.162	3.159.953
F) TOTAL - LIABILITIES (ADP 067+090+097+109+124)	125	931.599.989	950.864.365
G) OFF-BALANCE SHEET ITEMS	126		275.131

STATEMENT OF PROFIT OR LOSS
For the period 01.01.2021 to 31.12.2021.

in HRK

Submitter: LIBURNIA RIVIERA HOTELI d.d. OPATIJA					
Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	110.651.804	19.064.018	248.229.203	35.556.540
1 Income from sales with undertakings within the group	002			1.063.182	415.318
2 Income from sales (outside group)	003	73.148.256	3.911.217	214.864.857	29.582.841
3 Income from the use of own products, goods and services	004				
4 Other operating income with undertakings within the group	005				
5 Other operating income (outside the group)	006	37.503.548	15.152.801	32.301.164	5.558.381
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	274.970.725	99.943.263	329.316.065	96.873.689
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	52.790.301	13.919.088	98.511.321	19.713.388
a) Costs of raw materials and consumables	010	17.422.809	2.308.301	41.025.405	8.807.055
b) Costs of goods sold	011	12.979	0		0
c) Other external costs	012	35.354.513	11.610.787	57.485.916	10.906.333
3 Staff costs (ADP 014 to 016)	013	58.126.188	18.220.622	95.760.099	34.127.023
a) Net salaries and wages	014	38.565.544	12.870.498	66.690.555	24.921.044
b) Tax and contributions from salary costs	015	12.455.373	3.462.638	17.783.644	5.271.177
c) Contributions on salaries	016	7.105.271	1.887.486	11.285.900	3.934.802
4 Depreciation	017	109.751.506	29.550.877	100.153.498	24.873.414
5 Other costs	018				
6 Value adjustments (ADP 020+021)	019	22.916.579	22.895.749	1.793.208	1.743.194
a) fixed assets other than financial assets	020	22.228.346	22.223.540	1.793.208	1.743.194
b) current assets other than financial assets	021	688.233	672.209		
7 Provisions (ADP 023 to 028)	022	8.166.238	8.166.238	11.152.159	11.152.159
a) Provisions for pensions, termination benefits and similar obligations	023				
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025	8.166.238	8.166.238	11.152.159	11.152.159
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	23.219.913	7.190.689	21.945.780	5.264.511
III FINANCIAL INCOME (ADP 031 to 040)	030	262.574	164.518	840.320	778.730
1 Income from investments in holdings (shares) of undertakings within the group	031				
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032				
3 Income from other long-term financial investment and loans granted to undertakings within the group	033				
4 Other interest income from operations with undertakings within the group	034				
5 Exchange rate differences and other financial income from operations with undertakings within the group	035				
6 Income from other long-term financial investments and loans	036				
7 Other interest income	037	2.289	263	193.428	193.398
8 Exchange rate differences and other financial income	038	260.285	164.255	646.892	585.332
9 Unrealized gains (income) from financial assets	039				
10 Other financial income	040				
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	8.078.650	5.810.934	6.723.333	2.934.771
1 Interest expenses and similar expenses with undertakings within the group	042				
2 Exchange rate differences and other expenses from operations with undertakings within the group	043				
3 Interest expenses and similar expenses	044	2.992.758	812.490	4.844.610	1.746.962
4 Exchange rate differences and other expenses	045	1.624.263	1.536.815	140.224	67.747
5 Unrealized losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048	3.461.629	3.461.629	1.738.499	1.120.062
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049				
VI SHARE IN PROFIT FROM JOINT VENTURES	050				
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051				
VIII SHARE IN LOSS OF JOINT VENTURES	052				
IX TOTAL INCOME (ADP 001+030+049 +050)	053	110.914.378	19.228.536	249.069.523	36.335.270
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	283.049.375	105.754.197	336.039.398	99.808.460
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-172.134.997	-86.525.661	-86.969.875	-63.473.190
1 Pre-tax profit (ADP 053-054)	056	0	0	0	0
2 Pre-tax loss (ADP 054-053)	057	-172.134.997	-86.525.661	-86.969.875	-63.473.190
XII INCOME TAX	058	-10.749.158	-10.749.158	2.669.151	2.669.151
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-161.385.839	-75.776.503	-89.639.026	-66.142.341
1 Profit for the period (ADP 055-059)	060	0	0	0	0

2 Loss for the period (ADP 059-055)	061	-161.385.839	-75.776.503	-89.639.026	-66.142.341
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0	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 (ADP 062-065)	066	0	0	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations))					
XVI PRE-TAX PROFIT OR LOSS (ADP 055-+062)	068	0	0	0	0
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	0	0	0	0
1 Attributable to owners of the parent	076				
2 Attributable to minority (non-controlling) interest	077				
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	-161.385.839	-75.776.503	-89.639.026	-66.142.341
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	0	0	0	0
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0	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 (ADP 088 to 095)	087	0	0	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 (ADP 080+087- 086 - 096)	097	0	0	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-161.385.839	-75.776.503	-89.639.026	-66.142.341
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	0	0	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 01.01.2021. to 31.12.2021.

in HRK

Submitter: LIBURNIA RIVIERA HOTELI d.d. OPATIJA			
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	-172.134.997	-86.969.875
2 Adjustments (ADP 003 to 010):	002	146.923.930	115.023.689
a) Depreciation	003	109.751.506	100.153.498
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	22.916.579	1.793.207
c) Gains and losses from sale and unrealized gains and losses and value adjustment of financial assets	005	-184.631	-63.749
d) Interest and dividend income	006	-2.289	-193.428
e) Interest expenses	007	2.992.758	4.844.610
f) Provisions	008	7.917.307	8.920.964
g) Exchange rate differences (unrealized)	009	1.460.575	-431.413
h) Other adjustments for non-cash transactions and unrealized gains and losses	010	2.072.125	
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	-25.211.067	28.053.814
3 Changes in the working capital (ADP 013 to 016)	012	310.644	5.780.990
a) Increase or decrease in short-term liabilities	013	-116.430	12.265.979
b) Increase or decrease in short-term receivables	014	17.322	-4.500.068
c) Increase or decrease in inventories	015	409.752	-1.984.921
d) Other increase or decrease in working capital	016		
II Cash from operations (ADP 011+012)	017	-24.900.423	33.834.804
4 Interest paid	018	-2.952.386	-3.500.527
5 Income tax paid	019	704.481	
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-27.148.327	30.334.277
Investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	185.931	89.000
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	2.289	1.537
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposits	025		
6 Other cash receipts from investment activities	026		
III Total cash receipts from investment activities (ADP 021 to 026)	027	188.220	90.537
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-46.553.956	-62.413.703
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030		
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-9.302.452	-44.642.532
IV Total cash payments from investment activities (ADP 028 to 032)	033	-55.856.408	-107.056.235
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-55.668.188	-106.965.698
Financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	69.592.341	106.442.878
4 Other cash receipts from financing activities	038		
V Total cash receipts from financing activities (ADP 035 to 038)	039	69.592.341	106.442.878
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	0	-25.472.327
2 Cash payments for dividends	041		
3 Cash payments for finance lease	042	-658.267	-1.190.535
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		
5 Other cash payments from financing activities	044		
VI Total cash payments from financing activities (ADP 040 to 044)	045	-658.267	-26.662.862
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	68.934.074	79.780.016
1 Unrealized exchange rate differences in respect of cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-13.882.441	3.148.595
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	25.944.110	12.061.669
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	12.061.669	15.210.264

NOTES TO FINANCIAL STATEMENTS - TFI

(Drawn up for quarterly reporting periods)

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

Personal identification number (OIB): 1557308024

Reporting period: from 01.01.2021. to 31.12.2021.

Notes to financial statements for quarterly periods include:

a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (items 15 to 15C IAS 34 - Interim financial reporting).

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). They are made using the historical cost method. Significant business events and transactions in the observed period are explained in the report "Business results from 1.1.2021. to 31.12.2021." which was published simultaneously with this document on the company's website as well as on the website of the Zagreb Stock Exchange and submitted to the Official Register at the Croatian Financial Services Supervisory Agency.

b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period Report "Business results from 1.1.2021. to 31.12.2021. "as well as all officially published reports so far are available on the website of the Zagreb Stock Exchange and on the Company's website. Audited annual reports of Liburnia Riviera Hotels d.d. for 2020 are available on the website of the Zagreb Stock Exchange as well as on the company's website. (www.liburnia.hr, www.hanfa.hr, www.zse.hr).

c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (item 16.A (a) IAS 34 - Interim financial reporting)

The Company declares that the accounting policies applied in the preparation of the financial statements for the reporting period ending on 31.12.2021. are identical to those applied in the last published annual audited financial statements.

d) a description of the financial performance in the case of the issuer whose business is seasonal

Report "Business results from 1.1.2021. to 31.12.2021. "as well as all officially published reports so far are available on the website of the Zagreb Stock Exchange and on the Company's website (www.liburnia.hr, www.hanfa.hr, www.zse.hr).

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

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

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

Headquarters: Maršala Tita 198, 51410 Opatija

Legal form: joint stock company

Country of establishment: Republic of Croatia

OIB: 1557308024

Statistic number of the subject: 040008080

2. adopted accounting policies (only an indication of whether there has been a change from the previous period)

No changes were applied in the accounting policies.

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

All financial liabilities of the Company are included in the balance sheet.

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

Details are available in the published report "Business results from 1.1.2021. until 31.12.2021."

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

On 31.12.2021. long-term and short-term loans liabilities and liabilities under leasing contracts of the Company amounted to HRK 354,556,217, of which HRK 98,516,646.79 matures after more than 5 years.

Bank loans are secured primarily by mortgages on the Company's real estate, while leasing liabilities are secured by issued debentures of the Company.

Liabilities for leases according to IFRS 16 as of 31 December 2021, based on signed concession agreements, amount to HRK 9,113,449.06, of which HRK 5,519,786.35 is due after more than 5 years.

6. average number of employees during the financial year

Average number of employees in the period from 01.01.2021. to 31.12.2021. was 610.

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

The Company did not capitalize the cost of salaries in the reporting period.

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

Deferred tax assets amount to HRK 10,731,202 and are lower by HRK 2,669,151 due to the reduction of the tax base in 2021 for newly recognized expenses, which were unrecognized in previous periods.

9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted;

the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

The company has 100% ownership in the company Ika 21 d.o.o., with registered office at Ulica maršala Tita 198, Opatija. As of 31st of December 2020, the share capital of the company is HRK 20.000 and the loss was HRK 9 thousands. In August 2021, Liburnia also acquired 100% ownership in the company Aeris d.o.o. in Opatija, address Ulica marsala Tita 198. The share capital of the company on the day of acquisition amounts to HRK 20.000 and the loss in 2020 was HRK 8 thousand. The company also holds 33,3% stake in the limited liability company Remisens Hotel Group in Zagreb, Miramarska 24 with share capital in the amount of HRK 1.5 million and realized profit in 2020 in the amount of HRK 49 thousand.

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

During the business year, there were no new share subscriptions.

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

There are no certificates of participation, convertible debentures, guarantees, options or similar securities or rights related to the reporting period.

12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability

Not applicable.

13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member

Not applicable.

14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13

Not applicable.

15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available

Not applicable.

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

There are no arrangements with companies that are not included in the financial statements as of December 31, 2021.

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

There are no events with material effect in the financial position after the balance sheet date.