



LIBURNIA  
HOTELS & VILLAS

Hotel Ičići 4\*, Ičići

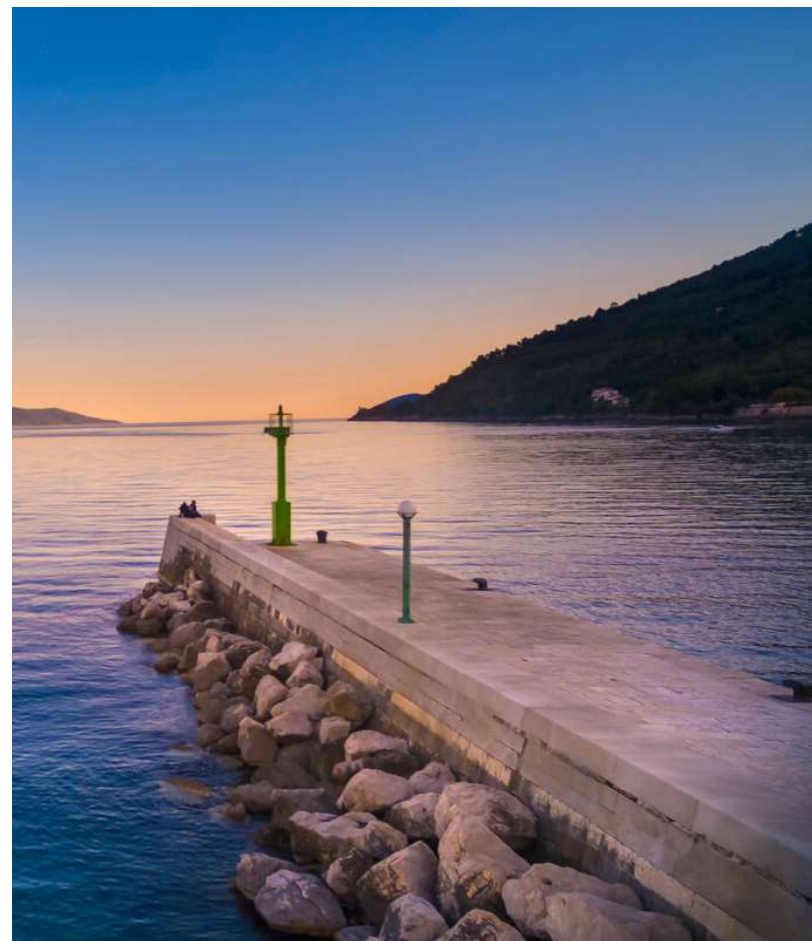
BUSINESS RESULTS 1/1/2022 - 31/3/2022

LIBURNIA RIVIERA HOTELI d.d.

Opatija, April 2022

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## KEY MESAGESS

### KEY FINANCIAL INDICATORS

(In HRK million)	3M 2021	3M 2022	3M '22/'21
Total revenues	8.7	24.5	181%
Operating revenues	8.7	24.5	181%
Sales revenues	1.9	23.0	1,126%
Board revenues	1.2	17.7	1,393%
Operating costs	21.8	35.3	62%
EBITDA	-13.1	-10.8	18%
EBIT	-38.6	-34.7	10%
EBT	-39.4	-38.5	2%
	<b>31/12/2021</b>	<b>31/03/2022</b>	<b>%</b>
Net debt	350.2	366.8	5%
Cash and cash equivalents	15.2	18.7	23%

### KEY OPERATING INDICATORS

	3M 2021	3M 2022	3M 22/'21
Number of acc. units (operating)	464	1,208	160%
Annual occupancy (%)	4.9%	23.3%	1,846 bp
Accommodation units sold	2,029	25,350	1,149%
Overnights	3,095	44,621	1,342%
Average daily rate (in HRK)	583	697	20%
RevPAR (in HRK)	2,549	14,621	474%

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

During the first quarter of 2022, Liburnia Riviera Hoteli d.d. (hereinafter Liburnia Riviera or the Company) recorded a recovery of tourism and business activities in relation to the comparable period in 2021. The strong recovery is due to the gradual mitigation of the COVID-19 impact on business activities, strategic focus on season prolongation, as well as the continuing trend of strong demand for Liburnia's tourist capacities, which started back in June 2021.

Operating revenues recorded a significant increase compared to the same period last year (+181%; HRK +15.8 million) totalling HRK 24.5 million as a result of: i) a significant increase in board revenues (+1,393%; HRK +16.5 million), achieved mainly in the individual segment together with the partial recovery of the group and M.I.C.E. segments, ii) a significant increase in F&B outlets revenues (HRK +3.3 million), and iii) strategic orientation on further tourist season prolongation and positioning Opatija as a year-round destination. The strong revenue growth was achieved despite the lack of support measures from the Croatian Government which in the first quarter of 2021 contributed HRK 4.3 million of additional revenues.

During the observed period, Liburnia Riviera opened only a part of its tourist capacity, i.e., 1,208 accommodation units, in which 44,621 overnight stays were realized (+1.342%; 2021: 3,095). The achieved results once again indicate a faster, but initially expected recovery as well as the resilience of the Croatian tourism, especially in the northern Adriatic regions where Liburnia Riviera operates. Namely, a convenient geographical location for guests traveling by car (primarily Croatians, Austrians, Slovenians, Germans, Hungarians and Italians who realized almost 90% of all overnight stays) provides Liburnia Riviera a partial natural hedge against the disturbance in tourist flows caused by the COVID-19 pandemic and the escalation of the Russian-Ukrainian conflict.

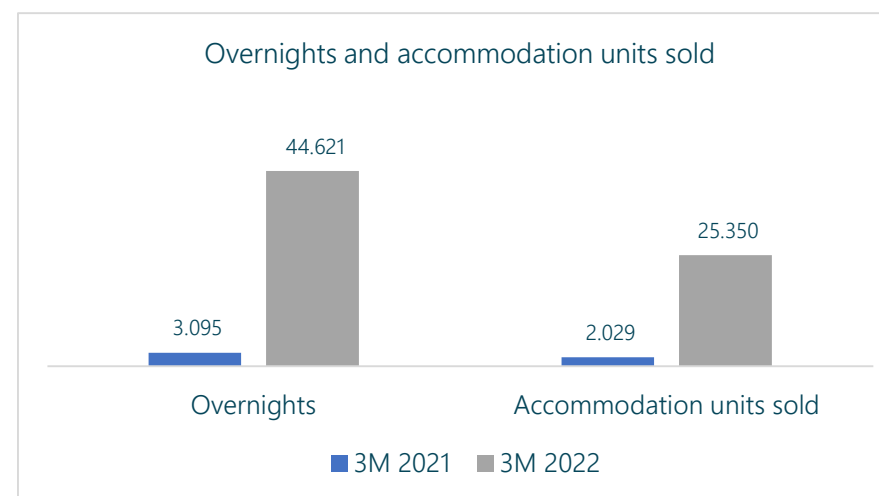
Operating expenses amounted to HRK 35.3 million. The main reasons for the 62% increase can be found in: i) highly increased business volume (+1,342%; +41,526 overnight stays), ii) increased material costs due to inflationary pressures on prices of raw materials, consumables and food and beverages, and iii) 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.

Significant growth in the number of accommodation units sold (+1,149%; +23,321), with a simultaneous 20% increase in the average daily price, resulted in a decrease of the negative operating result (EBITDA) by HRK 2.3 million despite the absence of HRK 4.3 million revenues realized in the first quarter of 2021 due to the usage of support measures provided by the Government of the Republic of Croatia. It should be emphasized that if the 2021 one-off positive effect of the received grants were excluded, the improvement of the operating result would increase by HRK 6.6 million to HRK -4.2 million. Given the seasonal character of the Company's industry, the first quarter's business results are not indicative since sales revenues in the first quarter have a very low impact on the total annual revenues. Furthermore, a negative EBITDA is typical for the first quarter because of a smaller business volume.

In 2022 Liburnia Riviera continued to optimize its operating costs in order to adequately mitigate the increased inflationary pressures caused by the disruptions in supply chains and the Russian-Ukrainian conflict as well as the mutually imposed economic sanctions, This included savings in energy costs, direct costs of food and beverages, costs of maintenance, negotiations with suppliers regarding lowering the prices, as well as minimizing employee costs through active resources management according to business needs.

In order to promote Liburnia Riviera as the leader of year-round tourism in Kvarner region and to ensure the quality workforce needed to further raise the

service quality level and guest satisfaction, the Company preserved all jobs without laying off and reducing working conditions. In addition, an increase in the material rights of workers as well as cash prizes for permanent and seasonal workers depending on the months of work during 2022 have been agreed in cooperation with the unions. The aim of the before mentioned measures is to adequately valorise the key resource of the Company, our employees, which ensures the stability and long-term sustainability of our business.



After a successful refinancing of the majority of the existing credit obligations towards the Company's largest creditor, Erste&Steiermärkische Bank d.d., in the amount of EUR 25 million, and after contracting 6-years long-term loan with Sberbank d.d. (now Nova Hrvatska banka d.d.), in the amount of EUR 11.5 million during past year, in 2022 the Company continued strengthening its medium-term cash position. Thus, in early March 2022, a revolving loan agreement in the amount of EUR 5.3 million was concluded with Istarska

kreditna banka d.d., which ensures further flexibility in cash flows planning, and enables proactive working capital management.

Given the still present uncertainty of the COVID-19 pandemic impact on the Company's operations and in order to timely mitigate and control possible new adverse impacts on the Company's operations, we continued with making adjustments in the CAPEX business segment. In the first quarter of 2022, investments were reduced to the necessary works in order to improve the quality of services and safety of guests, as well as to prepare tourism properties for the business seasons (Hotel Admiral, Villa Danica, Villa Slatina). Also, works on the arrangement and upgrading accommodation for seasonal employees have been intensified. Thus, investments during the first quarter of 2022 amounted to a total of HRK 6.2 million.

Simultaneously continues the preparation of projects aimed at further Liburnia Riviera's growth and development of tourism portfolio, with the current priority being the 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 focuses of the Government of the Republic of Croatia should be on key resources and the promotion of investments in tourism. The latter ones represent fundamental grounds for the 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.

One of the key determinants of the Government in defining the framework of the Croatian economy in 2022 must be based on limiting inflationary pressures on rising prices of essential products and energy. This will enable the tourism

sector, together with the whole economy, to accelerate the normalization of business and ensure multiplier effects of recovery on other industries while encouraging investment in key business resources (primarily human resources and investment).

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



Hotel Ambassador 5\*, Opatija

## 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 Kvarner 4\*, Opatija



Hotel Admiral 4\*, Opatija

## 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.

### **FURTHER STRENGTHENING OF MEDIUM-TERM LIQUIDITY**

At the beginning of March 2022, the Company concluded a long-term revolving loan agreement with Istarska kreditna banka d.d. Umag in the total amount of EUR 5,330 thousand for the purpose of financing working capital and ensuring the medium-term liquidity of the Company. This represents a confirmation of the trust of investors and financiers in the further development of Liburnia Riviera, as well as in the continuation of recovery from the negative consequences of the COVID-19 pandemic and the further development of Croatian tourism.

### **THE IMPACT OF THE RUSSIAN-UKRAINIAN CRISIS ON THE COMPANY'S BUSINESS**

The Russian-Ukrainian crisis currently has no significant impact on the Company's business. Guests from the Russian and Ukrainian emitting markets generated less than 2% of the Company's total operating revenues in 2021 and it is expected that their possible absence could be compensated by other emitting markets. Please note that in the current circumstances of uncertainty it is not possible to predict all potential impacts on Company's business, nor the impact of all relevant macroeconomic and political factors. Namely, in 2022 inflationary pressures increased due to disruptions in supply chains and Russian-Ukrainian conflict, as well as imposed economic sanctions. Aiming at operating costs rationalization, the Company continued with comprehensive measures which include savings in energy costs, direct food and beverage costs, maintenance costs, as well as active negotiations with suppliers to reduce prices and ensure sufficient quantities for the season. The Company emphasizes that it closely monitors the course of the Russian-Ukrainian crisis and

continuously assesses possible negative impacts on business, noting that these conclusions are based on facts, knowledge, and circumstances currently available, as well as assessments regarding the current situation in Ukraine.

### **BUSINESS MANAGEMENT DURING THE COVID-19 PANDEMIC**

The market environment in the first quarter of 2022 was influenced by further business normalization, as countries across Europe gradually repealed previously adopted measures and recommendations with varying degrees of movement restrictions, all with the aim of reducing the number of COVID-19 infected people. The restrictions easing had a positive effect on the bookings and continued growth in demand for tourist facilities in Croatia, so Liburnia Riviera had 3 facilities permanently opened throughout the first quarter (Ambasador, Bellevue and Istria hotels) following the strategy of prolonging the tourist season and positioning Opatija as a year-round destination. Additional 6 facilities were gradually opened during March in accordance with the demand in the individual market segment, as well as recovery of the group and M.I.C.E. market segments.

During the first quarter of 2022, there was a noticeable increase in guest arrivals and overnight stays, along with a significant increase in average daily price rates (+20% relative to the 2021 comparable period and +39% relative to the 2019 comparable period). These results confirm the recovery and normalization of Liburnia Riviera's business trend, as well as the resilience of the Croatian tourism sector.

The Company continues to continuously monitor the situation related to the adverse impact of the COVID-19 pandemic on market dynamics and analytically assesses necessary changes in its operations. During the first quarter, the Company continued to apply preventive measures to protect the health of guests and employees while benefits of employee vaccination were 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 has continuously implemented comprehensive set of activities during the first quarter of 2022. This included 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 comprised of restriction of the number of seatings in restaurants, mandatory wearing of masks for all employees in contact with guests, the possibility of guests testing, 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.

Despite the decision of the Government of the Republic of Croatia, issued at the start of April 2022, on the further easing of epidemiological measures and the abolition of protective mask mandates, Liburnia Riviera continues to apply the hygienic program "#WeCare", which ensures putting strong emphasis on the safety and well-being of all guests, partners, and employees. In order to have the possibility to dynamically adjust to the pandemic, as well as to increase the demand for the Company's tourist capacities, active daily prices management has been intensified. Moreover, additional packages with added services were created and offered to out guest which contributed to the significant increase in average daily prices during the first quarter of 2022. Despite the positive development of the circumstances related to the COVID-19 pandemic and free 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. Nevertheless, at the end of April 2022, Liburnia Riviera recorded more than double the reservation balance in the books compared to the same period last year.

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

<sup>2</sup> 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.

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

## COMPANY RESULTS

### KEY FINANCIAL INDICATORS<sup>1</sup>

(in HRK million)	3M 2021	3M 2022	3M '22/'21
Total revenues	8.7	24.5	181%
Operating revenues	8.7	24.5	181%
Sales revenues	1.9	23.0	1,126%
Board revenues <sup>2</sup>	1.2	17.7	1,393%
Operating costs <sup>3</sup>	21.8	35.3	62%
EBITDA <sup>4</sup>	-13.1	-10.8	18%
EBIT	-38.6	-34.7	10%
EBT	-39.4	-38.5	2%
	31/12/2021	31/03/2022	%
Net debt <sup>5</sup>	350.2	366.8	5%
Cash and cash equivalents	15.2	18.7	23%

### KEY OPERATING INDICATORS

	3M 2021	3M 2022	3M 22/'21
Number of acc. units (operating)	464	1,208	160%
Annual occupancy (%) <sup>6</sup>	4.9%	23.3%	1,846 bp
Accommodation units sold	2,029	25,350	1,149%
Overnights	3,095	44,621	1,342%
Average daily rate (in HRK)	583	697	20%
RevPAR (in HRK) <sup>6</sup>	2,549	14,621	474%

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

<sup>5</sup> 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.

<sup>6</sup> Annual occupancy and RevPar calculated based on the number of operating accommodation units.



## REVENUES

In the first quarter of 2022, Liburnia Riviera's total revenues amounted to HRK 24.5 million (2021: HRK 8.7 million), which is an increase of 181% compared to the same period last year. The increase in total revenue in the amount of HRK 15.8 million was influenced by:

a) **a significant increase in sales revenue** in the amount of 1,126% (HRK +21.1 million) to the level of HRK 23.0 million, consisting primarily of board revenues in the amount of HRK 17.7 million (+1,393%; HRK +16.5 million). The market environment in the first quarter of 2021 was very uncertain, as countries across Europe experienced a resurgence of COVID-19 patients. This resulted in varying degrees of movement restrictions with the aim of reducing the number of COVID-19 infections, which ultimately caused a downturn in the demand for travel. Consequently, Liburnia Riviera opened only 464 accommodation units in its 4 facilities and achieved only 3,095 overnight stays due to shorter operating periods (from 3 to 27 days).

On the other hand, during the first quarter of 2022 we witnessed further, gradual mitigation of the COVID-19 pandemic impact on tourism and economic flows due to business normalization and further recovery visible through the continued trend of strong demand for tourism offer within Liburnia Riviera, as well as on Croatia level. The mentioned trend started in June 2021 due to the great desire of tourists to travel after a long period of restrictions and bans on crossing state borders.

The main reasons for the strong increase in board revenues (+HRK 16.5 million) can be found in: i) a significant increase of the number of accommodation units sold (+1,149%) to the level of 25,350 accommodation units and the related increase in the number of overnight stays (+1,342%) totaling 44,621 overnight stays realized in 1,208 operational accommodation units in 7 properties (Hotels Ambassador, Bellevue and Istra were open throughout the

first quarter 2022 following the strategy of further prolongation of the tourist season and positioning Opatija as a year-round destination), ii) 20% increase in the average daily price compared to the same period last year, primarily in the individual marketing segment due to the convenient geographical position for guests traveling by car (primarily Croatians, Austrians, Slovenians, Germans, Hungarians and Italians who achieved almost 90% of all overnight stays) and the organization of many interesting events and experiences for guests such as the Romantic Getaway offer for Valentine's Day, the Active & Healthy offer at the Istra Hotel and the Dora event (the national Eurovision song contest,) and iii) the gradual recovery of the group and M.I.C.E segments after their sharp decline in 2020 and the first half of 2021.

b) realized **other operating income** in the amount of HRK 1.5 million, which represents a decrease of 77% relative to the comparable period in 2021. The decrease is due to a lack of support Government's measures, primarily aimed at job preservation (HRK 4,000 per employee) and exemption from related contributions and tax liabilities (during the first quarter of 2021 they contributed with HRK 4.3 million of additional revenues). Realized other operating income in 2022 mostly represents rental income.



Romantic Getaway u Opatiji

## OPERATING EXPENSES

(in HRK million)	3M 2021	3M 2022	3M 22'/21'
Total operating expenses	47,3	59,3	25%
Material costs	6,0	15,9	167%
Staff costs	12,4	15,8	27%
Depreciation and amortization	25,5	24,0	-6%
Provisions and value adjustments	0,0	0,0	0%
Other operating expenses	3,5	3,6	4%

Total operating expenses in the first quarter of 2022 amounted to HRK 59.3 million with an increase of 25% (HRK +12.0 million). The structure of total operating expenses consists of:

- material costs** with a share of 27% (13% in 2021). The 167% growth (HRK +9.9 million) to the level of HRK 15.9 million is primarily due to an increase in direct costs of raw materials, consumables and food and beverages costs due to the absence of operating business during the first quarter of 2021 and the consequent strong increase in the business volume (+1,342% overnight stays) in the 2022 comparable period;
- staff costs** with an increase in the share of total operating expenses (27%) compared to the previous comparative period (26% in 2021). The reasons for the 27% increase (HRK +3.4 million) to the amount of HRK 15.8 million are found in a) the strong increase in business volumes and the associated increase in the number of hours worked, and b) 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

- depreciation** with a share of 40% (54% in 2020). Its 6% decline (HRK -1.5 million) to the level of HRK 24.0 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;
- there were no **provisions or value adjustments** in the first quarter of 2022 nor in the comparable period of the previous year;
- other operating expenses** with a share of 6% (7% in 2021) increased by HRK 0.1 million to HRK 3.6 million.

## EBITDA

Significant growth in the number of accommodation units sold (+1,149%; +23,321), with a simultaneous 20% increase in the average daily price, resulted in the decrease of the negative operating result (EBITDA) of HRK 2.3 million. It should be emphasized that if the one-off positive effect of the grants provided by the Government of the Republic of Croatia received during the first quarter of 2021 was excluded (HRK 4.3 million), the improvement of the operating result would increase to HRK 6.6 million. Given the seasonal character of the Company's industry, the first quarter's business results are not indicative since sales revenues in the first quarter have a very low impact on the total annual revenues. Furthermore, a negative EBITDA is typical for the first quarter because of a smaller business volume.

## FINANCIAL RESULT

The financial result amounts to HRK -3.7 million (HRK -0.9 million in 2021). The main reason for the HRK 2.9 million lower financial result compared to the previous comparative period is primarily found in the change of the method of exchange rate differences reporting (in 2022 exchange rate differences are reported quarterly, while in previous years they were reported at annual level). Accordingly, during the first quarter of 2022, net negative exchange rate

differences (primarily on debt) were reported due to the depreciation of the domestic currency against the euro at the end of the first quarter compared to the end of 2021.

## PROFIT/(LOSS)

Pre-tax loss amounts to HRK -38.5 million (HRK -39.5 million in 2021), which is an improvement of 2%. If the effect of the changed method of exchange rate differences reporting and grants received in the first quarter of 2021 were excluded, the achieved growth would amount to 19% as a result of the partial recovery of the tourism industry and the normalization of operating operations.



Mošćenička Draga

As of 31 March 2022, the total value of the Group's assets amounted to HRK 930.4 million, down by 2.1% compared to 31 December 2021. Fixed assets amounted to HRK 888.5 million and are lower by HRK 17.8 million mainly as a result of: i) accrued depreciation in the amount of HRK 24.0 million, and ii) performed low investment cycle necessary to maintain the existing quality of products and services in the total amount of HRK 6.2 million.

Total current assets decreased by HRK 3.1 million to the amount of HRK 4.6 million as a result of a stronger cash position (HRK 18.7 million; HRK +3.5 million compared to 31 December 2021) and a lower balance of receivables (HRK -7.2 million). The decrease in short-term receivables primarily refers to: i) collection of receivables connected with services that were uninvoiced at the end of 2021 (guest accommodation in 7 facilities opened during the New Year holidays was charged at the beginning of 2022) and/or were undue on 31/12/2021 and ii) lower receivables from the state for VAT.

Total share capital and reserves decreased by 7.4% to the amount of HRK 478.6 million as a result of the realized loss in the first quarter of 2022.

Total long-term liabilities grew from HRK 297.1 million to HRK 325.9 million due to the withdrawal of long-term credit lines in order to further strengthen the Company's liquidity position.

Total short-term liabilities amounted to HRK 97.0 million, down by 13.6% (HRK -15.3 million) compared to 31 December 2021. The decline is largely due to a decrease in short-term liabilities to banks and other financial institutions in the amount of HRK 8.6 million, mainly due to the repayment of short-term debt and accrued interest. Liabilities for advances increased by HRK 5.6 million to the level of HRK 12.1 million due to received payments related to early booking, while liabilities to suppliers were lower by HRK 6.5 million and amounted to HRK 8.8 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, 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. The 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 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. 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.

## 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 labour 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.



Campsite & Holiday Resort Medveja

## 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.

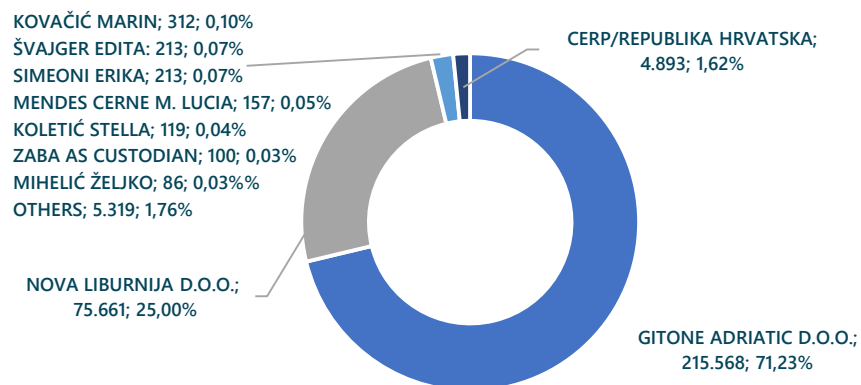
During the first quarter of 2022 for the most part, the Company has followed and applied the recommendations set out in the Code, disclosing all information as foreseen by the positive regulations and information beneficial for the interest of the Company's shareholders.

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 March 31, 2022:



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 March 2021, the Company holds 4 of its own shares, and in the first quarter of 2022 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.

Since November 1, 2021, the Management Board of the Company consisted of the Management Board President Mr. Karl Eckerstorfer and the Management Board Member Mr. Dušan Mandič. During the first quarter of 2022, there were no changes in the composition of the Company's Management Board.

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

Company's Assembly appoints and revokes the Supervisory Board, in accordance with the Statute of the Company and the Companies Act (ZTD), and on the day of 31 March 2022 is composed of the following members:

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

During the first quarter of 2022, there were no changes in the composition of the Company's 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. Johannes Böck, President, Mr. Philip Göth and Mr. Domijan Mršić, members,

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

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



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

Opatija, April 21<sup>st</sup>, 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.

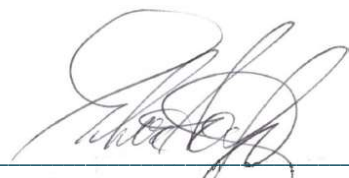
The Management Board is also responsible for the preparation and content of management reports and statements on the application of the Code of corporate governance, in accordance with the Croatian Accounting Act. Management report and report of the corporate governance code for the period from 1.1.2022 to 31.3.2022 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:

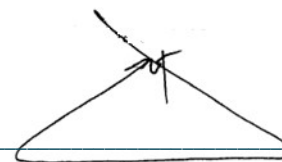
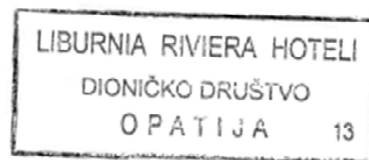
Interim unaudited unconsolidated financial statements of Liburnia Riviera Hotels d.d. have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Croatian Accounting Act.

The unaudited unconsolidated financial statements for the period from 1 January to 31 March 2022 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:

1.1.2022

to

31.3.2022

Year:

2022

Quarter:

1.

**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

578

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 31.03.2022

in HRK

Submitter: LIBURNIA RIVIERA HOTELI d.d. OPATIJA			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>		
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	906.289.511	888.497.503
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	19.101.960	18.373.618
1 Research and development	004	501.975	466.906
2 Concessions, patents, licences, trademarks, software and other rights	005	9.218.145	8.749.590
3 Goodwill	006		
4 Advances for the purchase of intangible assets	007		
5 Intangible assets in preparation	008		
6 Other intangible assets	009	9.381.840	9.157.122
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	853.865.609	836.750.043
1 Land	011	122.286.155	122.286.155
2 Buildings	012	547.135.981	532.111.085
3 Plant and equipment	013	23.255.373	22.353.039
4 Tools, working inventory and transportation assets	014	113.269.312	107.121.511
5 Biological assets	015		
6 Advances for the purchase of tangible assets	016	22.208.256	22.307.421
7 Tangible assets in preparation	017	21.824.422	26.684.722
8 Other tangible assets	018	3.886.110	3.886.110
9 Investment property	019		
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	24.310.192	24.310.192
1 Investments in holdings (shares) of undertakings within the group	021	24.310.192	24.310.192
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		
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	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		
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>	9.011.750	9.063.650
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	43.715.916	40.634.553
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	4.079.833	4.721.041
1 Raw materials and consumables	039	2.885.896	3.923.543
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042	101.643	98.830
5 Advances for inventories	043	1.092.294	698.668
6 Fixed assets held for sale	044		
7 Biological assets	045		
<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	24.425.819	17.185.195
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interests	048	13.662.122	13.619.365
3 Customer receivables	049	6.751.014	2.910.536
4 Receivables from employees and members of the undertaking	050	53.276	63.360
5 Receivables from government and other institutions	051	3.926.853	564.725
6 Other receivables	052	32.554	27.209
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	0	0
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		
8 Loans, deposits, etc. given	061		
9 Other financial assets	062		
IV CASH AT BANK AND IN HAND	063	15.210.264	18.728.317
<b>D ) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>572.024</b>	<b>1.264.817</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>950.577.451</b>	<b>930.396.873</b>
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>251.939</b>	
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)</b>	<b>067</b>	<b>517.032.099</b>	<b>478.601.391</b>
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	46.513.848	46.513.848
1 Legal reserves	071	45.018.765	45.018.765
2 Reserves for treasury shares	072	9.200	9.200
3 Treasury shares and holdings (deductible item)	073	-9.200	-9.200
4 Statutory reserves	074		
5 Other reserves	075	1.495.083	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	-133.862.731	-225.556.049
1 Retained profit	084		
2 Loss brought forward	085	133.862.731	225.556.049
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-91.693.318	-38.430.708
1 Profit for the business year	087		
2 Loss for the business year	088	91.693.318	38.430.708
VIII MINORITY (NON-CONTROLLING) INTEREST	089		
<b>B) PROVISIONS (ADP 091 to 096)</b>	<b>090</b>	<b>21.397.957</b>	<b>21.397.957</b>
1 Provisions for pensions, termination benefits and similar obligations	091	2.033.432	2.033.432
2 Provisions for tax liabilities	092		
3 Provisions for ongoing legal cases	093	19.364.525	19.364.525
4 Provisions for renewal of natural resources	094		
5 Provisions for warranty obligations	095		
6 Other provisions	096		
<b>C) LONG-TERM LIABILITIES (ADP 098 to 108)</b>	<b>097</b>	<b>297.130.786</b>	<b>325.925.460</b>
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	287.539.871	316.334.545
7 Liabilities for advance payments	104		
8 Liabilities to suppliers	105		
9 Liabilities for securities	106		
10 Other long-term liabilities	107	9.590.915	9.590.915
11 Deferred tax liability	108		
<b>D) SHORT-TERM LIABILITIES (ADP 110 to 123)</b>	<b>109</b>	<b>112.263.765</b>	<b>97.005.039</b>
1 Liabilities to undertakings within the group	110	433.630	279.858
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	67.016.623	58.436.039
7 Liabilities for advance payments	116	6.560.349	12.129.278
8 Liabilities to suppliers	117	15.274.634	8.754.048
9 Liabilities for securities	118		
10 Liabilities to employees	119	15.473.863	12.148.825
11 Taxes, contributions and similar liabilities	120	3.678.408	1.825.915
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	3.826.258	3.431.076
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>2.752.844</b>	<b>7.467.026</b>
<b>F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)</b>	<b>125</b>	<b>950.577.451</b>	<b>930.396.873</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>251.939</b>	

**STATEMENT OF PROFIT OR LOSS**  
for the period 01.01.2022 to 31.03.2022

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
<b>I OPERATING INCOME (ADP 002 to 006)</b>	<b>001</b>	<b>8.713.773</b>	<b>8.713.773</b>	<b>24.513.634</b>	<b>24.513.634</b>
1 Income from sales with undertakings within the group	002				18.911
2 Income from sales (outside group)	003	1.874.365	1.874.365	22.972.863	22.953.952
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	6.839.408	6.839.408	1.540.771	1.540.771
<b>II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)</b>	<b>007</b>	<b>47.304.200</b>	<b>47.304.200</b>	<b>59.250.713</b>	<b>59.250.713</b>
1 Changes in inventories of work in progress and finished goods	008				
2 Material costs (ADP 010 to 012)	009	5.951.500	5.951.500	15.918.738	15.918.738
a) Costs of raw materials and consumables	010	1.629.637	1.629.637	7.566.114	7.566.114
b) Costs of goods sold	011				
c) Other external costs	012	4.321.863	4.321.863	8.352.624	8.352.624
3 Staff costs (ADP 014 to 016)	013	12.365.606	12.365.606	15.752.060	15.752.060
a) Net salaries and wages	014	7.832.793	7.832.793	10.324.776	10.324.776
b) Tax and contributions from salary costs	015	2.961.252	2.961.252	3.472.593	3.472.593
c) Contributions on salaries	016	1.571.561	1.571.561	1.954.691	1.954.691
4 Depreciation	017	25.499.998	25.499.998	23.964.313	23.964.313
5 Other costs	018				
6 Value adjustments (ADP 020+021)	019	0	0	0	0
a) fixed assets other than financial assets	020				
b) current assets other than financial assets	021				
7 Provisions (ADP 023 to 028)	022	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	023				
b) Provisions for tax liabilities	024				
c) Provisions for ongoing legal cases	025				
d) Provisions for renewal of natural resources	026				
e) Provisions for warranty obligations	027				
f) Other provisions	028				
8 Other operating expenses	029	3.487.096	3.487.096	3.615.602	3.615.602
<b>III FINANCIAL INCOME (ADP 031 to 040)</b>	<b>030</b>	<b>3.613</b>	<b>3.613</b>	<b>5.628</b>	<b>5.628</b>
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	16	16	233	233
8 Exchange rate differences and other financial income	038	3.597	3.597	5.395	5.395
9 Unrealised gains (income) from financial assets	039				
10 Other financial income	040				
<b>IV FINANCIAL EXPENSES (ADP 042 to 048)</b>	<b>041</b>	<b>862.869</b>	<b>862.869</b>	<b>3.751.157</b>	<b>3.751.157</b>
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	847.966	847.966	805.635	805.635
4 Exchange rate differences and other expenses	045	14.903	14.903	2.905.181	2.905.181
5 Unrealised losses (expenses) from financial assets	046				
6 Value adjustments of financial assets (net)	047				
7 Other financial expenses	048			40.341	40.341
<b>V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS</b>	<b>049</b>				
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>				
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>				
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>				
<b>IX TOTAL INCOME (ADP 001+030+049 +050)</b>	<b>053</b>	<b>8.717.386</b>	<b>8.717.386</b>	<b>24.519.262</b>	<b>24.519.262</b>
<b>X TOTAL EXPENDITURE (ADP 007+041+051 + 052)</b>	<b>054</b>	<b>48.167.069</b>	<b>48.167.069</b>	<b>63.001.870</b>	<b>63.001.870</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 053-054)</b>	<b>055</b>	<b>-39.449.683</b>	<b>-39.449.683</b>	<b>-38.482.608</b>	<b>-38.482.608</b>

1 Pre-tax profit (ADP 053-054)	056	0	0	0	0
2 Pre-tax loss (ADP 054-053)	057	-39.449.683	-39.449.683	-38.482.608	-38.482.608
<b>XII INCOME TAX</b>	058			-51.900	-51.900
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)</b>	059	-39.449.683	-39.449.683	-38.430.708	-38.430.708
1 Profit for the period (ADP 055-059)	060	0	0	0	0
2 Loss for the period (ADP 059-055)	061	-39.449.683	-39.449.683	-38.430.708	-38.430.708
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b>	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063				
2 Pre-tax loss on discontinued operations	064				
<b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>	065				
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)</b>	068				
1 Pre-tax profit (ADP 068)	069				
2 Pre-tax loss (ADP 068)	070				
<b>XVII INCOME TAX (ADP 058+065)</b>	071				
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b>	072				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b>	075	0	0	0	0
1 Attributable to owners of the parent	076				
2 Attributable to minority (non-controlling) interest	077				
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I PROFIT OR LOSS FOR THE PERIOD</b>	078	-39.449.683	-39.449.683	-38.430.708	-38.430.708
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)</b>	079	0	0	0	0
<b>III Items that will not be reclassified to profit or loss (ADP 081 to 085)</b>	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				
<b>IV Items that may be reclassified to profit or loss (ADP 088 to 095)</b>	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				
<b>V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)</b>	097	0	0	0	0
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b>	098	-39.449.683	-39.449.683	-38.430.708	-38.430.708
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b>	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 01.01.2022 to 31.03.2022

in HRK

Submitter: LIBURNIA RIVIERA HOTELI d.d. OPATIJA			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>Cash flow from operating activities</b>			
1 Pre-tax profit	001	-39.449.683	-38.482.608
2 Adjustments (ADP 003 to 010):	002	26.150.556	27.667.717
a) Depreciation	003	25.499.998	23.964.313
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	49.956	-366
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006	-16	-233
e) Interest expenses	007	847.966	805.635
f) Provisions	008	-247.348	
g) Exchange rate differences (unrealised)	009		2.898.368
h) Other adjustments for non-cash transactions and unrealised gains and losses	010		
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>-13.299.127</b>	<b>-10.814.891</b>
3 Changes in the working capital (ADP 013 to 016)	012	-3.961.833	4.080.513
a) Increase or decrease in short-term liabilities	013	-6.168.065	-1.826.111
b) Increase or decrease in short-term receivables	014	2.583.964	6.547.831
c) Increase or decrease in inventories	015	-377.732	-641.207
d) Other increase or decrease in working capital	016		
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>-17.260.960</b>	<b>-6.734.378</b>
4 Interest paid	018	-757.431	-2.324.021
5 Income tax paid	019		
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>-18.018.391</b>	<b>-9.058.399</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021		63.919
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	16	233
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposits	025		
6 Other cash receipts from investment activities	026		
<b>III Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>16</b>	<b>64.152</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-6.218.363	-6.183.958
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		
<b>IV Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-6.218.363</b>	<b>-6.183.958</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>-6.218.347</b>	<b>-6.119.806</b>
<b>Cash flow from financing activities</b>			
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	22.652.657	26.410.791
4 Other cash receipts from financing activities	038		
<b>V Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>22.652.657</b>	<b>26.410.791</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040		-7.576.683
2 Cash payments for dividends	041		0
3 Cash payments for finance lease	042		-137.850
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		
5 Other cash payments from financing activities	044		
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>0</b>	<b>-7.714.533</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	<b>22.652.657</b>	<b>18.696.258</b>
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047		
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>-1.584.081</b>	<b>3.518.053</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	<b>12.061.669</b>	<b>15.210.264</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)</b>	<b>050</b>	<b>10.477.588</b>	<b>18.728.317</b>





## 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 1.1.2022 to 31.3.2022

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 1.1.2022 to 31.3.2022" 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 1.1.2022 to 31.3.2022" 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 2021 are available on the website of the Zagreb Stock Exchange as well as on the company's website. ([www.liburnia.hr](http://www.liburnia.hr), [www.hanfa.hr](http://www.hanfa.hr), [www.zse.hr](http://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 31.3.2022 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 (items 37 and 38 IAS 34 - Interim financial reporting)

Report "Business results from 1.1.2022 to 31.3.2022" 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](http://www.liburnia.hr), [www.hanfa.hr](http://www.hanfa.hr), [www.zse.hr](http://www.zse.hr)).

e) other comments prescribed by IAS 34 - Interim financial reporting

All other announcements can be found in the Report "Business Results from 1.1.2022 until 31.3.2022" which is available on the website of the Zagreb Stock Exchange and on the Company's website ([www.liburnia.hr](http://www.liburnia.hr), [www.hanfa.hr](http://www.hanfa.hr), [www.zse.hr](http://www.zse.hr)).

f) 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 1.1.2022 until 31.3.2022"

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 31.3.2022 long-term and short-term loans liabilities and liabilities under leasing contracts of the Company amounted to HRK 376,417,009, of which HRK 96,202,732 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 March 2022, based on signed concession agreements, amount to HRK 9,136,036, of which HRK 5,519,786 is due after more than 5 years.

6. average number of employees during the financial year

Average number of employees in the period from 1.1.2022 to 31.3.2022 was 528.

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

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 asset amounts to HRK 9,063,650 and is higher by HRK 51,900 due to the increase in the tax base in the first quarter of 2022 for non-tax deductible expenses.

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 31<sup>st</sup> of December 2020, the share capital of the company is HRK 20.000 and the loss was HRK 9 thousand. 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 authorised 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 March 31, 2022

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