

PLAVA LAGUNA

YEAR 2025
ANNUAL REPORT

Poreč, April 2026



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MANAGEMENT REPORT

Scope of reporting: In accordance with the Capital Market Act, the Company publishes audited financial statements at the level of Plava Laguna d.d. (hereinafter: the Company), and on a consolidated level (hereinafter: the Group) for the period from 1 January 2025 to 31 December 2025. The Group consists of the principal company Plava Laguna d.d. and its dependent companies Istra D.M.C d.o.o. Umag, Travel d.o.o. Poreč, Istraturist j.d.o.o. Umag, and Hotel Croatia d.d. Cavtat. Along with the audited financial statements, a Management Report and an audited Sustainability Report are published.

Sustainability report: The Group publishes an audited Sustainability Report for 2025 in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), to meet the European Union regulatory requirements, enhance business transparency, and provide stakeholders with clear, comparable, and reliable informations on its environmental, social and governance issues.

Operational indicators

In 2025, the Group achieved 5.4 million overnight stays, which is at the same level as the previous year. Observed by sales channels, the group segment continued its growth trend, with positive effects on capacity utilization in the pre-season and post-season. The direct sales channel remains the most significant sales channel, with a pronounced positive impact on overall business performance.

By segment, hotels and apartments recorded a total of 2.83 million overnight stays, representing a slight decrease compared to 2024, while campsites achieved 2.61 million overnight stays, marking an increase of 1.4% compared to the previous period. The guest structure remains stable, with the most significant share of overnight stays still generated by traditional source markets such as Germany, Austria, and Slovenia.

Financial Indicators

In 2025, the Group achieved the planned levels of key financial indicators, confirming business stability and the preservation of a strong market position.

The Group's total operating revenues in 2025 amounted to 253.3 Euros million, representing an increase of 13.9 million Euros or 5.8% compared to the previous year. Revenue growth was primarily driven by higher accommodation revenues, supported by an increase in average prices across all segments, including hotel properties and, in particular, campsites, which have seen significant capital investments.

The Group's total operating expenses amounted to 196.1 million Euros, an increase of 14.7 million Euros or 8.1% compared to the previous year. The rise in expenses is mainly the result of higher depreciation and recognized impairment of non-current assets, in line with the execution and initiation of major capital investments and reconstruction projects launched in the last quarter of 2025.

Operating expenses excluding depreciation and the aforementioned asset impairment amounted to 155.2 million Euros, reflecting an increase of 6.4% or 9.3 million Euros compared to the previous year, driven by inflationary pressures on service, raw material, and material costs. Within the cost structure, a significant increase was recorded in personnel expenses, which rose by 10% or EUR 5.8 million due to wage increases and additional employee benefits, aimed at aligning with market labor conditions and maintaining a stable working environment.

MANAGEMENT REPORT *(continued)*

Adjusted operating profit (EBITDA), corrected for one-off items, amounted to EUR 96.9 million, while EBITDAR reached EUR 99.6 million, representing an increase of 4.1% or EUR 4 million compared to the previous year. The EBITDA margin stood at 40%, confirming the Group's high level of operational efficiency despite inflationary pressures and rising operating costs.

Review of the most significant Group financial indicators

in mil EUR	2025	2024	Index 2025/2024	Difference
Operating income	253.3	239.4	105.8	13.9
Operating income – after deduction for agency fees and one-time extraordinary positions	242.1	228.7	105.8	13.4
EBITDA ¹	98.0	93.5	104.8	4.5
Effect of one –time extraordinary positions	1.1	0.7		
EBITDA - after adjustment of one-time positions	96.9	92.8	104.4	4.1
Tourist land lease cost	(2.7)	(2.8)		
EBITDAR - after adjustments of one-time positions	99.6	95.6	104.1	4.0
EBITDA margin (%)	40.03	40.59		
Net debt ²	(14.7)	18.2		

¹EBITDA= operating profit + depreciation - other gains/(losses) - net

²Net debt = borrowings net of cash and cash equivalents

The impact of applying IFRS 16 on the treatment of tourism land and other lease contracts is not included in the indicator.

Financial activities resulted in a net negative outcome of EUR 3.6 million, representing a deterioration compared to the previous year. This result is primarily attributable to lower interest income from deposits and money market funds, in line with money market trends, as well as higher financing costs arising from the use of long-term credit facilities to fund capital investments.

The profit before tax amounted to 53.5 million Euros, and is lower compared to the previous year, as a result of the negative outcome of financial activities and increased one-off expenses related to capital investments.

MANAGEMENT REPORT *(continued)*

The Group's corporate income tax resulted in a net tax income of 3.5 million Euros, based on the use of investment incentives. Plava Laguna, in accordance with the Investment Promotion Act, obtained the status of an incentive beneficiary for an investment project for the period from 2022 to 2025. Based on the investments completed by 31 October 2025, the Group realized the right to a tax incentive in the total amount of 20.8 million Euros, of which 14 million Euros had been utilized by the end of 2025 (2025: 7 million Euros; 2024: 7 million Euros), while the remaining amount was recognized as deferred tax assets.

The Group's net profit, according to audited data, amounted to 57.0 million Euros, representing an increase of 1% or 876 thousand Euros compared to the same period of the previous year.

Assets and liabilities

As of 31st December 2025, the Group's total assets amounted to 600.7 million Euros. Loan liabilities totalled 111.2 million Euros, while the Group held 96.0 million Euros in cash and cash equivalents, maintaining a strong liquidity position.

Capital investments and destination development

The Group carried out significant capital investments totalling 90 million Euros, aimed at enhancing the quality of accommodation capacities across its portfolio components, improving supporting infrastructure, and creating and upgrading additional guest services, all with the goal of further strengthening its competitive market position. The product development strategy was guided by the creation of added value for guests, principles of sustainability, and long-term profitability, with the achieved results confirming the consistency and effectiveness of this approach. The Group continues to invest in destination development, among other things through the organisation of prestigious sporting events, such as the ATP tournament "Plava Laguna Croatia Open Umag," held for the 35th consecutive time in 2025, and the triathlon race "Plava Laguna Ironman 70.3 Poreč, Istria – Croatia."

Awards and recognitions

Plava Laguna was awarded the title "Entrepreneur of the Year of the Istria County" as part of the national awards for the best entrepreneurs in the Republic of Croatia, Bilanca uspjeha 2025.

The annual "Recommended on HolidayCheck" award was presented to the hotels Parentium, Molindrio, Mediteran, Materada, Albatros, Park, Garden Suites Park, Plavi, Villa Galijot, Sipar, Residence Garden Istra, and Garden Suites Umag.

In 2025, the Group achieved stable operating results and maintained a high level of profitability despite pronounced inflationary pressures and rising costs. Revenue growth, effective business management, and a strong liquidity position confirm the resilience of the business model and the successful execution of strategic objectives.

Significant capital investments in product quality and destination development provide a solid foundation for long-term growth and further strengthening of the Group's market position, with a continued focus on sustainability and the creation of long-term value for all stakeholders.

INTRODUCTION TO PLAVA LAGUNA

Founded nearly 70 years ago and headquartered in Poreč, Plava Laguna d.d. is one of the key participants in Croatia's tourism sector. The success of Plava Laguna is based on the continuous improvement of its offering and a strong commitment to core values, ensuring financial stability and steady growth.

Strategic growth and development: Since 2000, Plava Laguna has had a stable ownership structure, first under Sutivan Investments Anstalt, and since 2017 under its subsidiary, Adriatic Investment Group. Among the most significant transactions in the company's development was the acquisition of Istraturist Umag d.d. in 2014, which was merged in 2018. With this acquisition, Plava Laguna added to its portfolio a hospitality company with more than 50 years of tradition, whose accommodation capacities, strengthened through long-term targeted investments, have become an essential destination for guests spending their holidays in Umag and the surrounding area.

Scope of operations: Plava Laguna Group operates in the destinations of Poreč and Umag, as well as in the Dubrovnik area through its dependent company Hotel Croatia (since September 2022). Across its hotels, resorts, and campsites, Plava Laguna Group manages approximately 17,000 accommodation units and can host more than 44,000 guests per day. The accommodation portfolio consists of a total of 20 hotels, 10 apartment resorts, and 9 campsites. In addition, Plava Laguna manages two marinas with a capacity of 360 berths, as well as a range of hospitality, sports, and other facilities that complement the core accommodation offering.

Group structure: The Group consists of the parent company Plava Laguna d.d. and the dependent companies Istra D.M.C. d.o.o. Umag, Travel d.o.o. Poreč, Istraturist j.d.o.o. Umag, and Hotel Croatia d.d. Cavtat. The latter was acquired through a share-swap agreement between related companies in September 2022, bringing into Plava Laguna a leading 5-star resort in the Dubrovnik destination, with extensive accompanying facilities such as a congress center and spa & wellness center. Full ownership of Hotel Croatia was acquired in August 2023.

Istra D.M.C. d.o.o. was founded in 1990. The company's main activity is the organization of the ATP tennis tournament in Umag, as well as the development and implementation of destination marketing projects. The ATP tennis tournament is one of the most significant sporting events in Croatia, held continuously for 35 years, except in 2020 due to the COVID-19 pandemic.

Company Laguna Invest d.o.o. was founded in 1993. In February 2018, it changed its name to Travel d.o.o. and operated as a travel agency. Company Istraturist j.d.o.o. is not operational.

Strategic ambitions: Plava Laguna Group, dedicated to advancing the tourism sector and creating unforgettable experiences for its guests, continues to build its growth on the principles of sustainable business, respect for the local community, environmental preservation, and the creation of long-term value for all stakeholders.

INTRODUCTION TO PLAVA LAGUNA *(continued)*

Historical development

Establishing the companies

Plava Laguna

1957

Camp Hotel was founded on the peninsula Molindrio – on behalf of French club of nature lovers with the capacity for 800 persons.

ex Istraturist Umag

1963

The company Istraturist was founded by separation from the company “Istra -Auto-Turist” Umag. It had an accommodation capacity of 196 units.

A period of intensive investments and development of the sports offer

Plava Laguna

1958 – 1994

By 1985, most of the accommodation facilities were built, including the marinas Červar Porat and Parentium, as well as a-la-carte facilities. Great attention was paid to the development of sports and sports offers, so it resulted in building the first sports and tennis courts. Individual reconstructions and development of facilities followed in the period after 1995.

ex Istraturist Umag

1964 – 1990

Most of the accommodation facilities were built, and in 1990, a tennis center with 60 modern tennis courts was constructed in the Stella Maris resort. The international tennis tournament ATP Croatia Open was organized for the first time, and Umag has become a prestigious tennis destination in Croatia.

Conversions into joint stock companies

Plava Laguna

1992 – 2003

Plava Laguna was transformed into a joint-stock company in 1992, with its legal establishment completed in 1996. In the year 2000, Sutivan Investments Anstalt became the majority owner by acquiring 80.34% of the shares. During this period, acquisitions of individual capital companies were also carried out. For instance, 89.40% of the shares of Hotel Croatia d.d. Cavtat were acquired, and through additional capitalization, the ownership share was increased to 92.28%. Furthermore, the company Adriatic d.d. Poreč was merged with Plava Laguna.

ex Istraturist Umag

1993 – 1998

Istraturist Umag was transformed into a joint-stock company in 1993, and its legal establishment completed in 1994. In 1996, Zagrebačka banka d.d. became the majority owner by acquiring a 42.7% of the shares. Management and financial restructuring of the Company was implemented, and well as a capital increase during 1998, which increased the ownership share of Zagrebačka banka to 71.8%

INTRODUCTION TO PLAVA LAGUNA *(continued)*

Period of significant reconstructions

Plava Laguna

2005 – 2012

The period of fundamental reconstructions of hotels Albatros, Molindrio (ex Galeb) and Parentium, as well as the increase of the service level from 2* to 4*.

ex Istraturist Umag

1999 – 2013

The period of fundamental reconstructions of resorts Stella Maris and Polynesia, hotels Garden Istra, Aurora and Umag as well as the increase of the service level in all campsites to 4* and to 5* in hotel Coral. Tennis Academy was founded in 2013.

Integrated operations of companies

2013 – 2014

Merger of Hotel Bonavia d.d., Rijeka. Company Hotel Croatia d.d. Cavtat was merged to the company Jadranski luksuzni hoteli d.d. which resulted in Plava Laguna d.d. becoming the largest single shareholder in the mentioned company with a share of 32.48%. In 2014, the acquisition of the majority package of shares of the company Istraturist Umag J.S.C. was carried out, and the ownership share of 93.04% was acquired.

2018 – 2019

Istraturist Umag d.d. was merged to the company Plava Laguna d.d. on 1 January 2018. A thorough reconstruction of the Park Resort in Poreč was completed, after which the entire service was upgraded to 4*. The reconstruction of Camping Stella Maris campsite was carried out and new accommodation units Garden Suites & Rooms were built in the destination Umag. Investments in the expansion and arrangement of existing facilities for staff accommodation in Poreč and Umag were intensified in order to ensure high-quality accommodation for employees.

2020 – 2021

Business operations were marked by the COVID-19 pandemic. Despite the extraordinary circumstances, the principle of unrestricted business was not questioned, and a portion of capital investments was executed.

2022

All Sol and Melia brand facilities in destination Umag have repositioned under the Plava Laguna brand. There was an exchange and sale of the ownership stake in the company Jadranski luksuzni hotel d.d., amounting to 32.48%, in exchange for the acquisition of an additional ownership share of 65.50% in the company Hotel Croatia d.d. whereby the ownership stake in the company Hotel Croatia d.d. increased to 97.98%. An Agreement on Settlement was concluded with Nova Ljubljanska banka d.d. Ljubljana, establishing the resolution mode for all mutual relations. The first „Plava Laguna Ironman 70.3 Poreč, Istria – Croatia“ was held as the largest triathlon race in Croatia and this part of Europe.

2023

The transfer of shares from minority shareholders of Hotel Croatia d.d. was completed, making Plava Laguna the sole shareholder of the company. A purchase agreement for Hotel Bonavia in Rijeka was signed with the company Bonavia Rijeka d.o.o., which acquired ownership of the property. The latest addition to the energizer brand family, Plava Laguna Sport, was introduced, focusing on sports infrastructure and sports offer.

INTRODUCTION TO PLAVA LAGUNA *(continued)*

Brands

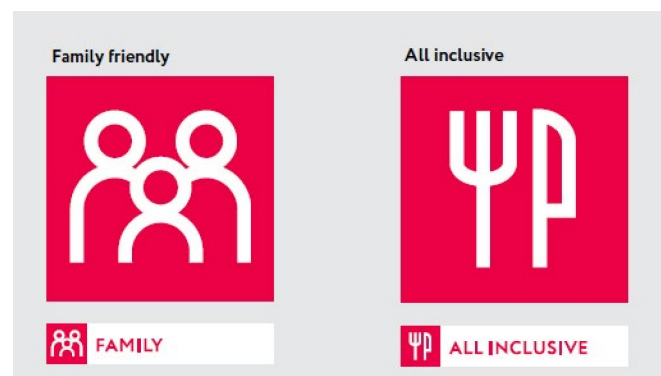
Following a merger of the company Istraturist d.d. Umag, one of the largest hospitality groups has been created in Croatia, operating under the brand name Plava Laguna ever since.



Within the corporate brand, there are commercial brands of Plava Laguna which operate and present themselves in the market, communicating and launching the core products and services of Plava Laguna

- Plava Laguna Hotels & Apartments

Plava Laguna offers a wide range of accommodation in hotels, apartments and villas. The focus of the brand offerings are the following products Family friendly and All inclusive which bring together carefully designed services with the aim of satisfying the specific needs of the above mentioned market niches.



INTRODUCTION TO PLAVA LAGUNA *(continued)*

- Plava Laguna Resorts

Product development through listening in to the needs of the modern guest is directed towards creating unique locations - vacation playgrounds – embodied in holiday resorts ie. Plava Laguna Resorts. Stella Maris Resort, Plava Resort, Zelena Resort and Park Resort represent the backbone of the brand Plava Laguna Resorts, and future investments will be directed towards the development and planning of additional Resorts in destinations Poreč and Umag.

- Istra Camping by Plava Laguna

Brand Istra Camping is dedicated to the camping products and offerings and their development, and includes a total of 9 campsites in the 3 and 4 star categories. It shares visual elements of fonts and a characteristic logo with the brand Plava Laguna Hotels & Apartments. The brand offers products such as Naturist, Mobile home, Glamping and Classic camping.



Along with the corporate brand and the three aforementioned master brands, further affirmation of products and services of Plava Laguna is being achieved through brand energizers:

- Plava Laguna Partners

Plava Laguna has developed and continuously improves brand energizer Plava Laguna Partners, aimed primarily at communication with partners in sales of accommodation capacities.

- Plava Laguna Sport

The newest member of the energizer brand family - Plava Laguna Sport - presented in October 2023, is dedicated to sports infrastructure and sports offer. Under the scope of the brand, the company's connection with sports tourism, which has been an important backbone of the company's development since its establishment, continues and is additionally affirmed. Plava Laguna Sport includes, in addition to sports infrastructure and offers designed for the preparations and stay of athletes, numerous sports events - from school national competitions to the European and world championships.

Hotel Croatia operates under the brand Adriatic Luxury Hotels (ALH), a prestigious brand of the Croatian hotel group that manages luxury hotels and villas in Dubrovnik.

INTRODUCTION TO PLAVA LAGUNA *(continued)*

Corporate governance

- Management Board

The rules on the appointment and recall of the members of the Management Board are outlined in the Company's Statute, while the authorities of the Management Board are determined by the Companies Act, Statute and the employment contracts of the Members and the President of the Management Board. The Company is organized according to the dualistic model. The Management Board of the Company conducts the affairs independently and for certain tasks specified by the Statute (such as founding of companies in the country and abroad, sale and purchase of shares, sale of real estate with value surpassing 1% of the value of share capital, purchase and mortgage on real estate with value surpassing 1% of the value of share capital, guarantee for the amount surpassing 2% of the value of share capital, borrowings and issuance of securities worth over 2% value of the share capital and other decisions as made by the Supervisory Board), it is authorized to conclude only with prior consent of the Supervisory Board. The Supervisory Board appoints and replaces members and President of the Management Board and decides on the number of members in the Management Board.

During 2025, the Management Board consisted of three members, with Mr. Dragan Pujas as president, and Mr. Damir Mendica and Ms. Danira Rančić as members. The Management Board's mandate lasts for three years. The current mandate started on 1 January 2024, and will last until 31 December 2026, based on the decision of the Company's Supervisory Board from 15 December 2023, which reappointed Mr. Dragan Pujas as president, and Mr. Damir Mendica and Ms. Danira Rančić as members of the Management Board. Each member of the Management Board is authorized to conduct business and represent the Company together with the President of the Management Board, while the President is authorized to conduct business and represent the Company with another member of the Management Board. The Management Board holds meetings as needed, usually several times a week.

- Supervisory Board

The Supervisory Board oversees the conduct of business affairs in the Company. Members of the Supervisory Board are regularly informed by the Management Board on the Company's management and operations, at least once a month, in order to be able to effectively fulfil their supervisory roles. The Report of the Supervisory Board on completed supervision of business conduct in the Company is part of the Annual Report of the Company submitted at the General Assembly of shareholders.

In accordance with the Statute, the Supervisory Board can have between three and seven members, with the exact number determined by the decision of the General Assembly, and members among themselves elect the president and the deputy. The election of members is carried out in accordance with the Companies Act, Statute and Rules of Procedure of the General Assembly, and all the while it is determined by a special regulation, employees, through the Workers' Council, have the right to appoint one member. The mandate of the members of the Supervisory Board lasts four years. The Supervisory Board acts in sessions that take place once a month as a rule, where members discuss and decide on all matters within their competence as prescribed by the Companies Act and Company's Statute.

INTRODUCTION TO PLAVA LAGUNA *(continued)*

In 2025, following the regular expiry of mandates, the General Assembly on 16 June 2025 appointed six members of the Supervisory Board, and by the Decision of the Plava Laguna d.d. Works Council dated 12 August 2025, an employee representative was appointed. The mandate of all Supervisory Board members lasts four years and begins on 29 August 2025. The Supervisory Board was appointed in the same composition.

Therefore, during the year 2025 the Supervisory Board operated in the following convocation:

mr. Davor Luksic Lederer, President of the Supervisory Board
mr. Patricio Tomas Balmaceda Tafra, Deputy President of the Supervisory Board
mr. Davor Domitrović, Member of the Supervisory Board
mr. Ignacio Andrés Pardo, Member of the Supervisory Board
mr. Neven Staver, Member of the Supervisory Board
mr. Christiaan Paul Dijk, Member of the Supervisory Board
mr. Veljko Šantek, Member of the Supervisory Board, workers' representative.

In year 2025, the Supervisory Board of the Company performed the tasks within the competence of the Appointment Committee on its own.

With the aim to improve corporate governance and transparency, the Supervisory Board established two committees – the Audit Committee and the Remuneration Committee.

Audit Committee acts in accordance with the Audit Act, Regulation (EU) No. 537/2014, Corporate Governance Code of Zagreb Stock Exchange d.d. and Croatian Financial Services Supervisory Agency (HANFA) as well as other applicable regulations, as an advisory body authorized to monitor financial reporting procedures, the effectiveness of the internal control, internal audit and risk management systems, oversee the implementation of statutory audit of consolidated annual financial reports and report to the Supervisory Board on the results of the statutory audit, monitor the independence of independent auditors or audit companies performing audits, give recommendations to the Supervisory Board regarding the selection of independent auditors or audit companies, and other tasks to support the Company's accounting and to establish good and quality internal control in the Company.

Remuneration Committee acts in accordance with the Corporate Governance Code of Zagreb Stock Exchange d.d. and Croatian Financial Services Supervisory Agency (HANFA), Remuneration policy for members of the Management Board of 9th July 2024 as well as other applicable regulations, as an advisory body authorized to make recommendations to the Supervisory Board concerning the remuneration policy for members of the Management Board and for members of the Supervisory Board, to make annual recommendations concerning remuneration to be received by the members of the Management Board based on the assessment of Company's performance and results and their personal results, to oversee the amount and structure of remunerations for upper management and employees as a whole, and to oversee the preparation of the report on remunerations.

The remuneration to the members of the Supervisory Board for participation in the sessions of the Supervisory Board is determined by the Decision of the Extraordinary General Assembly No. 01/01/2019/3, Reg.No. 01-04-2019-6 of 31 October 2019, in the amount of 2,000.00 Euros net per session and the mentioned has been confirmed by the decision of the General Assembly held on 30 August 2023.

INTRODUCTION TO PLAVA LAGUNA *(continued)*

The Supervisory Board of the Company adopted the Remuneration policy for the members of the Management Board, approved by the General Assembly. With this policy, the corporate governance principles are being respected with the aim to balance the long-term interests of the Company and its sustainability. Remuneration includes fixed and variable parts. The fixed part of remuneration reflects business strategy requirements on the one hand, and professional experience, expertise, and assigned responsibilities of the members of the Management Board on the other hand (salary of the Management Board's member and other benefits defined by contracts concluded between the member of the Management Board and the Company) while the variable part is based on the achievement of Company goals, with valorization of individual contribution of each member of the Management Board, through their skills and engagement (annual bonus). As a rule, the Company cannot request to be refunded for the paid variable remuneration except in the event of occurrence of circumstances prescribed by law or other applicable regulation.

The appropriate and continuous application of the Remuneration policy is carried out by the Remuneration Committee and the Supervisory Board.

The Supervisory Board ensures measures are taken to prevent conflicts of interest from occurring and the same include mutual harmonization of variable remuneration between the members of the Management Board, and non-participation of the member of the Management Board in decisions on their own remuneration.

The rules on the appointment of Management Board members and Supervisory Board members do not contain any restrictions related to diversity with respect to gender, age, education, profession, or similar criteria. The election of Supervisory Board members does not affect the fulfilment of the obligation regarding balanced representation of men and women on the Supervisory Board. One member of the Supervisory Board is independent.

▪ General Assembly

The General Assembly is convened, operates, and holds the authorities defined by the provisions of the Companies Act and the Company's Articles of Association. The notice of the General Assembly, proposed resolutions, and adopted resolutions are publicly disclosed in accordance with the provisions of the Companies Act, the Capital Market Act, and the Rules of the Zagreb Stock Exchange.

During 2025, the Company held its regular General Assembly on 16 June, at which:

- the Management Board's Report on the state of the Company in 2024 (non-consolidated and consolidated) was accepted;
- the Supervisory Board's Report on the supervision of the Company's and the Group's operations in 2024 was accepted;
- resolutions were adopted on determining and approving the Company's annual financial statements for 2024 (non-consolidated and consolidated); on the allocation of the Company's profit generated in the 2024 financial year in the amount of 57,248,734.90 Euros; and on the payment of a regular dividend to the Company's shareholders, as well as the payment of the preferred fixed dividend to holders of the Company's preferred shares;
- discharge was granted to the members of the Management Board and the Supervisory Board;
- the revised Report on the remuneration of the members of the Management Board and the Supervisory Board was approved;

INTRODUCTION TO PLAVA LAGUNA *(continued)*

- a resolution was adopted determining the termination of the mandates of all members of the Supervisory Board and appointing the Supervisory Board for a further term in the same composition;
- and PricewaterhouseCoopers d.o.o. for audit and consulting from Zagreb was appointed as the Company's auditor for 2025.

On 15 October 2025, an Extraordinary General Assembly was held at which PricewaterhouseCoopers d.o.o. for audit and consulting from Zagreb was appointed as the Company's auditor for 2026.

All resolutions were publicly disclosed in accordance with the Companies Act, the Capital Market Act, and the Rules of the Zagreb Stock Exchange.

PLAVA LAGUNA OPERATIONS IN 2025

Important events – the Company

- Plava Laguna d.d. concluded a long-term loan agreement with Privredna banka d.d. Zagreb in the amount of 35 million Euros for the financing of capital investments, while the dependent company Hotel Croatia d.o.o. concluded a long-term loan agreement with OTP Bank in the amount of 13 million Euros for financing the investment cycle for 2025 and 2026.
- Plava Laguna d.d. paid out a dividend in the amount of 39.2 million Euros, based on the resolution of the General Assembly on the allocation of profit generated in 2024.
- During September, the Company launched a comprehensive reconstruction project of the Savudrija Tourist Resort, which includes the complete demolition of existing bungalow-apartment structures and the construction of a modern tourist resort with a capacity of 245 accommodation units, aimed at the family segment of demand. Project completion is planned for the second quarter of 2027.
- In October, a comprehensive adaptation and redesign of key hotel units at Hotel Garden Istra began, with the aim of enhancing the overall guest experience for those seeking active holidays and strengthening the family brand.
- During the year, the construction of the Company's new administrative building was completed. The building was designed in accordance with state-of-the-art architectural and functional standards for modern work environments. The completion of this project represents an important organisational and developmental milestone in the Company's decades-long growth and transformation.

PLAVA LAGUNA OPERATIONS IN 2025 (continued)

Business results of Plava Laguna Group

Review of the most significant Group operational indicators

	2025.	2024.	Index 2025./2024.
Capacity – number of permanent beds ²	44,111	43,891	100.5
Capacity – number of accommodation units ²	16,672	16,628	100.3
Realized overnight stays	5,437,676	5,437,821	100.0
Number of sold accommodation units	2,060,627	2,058,530	100.1
RevPar ³ (in EUR)	12,297	11,724	104.9

² operational capacity is shown without Guest house Adriatic, which was not in commercial operation during 2024 and 2025

³ board revenue per accommodation unit in EUR after provisions and provisions OTI

Accommodation offering

Plava Laguna d.d. offers a wide range of accommodation – within its direct portfolio it manages 19 hotels, 10 apartment resorts, 9 campsites, and 2 marinas in the destinations of Poreč and Umag.

The total accommodation capacity in operation consists of 43,131 basic beds, or 16,185 accommodation units. Campsites account for the largest share of accommodation capacity with 55%, followed by hotels with 33% and apartments with 12%.

Hotel Croatia, in the Dubrovnik destination, has 980 basic beds, or 487 accommodation units categorized with 5 stars.

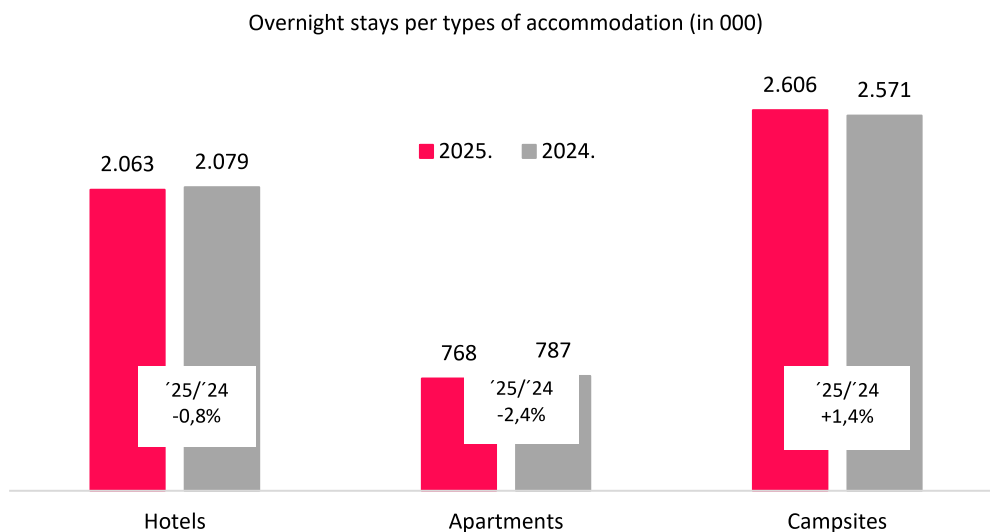
Qualitative structure of accommodation capacities by destination on the basis of accommodation units

Descriptions	Destination Poreč		Destination Umag		Total	%
		%		%		
Hotels 4*	1,258	35.2	1,640	93.9	2,898	54.5
Hotels 3*	1,519	42.6	107	6.1	1,626	30.6
Hotels 2*	794	22.2	-	-	794	14.9
Total hotels	3,571	100.0	1,747	100.0	5,318	100.0
Apartments 4*	380	75.7	512	34.1	892	44.5
Apartments 3*	-	-	757	50.4	757	37.8
Apartments 2*	122	24.3	233	15.5	355	17.7
Total apartments	502	100.0	1,502	100.0	2,004	100.0
Campsite 4*	4,236	93.2	4,040	93.5	8,276	93.4
Campsite 3*	305	6.8	282	6.5	587	6.6
Total campsite	4,541	100.0	4,322	100.0	8,863	100.0
Total	8,614		7,571		16,185	

PLAVA LAGUNA OPERATIONS IN 2025 *(continued)*

Overnight stays achieved per segment

Plava Laguna Group achieved 5.4 million overnight stays in 2025, which is at the level of the previous year 2024. Observed by segments, hotels and apartments recorded a total of 2.83 million overnight stays, representing a slight decrease compared to 2024, while campsites achieved 2.61 million overnight stays, marking an increase of 1.4% compared to the previous period.



Overnight stays achieved per country

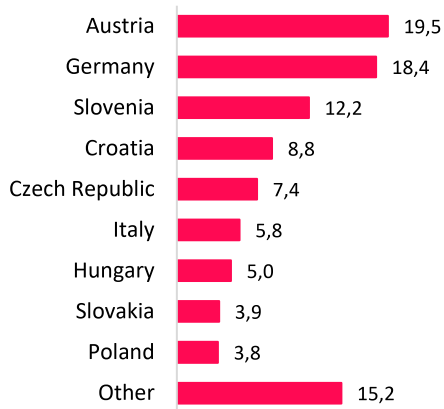
In the Company's fixed-structure facilities, the most significant share of overnight stays continues to be generated by the traditional source markets of Austria and Germany, which together account for 37.9% of total overnight stays. They are followed by guests from Slovenia with a share of 12.2% and domestic guests with 8.8%, confirming the stability and diversification of demand across key markets.

In the Company's campsites, the most represented guests are those from Germany, accounting for 42.8% of total overnight stays, followed by guests from the Netherlands with a share of 13.0%, Slovenia with 11.3%, and Austria with 9.2%. The guest structure in the campsites reflects the Group's strong position in Western European markets and the successful valorization of investments aimed at enhancing quality and differentiating the camping offering.

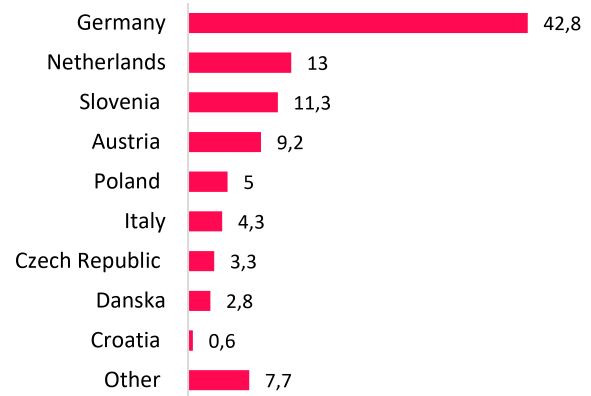
The dependent company Hotel Croatia also maintained a strong position in the British market in 2025, which accounts for 53.9% of the hotel's total overnight stays, followed by guests from Ireland with a share of 13.3% and the United States with a share of 4.1%.

PLAVA LAGUNA OPERATIONS IN 2025 *(continued)*

Distribution of the Company's Overnight Stays by Country in 2025-Fixed Facilities (u %)



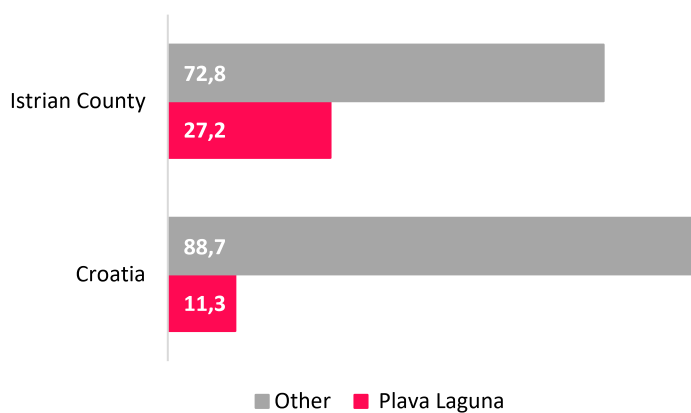
Distribution of the Company's Overnight Stays by Country in 2025- Campsites (u %)



Market share

Looking at the total overnight stays achieved in 2025, Plava Laguna recorded a market share of 18.6% at the level of Istria County (2024: 18.8%), while at the level of the Republic of Croatia it achieved a share of 5.5% (2024: 5.6%). When considering only overnight stays generated in hotels, apartments, and campsites, Plava Laguna holds a market share of 27.2% at the level of Istria County (2024: 27.7%), while at the level of the Republic of Croatia it holds a market share of 11.3% (2024: 11.5%).

Market Share of Overnight Stays in Hotels, Apartments and Campsites in 2025. (u %)



PLAVA LAGUNA OPERATIONS IN 2025 *(continued)*

Key operational indicators by segments

In the context of the operational and financial results of the Plava Laguna Group achieved in 2025, the effects generated at the level of the main business segments – hotels and apartments, and campsites – are presented below.

- Key operational indicators by segments – HOTELS AND APARTMENTS

	2025.	2024.	Index 2025./2024.
Capacity – units	7,809	7,809	100.0
Realized overnight stays	2,831,462	2,866,357	98.8
Days of occupancy - units	151	153	98.7
RevPar ¹ in EUR	20,113	19,273	104.4
EBITDA II ² in 000 EUR	63,486	62,445	101.7
EBITDA II margin in %	35.9	36.9	97.4

- Key operational indicators by segments – CAMPSITES

	2025.	2024.	Index 2025./2024.
Capacity – units	8,863	8,819	100.5
Realized overnight stays	2,606,214	2,571,464	101.4
Days of occupancy - units	99	98	101.6
RevPar ¹ in EUR	5,411	5,041	107.3
EBITDA II ² in 000 EUR	31,850	29,029	109.7
EBITDA II margin in %	56.7	56.8	100.0

¹ board revenue per accommodation unit in EUR after provisions and provisions OTI

² after the allocation of EBITDA from The Head office and supporting activities

PLAVA LAGUNA OPERATIONS IN 2025 *(continued)*

Investments

In the 2025 business year, the Plava Laguna Group continued its strategic investments aimed at improving accommodation infrastructure, expanding guest amenities, and increasing the efficiency of business processes.

During 2025, capital investments in the amount of 90 million Euros were realized.

The most significant investment project in 2025 was the construction and opening of the new administrative building at Facinka in Poreč, which consolidated more than 260 employees at a single location while providing a modern and functional working environment. This investment represents a key step forward in strengthening operational efficiency, internal collaboration, and the further development of the Company.

As part of investments in hotel capacities, the Pelegrin Hotel in Umag underwent complete renovation and rebranding, improving accommodation capacity, amenities, and overall service quality in line with the highest standards of comfort and excellence.

Among the more significant investments is the reconstruction of the buffet restaurants at Hotel Delfin, greatly enhancing the guest experience at this property.

Parallel to investments in fixed-structure facilities, significant investments were made in Plava Laguna's campsites operating under the Istra Camping brand, including the renovation of pools, restaurants, sanitary facilities, and mobile homes, with a particular focus on amenities for families and children:

- **Camping Bijela Uvala** – a new pool complex with a sunbathing area and accompanying hospitality facilities was built; sanitary facilities were reconstructed; and a children's zone was developed, further increasing competitiveness in the family tourism segment.
- **Camping Zelena Laguna** – pitches were upgraded according to luxury and superior typology standards; two sanitary blocks were renovated; and the poolside restaurant and children's water-play area were completely redesigned.
- **Camping Savudrija** – a new pool complex with a sunbathing area was built; the seafront restaurant was redesigned; and the sanitary block was renovated.
- **Camping Park Umag** – the offering was expanded with 93 new mobile homes.

In addition to infrastructure and amenity investments, Plava Laguna continuously invests in energy-efficiency projects and photovoltaic power plants, reaffirming its long-term sustainable development strategy.

The dependent company Hotel Croatia d.d. successfully completed the second phase of the reconstruction of accommodation units, and in the last quarter launched the final, third phase involving the renovation of 166 units, which will complete the overall investment in the refurbishment of 480 rooms.

The Group will remain focused in the coming period on systematic investments aimed at ensuring a high level of service, strengthening market recognition, and developing a sustainable and innovative tourism product based on quality and tradition.

PLAVA LAGUNA OPERATIONS IN 2025 *(continued)*

Business risks

The Company, as well as the Group as a whole, is exposed to financial risks in the course of its activities, consisting of: market risks (interest rate risk, risk of changes in the prices of financial instruments), credit risk and liquidity risk, as well as other risks arising from global disruptions in the macroeconomic and political environment, and risks resulting from changes in the legislative framework, which may negatively affect operations due to the inability to respond promptly to mitigate such impacts. The Company's position in relation to financial risks is continuously analysed in order to define timely measures aimed at reducing them to acceptable levels. The influence of the Company and the Group on risks such as global risks and risks of adverse changes in laws and regulatory requirements is limited, but active efforts are made to identify such risks in a timely manner so that steps can be taken to reduce exposure.

- Price risk

The Company holds certain equity securities in its portfolio that are listed on the Zagreb Stock Exchange and is therefore exposed to the risk of changes in the prices of equity securities classified as financial assets measured at fair value through other comprehensive income. A potential price change would not have a significant impact on the Company's financial statements.

- Credit risk

The Company and the Group as a whole actively manage credit risk, i.e., the risk of collection of receivables and other financial assets, through appropriate sales policies and cash-management policies. In the segment of asset management and leasing, the contracted amount is secured through payment-security instruments. Free cash funds are placed as term deposits with stable banks in Croatia and into highly liquid, first-class money-market instruments, thereby limiting exposure to credit risk toward any single financial institution.

- Liquidity risk

Liquidity risk management involves projecting cash flows with the ability to service all obligations, including the regular business cycle, repayment of loan liabilities, and capital investments. This requires timely identification of external financing sources whose terms are aligned with their purpose, guided by the principle of responsible management and the preservation of financial stability.

- Interest rate risk

All of the Company's loan liabilities as at 31 December 2025, as well as additionally approved borrowings, are contracted at a fixed interest rate; therefore, from the perspective of loans, there is no exposure to interest rate risk.

- Global risks

Global risks arise from events beyond the control of the Company and the Group, such as pandemics, natural disasters including sea and air pollution, deterioration of air and sea quality due to improper waste and wastewater management, civil unrest and wars, economic slowdowns, and global financial crises, all of which may reduce guests' purchasing power and increase travel-related security risks.

PLAVA LAGUNA OPERATIONS IN 2025 *(continued)*

- **Global risks *(continued)***

Recent developments in the Middle East, caused by the escalation of the conflict involving the United States and Israel on one side and Iran on the other, have significantly increased uncertainty in economic flows. This is due to disruptions in the supply of energy sources and the resulting sharp increase in their prices on the one hand, and restrictions on the movement of goods and services on the other, driven by heightened security risks.

The Group and the Company monitor macroeconomic conditions, from demand for tourism services to potential effects on inflation—primarily energy costs as the most direct impact—and consequently on the increase in food prices and other inputs for as long as the conflict persists.

To mitigate the negative effects of inflation on the short-term business results of the Company and the Group, continuous cost-control and cost-optimization measures are implemented wherever possible.

The Company and the Group also manage the revenue side through predefined procedures and technological solutions that enable monitoring of market trends and, accordingly, flexible management of demand, sales capacities across distribution channels, and ultimately sales prices.

- **Risks related to laws and regulatory requirements**

Risks related to laws and regulatory requirements refer to adverse changes and/or insufficiently defined legislation that is materially significant for the operations of the Company and the Group, making this one of the more demanding areas of risk management. Regulatory risks are managed through continuous monitoring and alignment of operations with regulatory requirements, as well as active participation in industry associations during public consultations on legislative changes.

EXPECTED FUTURE DEVELOPMENT OF PLAVA LAGUNA

At Plava Laguna, development is planned with a long-term perspective and with a strong emphasis on sustainable operations. Through strategic planning and the successful implementation of economic principles, development is directed in a way that remains in harmony with the environment in which the Company operates.

In 2025, an extensive capital project was launched — the comprehensive reconstruction of the Savudrija Tourist Resort, which includes the complete demolition of existing accommodation units and the construction of a hotel and garden suites with a capacity of 245 units in the four-star category. The new concept, primarily tailored to families, will be based on an all-inclusive offering, and in addition to entirely new accommodation facilities, new pool complexes, sunbathing areas, animation zones, and sports amenities will be built. The planned completion of the project is before the 2027 pre-season.

Another significant ongoing investment is the renovation and redesign of the Garden Istra Hotel and Residence, with the aim of creating a strong family-oriented product in the destination. With upgraded accommodation units, carefully designed children's facilities, a spacious pool complex, wellness amenities, and a modern main restaurant with complementary F&B offerings, the property is expected to become a key player in its market segment.

The development concept for the former Astra apartment resort (two-star category) has reached its final phase, transforming it into a modern Mediterranean lifestyle hotel (four stars). The modernised infrastructure, contemporary design, and enhanced services will enable the product to meet the expectations of new generations of guests.

Within Plava Laguna's accommodation portfolio, development activities are also focused on the concept for Hotel Molindrio, whose comparative advantage lies in its long-standing orientation toward guests seeking an active and dynamic holiday.

At Hotel Croatia, the final phase of the room-renovation project is underway, completing the overall investment in the refurbishment of 480 accommodation units. The next step will be the development of a concept for redesigning common areas and introducing new amenities in line with contemporary trends.

In the campsite segment, a substantial investment cycle has been completed at Camping Bijela Uvala, reaching a total of 22 million Euros. Significant investments were also directed toward the renovation of sanitary blocks and hospitality facilities at Camping Zelena Laguna and other campsites managed by Plava Laguna. At Camping Savudrija, a new pool complex with hospitality and recreational amenities and a new sanitary block has been built, while upcoming investments will focus on upgrading pitches to align the entire accommodation infrastructure with modern standards in the camping industry.

In the future, the focus will remain on enhancing service quality through investments in attractive shared facilities, renovation of sanitary blocks, and improvements to the accommodation offering in campsites.

As part of the overall strategic positioning of the product portfolio, one of the key levers of development is the proper evaluation and analysis of the resorts in which these products operate, with the aim of creating a comprehensive and competitive offering.

The development of strategic guidelines for defining and improving employee accommodation represents one of the Company's key areas of focus in the coming period.

EXPECTED FUTURE DEVELOPMENT OF PLAVA LAGUNA *(continued)*

Environmental and spatial preservation remain important priorities, supported by continuous investments in landscaping, beach maintenance, and energy-efficient projects.

In preparing investment projects, the Company continues to invest significant effort in securing the fundamental prerequisites for their implementation, primarily resolving the issues of so-called tourism land and determining the boundaries of the maritime domain. These matters are of crucial importance for enabling the Company's development to progress at a pace aligned with market demands.

In addition to the above, the possibilities for growth and qualitative transformation of the capacity structure through external expansion, i.e., acquisitions, will continue to be assessed and evaluated.



Independent practitioner’s limited assurance report on Plava Laguna d.d.’s consolidated Sustainability Report

To the Shareholders of Plava Laguna d.d.

Limited assurance conclusion

We have conducted a limited assurance engagement on the consolidated sustainability report of Plava Laguna d.d. (the “Company”), included in the Sustainability Report of the Management Report (the “consolidated Sustainability Report”), as at 31 December 2025 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated Sustainability Report is not prepared, in all material respects, in accordance with Articles 32 and 36 of the Accounting Act implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the consolidated Sustainability Report (the “Process”) is in accordance with the description set out in note IRO – 1 Description of the processes to identify and assess significant impacts, risks, and opportunities; and
- compliance of the disclosures in section Environmental information - Publications in accordance with Article 8 of the Taxonomy Regulation of the consolidated Sustainability Report with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”).

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* (“ISAE 3000 (Revised)”), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Practitioner’s responsibilities section of our report.

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Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities for the consolidated Sustainability Report

Management of the Company is responsible for designing and implementing a process to identify the information reported in the consolidated Sustainability Report in accordance with the ESRS and for disclosing this Process in note IRO – 1 Description of the processes to identify and assess significant impacts, risks, and opportunities of the consolidated Sustainability Report. This responsibility includes:

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

Management of the Company is further responsible for the preparation of the consolidated Sustainability Report, in accordance with Articles 32 and 36 of the Accounting Act implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the ESRS;
- preparing the disclosures in section Environmental information - Publications in accordance with Article 8 of the Taxonomy Regulation of the consolidated Sustainability Report, in compliance with Article 8 of the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that Management determines is necessary to enable the preparation of the consolidated Sustainability Report that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Group's sustainability reporting process.



Inherent limitations in preparing the consolidated Sustainability Report

As discussed in note BP – 2 Disclosures in relation to specific circumstances of the consolidated Sustainability Report, the quantification of Scope 3 greenhouse gas emissions quantification is subject to inherent uncertainty due to the lack of primary data from the value chain.

Greenhouse gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

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

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the consolidated Sustainability Report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the consolidated Sustainability Report as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the consolidated Sustainability Report, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process set out in note IRO – 1 Description of the processes to identify and assess significant impacts, risks, and opportunities.

Our other responsibilities in respect of the consolidated Sustainability Report include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the consolidated Sustainability Report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the consolidated Sustainability Report. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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

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

- Obtained an understanding of the Process by:
 - performing inquiries to understand the process of identifying the organisational boundaries, value chain and stakeholders and sources of the information used by Management Board (e.g., stakeholder engagement, business plans and strategy documents);
 - assessing key assumptions made by Management in determining scales and thresholds used in identifying material topics; and
 - reviewing the Company's internal documentation of its Process.
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in note IRO – 1 Description of the processes to identify and assess significant impacts, risks, and opportunities.

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

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its consolidated Sustainability Report by:
 - Obtaining an understanding of the Group's control environment, processes and information system relevant to the preparation of the consolidated Sustainability Report, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control.
 - Assessing the Company's internal documentation of the sustainability reporting process.



- Evaluated whether the information identified by the Process is included in the consolidated Sustainability Report.
- Evaluated whether the structure and the presentation of the consolidated Sustainability Report is in accordance with the ESRS.
- Performed inquiries of relevant personnel and analytical procedures on selected information in the consolidated Sustainability Report.
- Performed substantive assurance procedures on selected information in the consolidated Sustainability Report.
- Where applicable, compared disclosures in the consolidated Sustainability Report with the corresponding disclosures in the financial statements and the Management Report.
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information.
- Assessed the Company's internal policies disclosed in the consolidated Sustainability Report.
- Obtained an understanding of the Company's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the consolidated Sustainability Report.

The engagement partner on the assurance engagement resulting in this independent practitioner's report is Slaven Kartelo.

Original report is signed in Croatian language

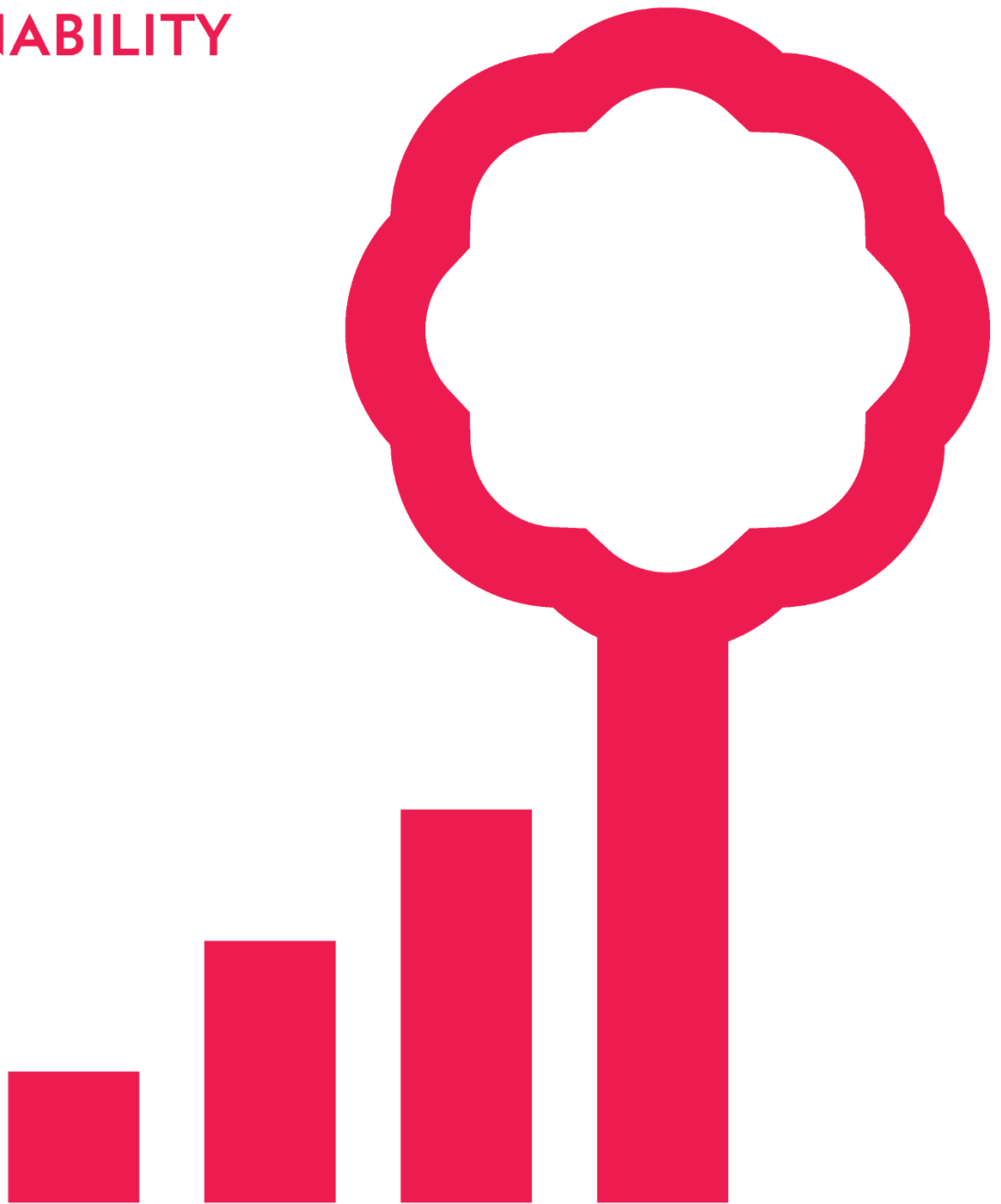
PricewaterhouseCoopers d.o.o.
Heinzelova 70, Zagreb
28 April 2026

Slaven Kartelo
Certified auditor

This version of our report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

PLAVA LAGUNA

SUSTAINABILITY
REPORT



GENERAL INFORMATION

General publications (ESRS 2)

Basis for report preparation

BP – 1 General Basis for Sustainability Report Preparation

Basis for preparation: In accordance with the applicable Accounting Act of the Republic of Croatia (Official Gazette 151/25, 85/24 and 145/24) and the Corporate Sustainability Reporting Directive (CSRD), the sustainability reporting standards (ESRS) established by Commission Delegated Regulation (EU) 2023/2772, as well as the EU Taxonomy Regulation, the Plava Laguna Group publishes its second consolidated Sustainability Report for the period from 1st January 2025 to 31st December 2025.

The Sustainability Report is prepared on a consolidated basis, meaning it is harmonized with the Group's financial statements for the same reporting period and provides information on Plava Laguna d.d. (jsc) ("Company") and its subsidiaries ("Group"), whereby no subsidiary is exempt from individual or consolidated reporting.

Value chain: All stakeholders and key activities at both lower and higher levels of the value chain have been considered, as well as the areas within the value chain where a significant likelihood of impacts, risks, and opportunities (IRO) related to sustainability factors has been identified. However, due to the fact that the data collection is complex, the Group is utilizing a transitional provision in the first three years of reporting, in accordance with section "10.2. Transitional provision regarding Chapter 5. Value Chain" and clause 133. This provision allows reporting on higher and lower levels of the value chain in a limited scope, based on data already available to companies and publicly accessible information. Consequently, the primary focus of reporting remains on the Group's own activities. Further details on the value chain are provided in section IRO – 1 Description of Procedures for Identifying and Assessing Significant Impacts, Risks, and Opportunities.

Omission of information and exemptions: The option to omit information related to intellectual property, knowledge and expertise, or innovation outcomes has not been used, nor has the exemption to withhold disclosures on upcoming events or ongoing negotiations.

Phased-in disclosure requirements: In accordance with the phased-in disclosure provisions set out in Appendix C of ESRS 1, and taking into account the amendments to the regulatory framework ("quick fix") adopted on 11th July 2025, the Group has decided to apply the option of phased-in implementation for certain disclosure requirements. Consequently, some information will not be disclosed in this reporting period but will instead be introduced gradually in line with the timelines prescribed by the ESRS. The phased-in approach applies to the following disclosure requirements:

ESRS 2 – Strategy, business model and value chain

- Revenue by ESRS sectors
- List of additional material ESRS sectors in which significant activities are carried out or in which the organisation is, or may be, connected to material impacts
- Disclosure of expected financial effects of material risks and opportunities on the financial position, financial performance and cash flows in the short, medium and long term

GENERAL INFORMATION *(continued)*

Environmental standards

- Expected financial effects of material physical and transition risks and potential climate-related opportunities
- Expected financial effects of impacts, risks and opportunities related to water and marine resources
- Transition plan and biodiversity and ecosystem matters within the strategy and business model
- Biodiversity and ecosystem policies
- Actions and resources related to biodiversity and ecosystems
- Biodiversity- and ecosystem-related targets
- Performance indicators related to changes in biodiversity and ecosystems
- Expected financial effects of biodiversity- and ecosystem-related risks and opportunities
- Expected financial effects of impacts, risks and opportunities related to resource use and the circular economy

Social standards

- Characteristics of non-employees performing work for the undertaking
- Social protection
- Training and skills development indicators
- Targets for managing material negative impacts, enhancing positive impacts, and managing material risks and opportunities

The Group plans to gradually establish the necessary data collection processes, methodologies and internal controls to ensure full compliance with the above requirements in future reporting periods.

BP – 2 Disclosures in relation to specific circumstances

Reporting period: In determining the duration of impacts, risks, and opportunities, the timeframes defined in the section “Definition of short-term, medium-term, and long-term for reporting purposes” in ESRS 1 General Requirements have been applied. The short-term period corresponds to the financial reporting period (1 year), the medium-term period covers the timeframe from the end of the short-term reporting period to five years (1 to 5 years), and the long-term period extends beyond the completion of the medium-term timeframe (longer than 5 years). Exceptionally, for the purposes of climate resilience assessment and scenario analysis, longer time horizons are applied, in accordance with the relevant climate scenarios defined by the Intergovernmental Panel on Climate Change (IPCC).

Sources of estimates and uncertainty of outcomes: Due to the limited availability and quality of certain upstream and downstream value chain data, which would serve as a basis for calculating indirect greenhouse gas emissions (Scope 3 emissions), certain assumptions and estimates were used in accordance with the Greenhouse Gas Protocol. As a result, some deviations in the accuracy of calculations are possible. As a result, some deviations in the accuracy of calculations are possible. The measurement of Scope 3 greenhouse gas emissions is subject to a higher level of uncertainty compared with Scopes 1 and 2, due to reliance on estimates, proxy values and value chain data. In future reporting periods, the Group will continue improving and establishing a system for data collection from key stakeholders-including suppliers, business partners, local communities, and end users, in order to enhance the accuracy and comprehensiveness of value chain data.

GENERAL INFORMATION *(continued)*

Scope 3 greenhouse gas emissions for Category 1. Purchased goods and services and Category 2. Capital goods were calculated using the average-data method and the spend-based method; for Category 3. Fuel- and energy-related activities, emissions were calculated based on fuel and energy consumption data; for Category 4. Upstream transportation and distribution, emissions were calculated using the spend-based method for transport services; for Category 5. Waste generated in operations, emissions were calculated using a method based on the type and quantity of waste and the waste treatment method; for Category 6. Business travel, emissions were calculated using a method based on business travel information and the types of transport used; for Category 7. Employee commuting, emissions were calculated using a method based on average commuting distances and modes of transport. Generally accepted emission factors from databases compatible with the GHG Protocol were used (e.g., DEFRA, the Croatian emission factor database, the UK emission factor database, the French Base Carbone model, etc.), which, based on the calculation, do not result in high uncertainty. More information on the applied methodology for calculating Scope 3 greenhouse gas emissions is provided in the section „E1-6 Gross Scope 1, 2 and 3 greenhouse gas emissions and total greenhouse gas emissions“. Apart from Scope 3 GHG emissions indicators, the Group does not have additional value chain indicators.

Changes in the preparation or presentation of sustainability information: In 2022 and 2023, the Company disclosed sustainability information alongside its financial statements, following the Global Reporting Initiative (GRI) Standards, one of the internationally recognised frameworks for non-financial reporting. For 2024, in accordance with the Corporate Sustainability Reporting Directive (CSRD), the Group reported for the first time in line with the European Sustainability Reporting Standards (ESRS), thereby ensuring transparency, improved data comparability and compliance with European regulatory requirements. The 2025 Report includes comparative information for the previous period, for which no adjustments were required.

In the reporting period, no revisions of comparative information were carried out, and therefore no differences exist between the amounts presented in the previous period and the comparative amounts disclosed in this Report.

Errors in reporting in prior periods: No errors in reporting from previous periods have been identified.

As no material prior-period errors were detected, there was no need to correct comparative information in the sustainability report. Accordingly, the issue of impracticability of restating prior periods is not applicable.

Disclosures arising from other regulations: As part of the Sustainability Report, the Group discloses information on the share of revenue, capital expenditure and operating expenditure („key performance indicators“) relating to environmentally sustainable economic activities in accordance with the Taxonomy Regulation (EU) 2020/852 and the related delegated acts. The information required under the Taxonomy Regulation is presented on pages 48–54. The Group applies the ESRS standards in full, and references to other regulations and frameworks are clearly indicated in the relevant sections of the Report.

Inclusion by reference: The Sustainability Report includes information by referring to data from the financial statements and the notes to the financial statements, which are published simultaneously.

GENERAL INFORMATION *(continued)*

Table: Incorporation by reference

Disclosure requirement	Reference to
Disclosures in accordance with Article 8 of the Taxonomy Regulation	part of Notes 6, 6a, 15, 16 and 17 of the Group's audited financial statements
E1-3 – Measures and resources related to climate policies	part of Note 15 of the Group's audited financial statements
E1-6 – Greenhouse gas emission intensity	Note 6 of the Group's audited financial statements
E3-4 - Water consumption intensity	Note 6 of the Group's audited financial statements
S1-6 - Characteristics of the Company's workforce	Note 8 of the Group's audited financial statements

Governance**GOV - 1 The Role of the administrative, management and supervisory bodies****Corporate structure**

The Company is organised under a dualistic governance model, and its main governing bodies are the Management Board, the Supervisory Board and the General Assembly.

- The Management Board

The Management Board manages the Company independently, while certain strategic matters may be carried out only with the prior approval of the Supervisory Board. The Supervisory Board oversees the conduct of the Company's business. Members of the Supervisory Board are regularly informed by the Management Board about the Company's management and operations. The Company's Management Board consists of three members, all of whom hold executive positions in accordance with the law. It comprises one female and two male members, representing a 33% share of women. The composition of the Management Board remained unchanged compared with the previous reporting period.

Indicator	2025.	2024.
Total number of members of the Management Board	3	3
Number of female members	1	1
Number of male members	2	2
Share of females in the Management Board	33%	33%
The executive role of the members of the Management Board	100%	100%

The current mandate of the President and the members of the Management Board began on 1st January 2024 and runs until 31st December 2026.

As of 31st December 2025, the Management Board consisted of the following members:

Dragan Pujas has been the president of the Management Board of Plava Laguna since 1st October 2019. He graduated from the Faculty of Economics at the University of Rijeka in 2006, after which he completed a professional MBA program in tourism and destination management at Modul University in Vienna, which he attended from 2008 to 2010.

GENERAL INFORMATION *(continued)*

He began his professional career in 2006, the same year he graduated, as a trainee at Plava Laguna. After completing the trainee program, he was employed in the Procurement Sector before moving to the Operations Sector. In 2010, he was appointed as an assistant director of the sector, and in 2015, he took over the position as director of the Operations Sector. In January 2018, he became a member of the Management Board of Plava Laguna, where, as a key member of the management team, he has contributed significantly to the company's success. On 1st October 2019, he assumed the role of president of the Management Board. Since 2022, Dragan Pujas has been a member of the Supervisory Board of Hotel Croatia d.d. In his work, he continuously relies on the core values held by Plava Laguna: tradition, stability, respect, responsibility, and realism, values that remain central to his management approach.

Danira Rančić has been a member of the Management Board of Plava Laguna since January 2018. She graduated from the Faculty of Economics at the University of Rijeka in 1996 and began her traineeship at Plava Laguna the same year. She started her independent career in the Budget and Analysis Department of Plava Laguna, where she gained valuable knowledge and experience for her professional development. In 2004, she took over as director of the Economics and Finance Sector, a position she held until 2018, when she became a member of the Management Board responsible for finance, accounting, and controlling. Her role was crucial in the operational preparation for the merger of Istraturist Umag in 2014, leading up to its formal legal integration in 2018. Since 2022, she has been a member of the Supervisory Board of Hotel Croatia d.d. As a member of the Management Board, Danira Rančić actively participates in the strategic management and development of Plava Laguna.

Damir Mendica has been a member of the Management Board of Plava Laguna since 2018, overseeing investments and information technology. After completing his studies at the Faculty of Electrical Engineering and Computing (FER) at the University of Zagreb in 1996, he was employed at the Institute of Agriculture and Tourism in Poreč, where he soon became involved in IT projects for Plava Laguna. He fully transitioned to Plava Laguna in 1998 as a Project Manager, and since 2003, he has served as director of the Investments and Maintenance Sector. Throughout his career, he has played a key role in implementing significant projects, including major investments such as the Albatros, Molindrio, Parentium, and Park Resort hotels in Poreč, as well as Sipar in Umag. In a role as a member of the Management Board, he contributed to the integration of Istraturist into Plava Laguna, making the company one of Croatia's largest tourism enterprises. He actively participates in socially responsible initiatives, including donations to schools and healthcare institutions. His contribution to the development of Plava Laguna's tourism offer and business processes has significantly strengthened the company's market position. His dedication and vision continue to drive the Company's growth and success.

- The Supervisory Board

The Company's Supervisory Board has seven members, all of whom are non-executive in accordance with the law. The Supervisory Board consists of seven male members (100% men). Members are appointed in accordance with the Companies Act, the Articles of Association and the Rules of Procedure of the General Assembly. For as long as prescribed by special regulations, employees, through the Works Council, have the right to appoint one member. The employee representative participates in the work of the Supervisory Board on an equal footing with other members but represents only the employees. One member of the Supervisory Board is independent, representing 14.2% of the Supervisory Board. All members are non-executive as required by law.

GENERAL INFORMATION *(continued)*

Indicator	2025.	2024.
Total number of the members of the Supervisory Board	7	7
Executive / non-executive function	100% non-executive	100% non-executive
Number of female members	0	0
Number of male members	7	7
Share of women	0%	0%
Share of men	100%	100%
Number of independent members	1	1
Share of independent members	14.2%	14.2%
Representative of employees at SB	Yes (1 member)	Yes (1 member)

The structure and composition of the Supervisory Board remained unchanged compared with 2024.

As of 31st December 2025, the Supervisory Board consisted of the following members:

Davor Luksic Lederer, an economist, has been the president of the Supervisory Board since August 2011. In Croatia, he is a member of the supervisory boards of three other companies and a board member in 6. He is a member of the Audit Committee and the Remuneration Committee of the Company.

Patricio Tomas Balmaceda Tafra, an economist, has been the deputy chairman of the Supervisory Board since September 2002. In Croatia, he is a member of the supervisory boards of four other companies and a board member in one. He is a member of the Audit Committee and the Remuneration Committee of the Company.

Davor Domitrović, a lawyer, has been a member of the Supervisory Board since August 2011. In Croatia, he is a member of the supervisory boards of two other companies. He is a member of the Audit Committee and the Remuneration Committee of the Company.

Ignacio Andrés Pardo, an engineer, has been a member of the Supervisory Board since July 2024. In Croatia, he is a member of the supervisory boards of three other companies.

Neven Staver, an economist, has been a member of the Supervisory Board since October 2019, having previously served as a member or president of the Company's Management Board for many years. In Croatia, he is a board member of another company.

Christiaan Paul Dijk, an economist, has been a member of the Supervisory Board since May 2023.

Veljko Šantek has been a member of the Supervisory Board as an employee representative since April 2024. He is a long-time employee of the Company and a member of the Workers' Council.

The rules for appointing members of the Management Board and members of the Supervisory Board do not contain any restrictions regarding diversity (gender, age, education, profession).

- The General Assembly

The General Assembly comprises all shareholders of the Company and performs tasks assigned to it by law and the Company's statute.

GENERAL INFORMATION *(continued)*

Roles in determining and assessing impacts, risks, and opportunities

During 2024, the Company established a project team to conduct the double materiality assessment process.

An internal project coordinator from the Accounting, Finance, and Controlling Sector was appointed, to whom the Management Board delegated operational coordination of the process to the designated internal coordinator, with annual reporting to the Management Board and the Supervisory Board on progress and results through the Sustainability Report and the Annual Report, in accordance with the Internal Procedure for Sustainability Reporting. Quantitative sustainability data are monitored and collected on a monthly basis where applicable (e.g., energy consumption, fuel usage, etc.) and are used as the basis for periodic internal analyses and annual reporting to management and supervisory bodies. The internal project coordinator is responsible for managing and monitoring the process, consolidating data, and coordinating stakeholder engagement, and ensuring that all activities are aligned with the Corporate Sustainability Reporting Directive (CSRD) and the European ESRS standards.

The operational functions and the project team report to the Management Board, while the Supervisory Board oversees the work of the Management Board in accordance with its legal and statutory powers.

The project team members, including sector directors and key department heads, held a series of consultations and meetings to identify, discuss, and assess actual and potential impacts, risks, and opportunities, as well as their significance for the Group.

For the area of environmental topics, internal experts in environmental protection from the Operations Sector and internal experts from the Investments Sector have been engaged. For topics related to the workforce, internal experts from the Human Resources Sector and internal experts from the Legal Affairs Department have been engaged. For issues related to guests and end users, internal experts for accommodation and operations quality from the Operations Sector, internal sales experts from the Sales Sector, and internal marketing experts from the Marketing Sector have been engaged. For matters related to corporate governance, internal experts from the Legal Affairs Department, the Information Technology Sector, and the Procurement Sector have been engaged. Additionally, experts from the Business Development Sector and the Accounting, Finance, and Controlling Sector are included in the process.

Throughout the entire double materiality assessment process, the Company's Management Board was responsible for overseeing the identification and evaluation of material impacts, risks and opportunities, and for providing strategic direction and supervision. The Supervisory Board oversaw the work of the Management Board in this area.

The responsibilities of the Management Board and the Supervisory Board regarding impacts, risks and opportunities are currently carried out through their existing statutory powers, while their formalisation will be further elaborated in the Internal Sustainability Reporting Procedure planned for adoption in 2026.

During 2025, the Management Board and the Supervisory Board defined procedures for managing the identified material impacts, risks and opportunities in the area of sustainability. These procedures have been integrated into the Company's existing internal functions, including finance, legal affairs, human resources and operations.

However, a formal risk management and internal control system specifically related to sustainability reporting has not yet been adopted or established through an internal act. The formal adoption of these procedures is planned for 2026 through the Internal Sustainability Reporting Procedure, which will ensure their institutionalisation and operational implementation at the Group level.

GENERAL INFORMATION *(continued)*

The Management Board and the Supervisory Board oversee the setting of targets related to material impacts, risks and opportunities and monitor progress towards their achievement through annual reporting and the review of business results.

The project coordinator acquired additional knowledge and attended specialized sustainability programs, while additional workshops were organized for project team members in collaboration with external experts to familiarize them with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

The Management Board possesses relevant expertise in sustainability matters and material impacts, risks, and opportunities, derived from long-standing experience and a thorough understanding of the industry in which the Group operates.

The Management Board and the Supervisory Board regularly assess the availability of the necessary skills and expertise required to oversee material sustainability matters and, where needed, ensure additional training. For specific areas in which the Company currently does not have sufficiently developed internal competencies, external experts with proven experience in sustainability are engaged.

The bodies possess a combination of internal expertise (in the areas of finance, legal affairs, risk management and operations) as well as access to external specialists and dedicated sustainability training.

The acquired and available skills and expertise are focused on overseeing and managing the material impacts, risks and opportunities identified through the double materiality assessment process, particularly in the areas of climate change, workforce matters, business conduct and risk management.

Role and expertise of the Management Board and the Supervisory Board in business conduct matters

The management and supervisory bodies of Plava Laguna play a key role in ensuring the effectiveness and consistent application of policies and procedures related to business conduct. The Management Board adopts fundamental documents, while the Supervisory Board grants prior approval where required by regulations, internal acts, or the Company's established processes.

Function and department heads are responsible for implementing policies at the operational level and providing support to employees in understanding and applying internal procedures and regulations.

The Company's management and supervisory bodies possess adequate expertise and experience in managing business conduct matters, including a thorough understanding of relevant regulations (the General Data Protection Regulation (GDPR), the Conflict- of-Interest Prevention Act, and the Informant Protection Act) as well as practical experience in applying legal requirements and corporate ethics.

GENERAL INFORMATION *(continued)*

GOV – 2 Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies

The Management Board actively participated in the double materiality assessment process. Upon completion, the final results were presented again to the Management Board, which granted formal approval.

The Management Board and the Supervisory Board are informed about material impacts, risks and opportunities through regular reports and analyses prepared by the relevant organisational units. During the reporting period, the focus of reporting was on the results of the double materiality assessment and the identification of priority action areas, while information on the implementation of policies, measures, indicators and targets will be included in reporting once they are formally established during 2026.

Monitoring of specific environmental and social data and indicators is carried out through regular reports and analyses, prepared predominantly on a monthly basis and, where necessary, more frequently. These reports are subsequently submitted to the Company's management and governance structures for review.

A formal sustainability governance framework is defined through the Internal Sustainability Reporting Procedure, planned for adoption in 2026. Further development of the system—including the setting and monitoring of target values for the identified material topics—will continue in subsequent reporting periods.

The administrative, management and supervisory bodies take into account all material impacts, risks and opportunities when overseeing the Company's strategy, making decisions on major investments and other significant business transactions, and within the risk-management process. Consideration of these factors includes assessing their potential financial, operational and reputational implications, as well as alignment with regulatory requirements and the Group's strategic priorities.

During the reporting period, the Management Board and the Supervisory Board addressed the material impacts, risks and opportunities identified through the double materiality assessment process, particularly those related to climate change, energy consumption and greenhouse gas emissions, water resource management, workforce matters, business conduct and regulatory compliance.

GOV – 3 Integration of sustainability-related performance in incentive schemes

The Company's Supervisory Board has adopted the Remuneration policy for the Management Board members, which takes into account corporate governance principles and balances the interests of the Company and sustainability.

During the reporting period, the performance of the members of the administrative, management and supervisory bodies was not assessed on the basis of specific targets or sustainability-related performance outcomes. For the material topics identified during 2025, no measurable targets were established that could be incorporated into the performance evaluation system.

Sustainability performance indicators are currently not used as performance benchmarks, nor are they included in the Remuneration Policy for Management Board members or in any other incentive programmes of the Company.

GENERAL INFORMATION *(continued)*

During the reporting period, the variable remuneration of Management Board members was not directly linked to predefined targets or quantitative sustainability performance indicators. However, within the overall assessment of Management Board performance, initiatives and activities related to sustainability are taken into consideration. Such assessment is conducted qualitatively and is not tied to predefined targets or to a specific share of variable remuneration.

The Remuneration Policy for Management Board members is approved and updated by the General Assembly of the Company, based on the prior recommendation of the Remuneration Committee, in accordance with applicable regulations and the Company's internal acts.

The integration of sustainability-related performance outcomes is planned for future reporting periods, given that no targets were established for the identified material topics during 2024–2025. In addition, the Remuneration Policy for Management Board members does not currently include aspects related to climate change.

During the reporting period, climate-related factors, including the reduction of greenhouse gas emissions, energy efficiency and climate change adaptation, were not incorporated into the criteria for determining variable remuneration for members of the administrative, management and supervisory bodies.

The share of remuneration for members of the administrative, management and supervisory bodies that was linked to climate-related considerations during the reporting period amounted to 0%.

GENERAL INFORMATION *(continued)*

GOV – 4 Statement on due diligence

The following table presents the sections of the Group’s Sustainability Report that contain information on the due diligence process.

Table. Due diligence report

Key elements of the due diligence process	Points in report
Embedding due diligence in governance, strategy and business model	GOV-2 (Information provided to the undertaking’s administrative, management and supervisory bodies and the sustainability matters considered by those bodies) GOV-3 (Incorporation of sustainability performance into incentive schemes) SBM-3 (Material impacts, risks and opportunities and their interaction with the strategy and business model)
Engaging with affected stakeholders in all key steps of the due diligence	GOV-2 (Information provided to the undertaking’s administrative, management and supervisory bodies and the sustainability matters considered by those bodies) SBM-2 (Interests and views of stakeholders) IRO-1 (Description of the processes to identify and assess significant impacts, risks and opportunities)
Identifying and assessing adverse impacts	IRO-1 (Description of the processes to identify and assess significant material impacts, risks and opportunities) SBM-3 (Material impacts, risks and opportunities and their interaction with the strategy and business model)
Taking actions to address those adverse impacts	E1-3 (Measures and resources related to climate policies) E3-2 (Measures and resources related to water and marine resources) E5-2 (Measures and resources related to resource use and the circular economy) S1-4 (Actions taken to address material impacts on the undertaking’s own workforce, approaches to managing material risks and seizing material opportunities related to the workforce, and the effectiveness of those actions) S4-4 (Actions taken to address material impacts on consumers and end-users, approaches to managing material risks and seizing material opportunities related to consumers and end-users, and the effectiveness of those actions)
Tracking the effectiveness of these efforts and communicating	not established formally in the current reporting period

GENERAL INFORMATION *(continued)*

GOV – 5 Risk management and internal controls over sustainability reporting

In 2025, the framework for the risk management and internal control system related to sustainability reporting was established through the Internal Sustainability Reporting Procedure. The framework, as defined in this procedure, includes the allocation of responsibilities across organisational units, the processes for identifying, collecting and processing data, control mechanisms for verifying the accuracy and completeness of the data — including multi-level data validation — the consolidation of data at the Group level, and reporting to the management and supervisory bodies.

Full operational implementation of the system is planned for 2026. However, activities related to risk management and data controls in the area of sustainability are already being carried out through existing operational procedures and responsibilities within individual departments.

Monitoring of environmental and social indicators is conducted through regular reports and analyses, prepared predominantly on a monthly basis, and more frequently when required, and submitted to the management and leadership structure. Data are sourced from supplier invoices and internal monitoring systems, with department managers responsible for ensuring their accuracy and quality. The analysis of key indicators enables timely identification of deviations and the implementation of corrective measures.

The assessment of risks related to sustainability reporting is based on the methodology defined within the double materiality assessment process and includes the evaluation of the significance of deviations, financial impacts, and potential negative effects on the environment and people. Risk prioritisation is determined by combining the level of impact and the likelihood of occurrence.

The main risks identified in the process of collecting, processing, consolidating and reporting sustainability data include the risk of incomplete data, inaccurate or poor-quality data, non-compliance with standards and regulatory requirements, failure to meet reporting deadlines, inadequate document version control, as well as IT and security risks related to data collection, processing and storage.

Mitigation measures include clear allocation of responsibilities to department managers, multi-level data checks and validation prior to consolidation, maintaining a documented audit trail, regular updates of the Risk and Opportunity Register, and oversight of compliance with ESRS requirements and internal procedures. Continuous variance analysis is performed, and corrective actions are taken in cases of identified irregularities.

The results of the risk assessment and the implementation of internal controls are integrated into the Company's relevant internal functions through regular operational processes. This includes integration into finance, accounting and controlling, operations, human resources, legal affairs and information technology. Identified risks and recommended mitigation measures are discussed during management meetings and, where necessary, incorporated into existing procedures and business processes.

The results of the risk assessment and the effectiveness of internal controls related to sustainability reporting are presented annually to the Management Board through regular reports and analyses. The Supervisory Board is informed of relevant findings during the review of the annual report and other agenda items related to risk management and sustainability.

GENERAL INFORMATION *(continued)*

Strategy

SBM – 1 Strategy, business model and value chain

Description of the product and the brand: With nearly 70 years of successful operations and continuous development, the Plava Laguna Group is one of the key stakeholders in Croatia's tourism sector. The company's business model is based on long-term strategic management of accommodation capacities within hotels, apartment resorts, and campsites, providing high-quality hospitality services and continuously enhancing its offerings, with a strong focus on financial stability and business sustainability.

The Group operates under several commercial brands focused on hotel, camping and sports tourism. Sports tourism represents a significant segment of the business, encompassing the development and management of sports infrastructure, athlete training programmes and the organisation of sporting events. Hotel Croatia operates under the Adriatic Luxury Hotels (ALH) brand, a prestigious Croatian hotel group managing luxury hotels and villas in Dubrovnik.

The Group recognizes the importance of preserving space and the environment as a fundamental premise of sustainable operations and maintaining strategic advantage. It aims to further enhance its current environmental protection activities by strengthening its focus on environmental sustainability. The intention is to contribute to the fight against climate change, preserve the valuable natural resources of the areas in which it operates, and integrate the principles of the circular economy and sustainable waste management, ensuring a clean environment for the community, guests and future generations. The main challenges relate to climate risks, the energy transition, the preservation of natural resources and ensuring the availability of labour during seasonal periods.

Since the beginning of its operations, the Group has been actively involved in the life of the local community, supporting it through numerous initiatives and projects. At the same time, it recognises the importance of satisfied and motivated employees, providing them with a stable working environment and opportunities for personal and professional development. Through continued investment in employees and contributions to the community, the Group helps create an attractive destination with desirable workplaces that ensure high-quality service and sustained guest satisfaction. The Group employed 2,342 employees in 2024, while in 2025 it employed an average of 2,353 employees, all of whom were engaged at locations within the Republic of Croatia.

The Group's total revenues amounted to 239 million Euros in 2024, while in the current reporting period they reached 253 million Euros, generated predominantly in the hotel accommodation, campsites and apartment resort segments, in line with the Group's financial statements. The revenue structure is aligned with segment reporting in the Group's financial statements in accordance with IFRS 8.

Market description: The company has traditionally attracted guests from European markets, with visitors from Germany and Austria accounting for the majority of total overnight stays in solid structures, while guests from Germany and the Netherlands represent the majority of overnight stays in campsites. At Hotel Croatia, guests from Great Britain hold the leading position. During the reporting period, there were no significant changes in the structure of key markets or customer groups.

GENERAL INFORMATION *(continued)*

Sustainability goals: During the 2025 reporting period, the Group did not define measurable targets related to the identified material sustainability matters. Following the initial double materiality assessment conducted in 2024 and its revision in 2025, the establishment of a system of targets and indicators is currently underway. These will be defined and formally adopted in upcoming reporting periods, in accordance with the European Sustainability Reporting Standards (ESRS).

As sustainability targets were not defined during the reporting period, an assessment of the current material products and services in relation to sustainability objectives was not carried out.

Key resources and value chain: The key resources of the Group, as a hospitality and tourism company, include its brand, intellectual property, tangible and intangible assets, a qualified workforce, natural resources such as the environment and water, energy sources, equipment, information technologies, food products, consumables and other operational resources. Distribution channels include the Group's own web platforms, accommodation sales partners and digital booking systems. Key business relationships include suppliers of energy, food and services, accommodation sales partners, and the local communities in the destinations in which the Group operates.

Input data and resources are secured through long-term contractual relationships with suppliers, internal quality control systems, monitoring of compliance with regulatory requirements, and procurement and supplier evaluation procedures.

The outcomes of the business model are reflected in the provision of accommodation and hospitality services and in the creation of value for guests, employees, shareholders and the local community.

The value chain includes stakeholders at the upper level — suppliers of services and resources, regulatory and supervisory authorities, and local and regional government units — as well as stakeholders at the lower level of the value chain, such as guests, utility service providers and the local community. Key suppliers of energy, food and services have a significant operational impact on business continuity, while guests and distribution partners directly influence the Group's revenues and market position. Further information on the value chain is provided in section IRO-1 Description of processes to identify and assess significant impacts, risks and opportunities.

SBM – 2 Interests and views of stakeholders

The Group places particular emphasis on the principles of socially responsible business, which include transparent and two-way communication with all stakeholder groups in order to understand their needs and ensure effective cooperation. A high-quality relationship with all stakeholders represents one of the most important foundations of corporate governance. To ensure that relevant information on the level of social responsibility achieved is communicated effectively, targeted communication channels tailored to each stakeholder group are used.

The Group's key stakeholders include employees, guests, the local community, shareholders, trade unions and the works council, suppliers, the media, and local and national government bodies. Engagement with these stakeholder categories is carried out through regular communication channels and involvement mechanisms, as outlined below. Stakeholder engagement is organised through both formal and informal communication channels, including regular meetings, surveys, internal communication platforms, assemblies, public disclosures and collaborative projects, as detailed in the table below.

GENERAL INFORMATION *(continued)*

The purpose of stakeholder engagement includes information exchange, understanding stakeholder needs and expectations, improving business practices, ensuring transparency and fostering long-term trust-based relationships. Stakeholder feedback is taken into account when making business decisions, improving the service offering and working conditions, and planning future activities, as shown in the column “Impact on strategy and business model”. The interests and views of key stakeholders were analysed as part of the double materiality assessment process and were considered in determining the material impacts, risks and opportunities relevant to the Group’s strategy and business model.

No changes to the strategy or business model arising from stakeholder views or interests were made during the reporting period. Accordingly, the strategy and business model were not adjusted to reflect stakeholder interests or positions, nor are further steps planned in terms of modifying the strategy or business model based on stakeholder engagement. As no changes were made to the strategy or business model, no changes in stakeholder relationships are expected as a consequence.

Administrative, management and supervisory bodies are informed about stakeholder views and interests through information provided by the relevant organisational units, including the results of internal surveys and satisfaction assessments, as well as findings from the double materiality assessment process. Sustainability-related matters are discussed during management and supervisory meetings when relevant to the Company’s operations. Information is provided to the Management Board and the Supervisory Board as needed, particularly in the context of reviewing the annual report and other relevant business topics. In the next reporting period, the method of informing these bodies is planned to be further formalised through an internal procedure.

Table. Regular communication channels with stakeholders, the purpose of stakeholder engagement, and its impact on business strategy and business model

Stakeholders	Regular communication channels	The purpose of engagement	Impact on business strategy and business model
EMPLOYEES	<ul style="list-style-type: none"> • internal website - Intranet • Plava Laguna magazine and newsletter • The gala evening „Večer Lagune“ • social networks (Facebook group „I ja radim u Plavoj Laguni“, Facebook page „Posao u Plavoj Laguni“, YouTube channel „Posao u Plavoj Laguni“, Instagram page „plavalaguna_posao“) • business LinkedIn profile „Plava Laguna“ • internal surveying (performance evaluations and employee satisfaction surveys) • information boards in communal areas 	<p>The purpose of engagement is the exchange of information and understanding of employees' needs to create a better work environment, foster motivation and productivity, provide opportunities for professional and personal growth, and cultivate a sense of trust and belonging.</p>	<p>Employee feedback on various work-related issues is essential. The feedback is analyzed to assess opportunities for improving working conditions and accommodations, such as investments, enhancements to material conditions, mental health programs, and similar initiatives.</p>
GUESTS	<ul style="list-style-type: none"> • Plava Laguna web pages (plavalaguna.com and istracamping.com) • social networks Facebook, Instagram and TikTok • guest satisfaction surveys • customer service • loyalty programs • applications for guests 	<p>The purpose of engagement is to inform guests about products and services, ensure transparency and direct communication, understand their needs and preferences to improve offerings, personalize their experience, and build a relationship of trust.</p>	<p>The offer is adapted based on feedback, whether at a general or individual level for each guest. Marketing strategies are directed toward achieving the relevance of the offering and experience.</p>
LOCAL COMMUNITY	<ul style="list-style-type: none"> • memberships in tourism associations • sponsorship and donation projects • promotion and organization of major sports events • collaborations with retirement associations, educational institutions, and others 	<p>By participating in bodies relevant to tourism activities, the destination is improved, and the needs of various groups in the local community are gathered and addressed through donations and other forms of cooperation. Ultimately, this helps build and maintain good relationships and the well-being of local stakeholders.</p>	<p>Incorporating the interests of the destination into business policy creation, directing funds for donations and sponsorships based on expressed needs, and bringing business activities closer to the community through socially responsible initiatives and community development projects.</p>

Stakeholders	Regular communication channels	The purpose of engagement	Impact on business strategy and business model
SHAREHOLDERS	<ul style="list-style-type: none"> • annual regular and, when necessary, extraordinary shareholder meetings • financial reports • Plava Laguna corporate web pages (biz.plavalaguna.hr) • reports and announcements on the Zagreb Stock Exchange, HANFA, HINA, and in the media 	The purpose of engagement is to maintain transparency in reporting and access to information, build trust in business operations, and enhance the company's value.	Fulfilling prescribed obligations is an integral part of the Company's policy.
UNIONS AND WORKERS' COUNCIL	<ul style="list-style-type: none"> • regular communication (quarterly), consultation, and joint decision-making with Workers' Council members, as well as negotiations with union representatives present in Plava Laguna 	The purpose of engagement is to exchange information and understand employees' needs to create a high-quality work environment while fostering constructive dialogue for the material and professional well-being of employees.	All elements that are formally or informally agreed upon are woven into the company's future steps and employer policies.
SUPPLIERS	<ul style="list-style-type: none"> • everyday communication and regular meetings • web page Plava Laguna (partners.plavalaguna.com) 	The purpose of engagement is to create and enhance business relationships tailored to the needs of consumers and other stakeholders, improve business performance, maintain transparency, and contribute to sustainable development goals.	Feedback plays a crucial role in planning and making informed decisions.
MEDIA	<ul style="list-style-type: none"> • press conferences and press releases 	The purpose of engagement is to ensure transparent and consistent communication with the public and to convey important information to the Company.	Regular updates and information exchange through various media channels.
LOCAL AND NATIONAL GOVERNMENT BODIES	<ul style="list-style-type: none"> • communication with local government bodies • participation in proposing regulations and decisions affecting tourism activities 	The purpose of engagement is to understand and respect relevant regulations while collaborating with competent authorities to drive positive change.	Continuous adaptation to ensure compliance with regulations.

GENERAL INFORMATION *(continued)*

Certain key stakeholders have been involved in the double materiality assessment process to examine their views on the level of effect Plava Laguna has on various positive and negative impacts on the environment and people. More about stakeholder involvement can be found in section IRO – 1 Description of the processes to identify and assess material impacts, risks and opportunities.

SBM – 3 Material impacts, risks, and opportunities and their interaction with strategy and business model

In 2024, the Group carried out the initial double materiality assessment and identified significant negative and positive impacts, risks and opportunities. In October 2025, a regular revision of the double materiality assessment process was conducted, which included a general review of all previously identified impacts, risks and opportunities (IRO), the inclusion of Hotel Croatia d.d. Cavtat in the consolidation scope using both top-down and bottom-up approaches, and a reassessment of the ESRS E4 topic - Biodiversity and ecosystems.

As part of the revision of the double materiality assessment process, new physical and transition climate risks identified through the Climate Risk and Vulnerability Assessment (CRVA) were incorporated into the ESRS E1 topic. These include risks related to wildfires, storms and strong winds accompanied by heavy rainfall, as well as flooding caused by sea-level rise and coastal vulnerability, thereby supplementing and revising the previous assessment of climate impacts, risks and opportunities. Within the ESRS E4 – Biodiversity and ecosystems topic, a new significant impact was identified related to direct drivers of biodiversity loss, particularly in the sub-topics of land-use change, freshwater-use change and marine-use change, due to the pressure of business activities and increased visitor numbers on local ecosystems. Additionally, within the same topic, a significant opportunity was identified relating to the enhancement of market and reputational value through the preservation of natural areas. At the same time, certain sub-topics were methodologically refined to enhance precision, and in addition to the negative impact identified under the working time sub-topic, a material risk related to unattractive working hours was also identified during 2025.

More information on each identified material impact, risk and opportunity is provided in the respective thematic chapters of this report.

Material impacts are predominantly concentrated within the Group's own operations (operations, energy consumption, working conditions), while certain impacts and risks arise in the upstream and downstream parts of the value chain, particularly in relations with suppliers and guests.

Material risks include physical climate risks (chronic climate change, wildfires, storms and heavy rainfall, flooding due to sea-level rise), the transition risk of energy unavailability and high energy prices, the risk of labour availability and labour cost increases, and the risk of cyberattacks.

Material opportunities relate to increased destination attractiveness during certain periods due to climate change, enhanced market and reputational value through the preservation of natural areas, improving and adapting services to guest needs, ensuring professional and personal development opportunities for employees, and improving employee accommodation conditions.

The table below presents the updated material impacts, risks and opportunities identified through the initial 2024 assessment and its 2025 revision.

Table. Overview of material impacts, risks, and opportunities of the Group

Topic	Sub -topic/ Sustainability matters and related IROs	I/R/O*	Actual / Potential	Position in business model	Position in value chain			Time horizon		
					Upstream	Own business	Downstream	Short-term	Mid-term	Long-term
E1 Climate changes	Climate change mitigation									
	Greenhouse gas emissions from energy consumption	Negative impact	Actual	All business segments		•		•	•	
	Greenhouse gas emissions from activities in the value chain	Negative impact	Actual	Value chain	•		•	•	•	
	Climate change adaptation									
	Physical risks (wildfires) related to the impacts of climate change			All business segments						
	Physical risks (storms, strong wind) related to the impacts of climate change	Risk	-	All business segments	•	•	•		•	•
	Physical risks (flooding caused by sea-level rise and coastal vulnerability) related to the impacts of climate change	Risk		All business segments						
	Increased destination attractiveness in certain periods due to the impacts of climate change	Opportunity	-	All business segments		•	•		•	•
	Energy									
	Transition risk from energy unavailability and high energy prices	Risk	-	All business segments	•				•	•
E3 Water and marine resources	Water- Water consumption									
	Water consumption	Negative impact	Actual	All business segments		•		•	•	
E4 Biodiversity	Direct drivers of biodiversity loss – Land-use change, freshwater-use change and marine-use change									
	Impact on biodiversity and ecosystems resulting from land use and coastal area use	Negative impact	Actual	Operations		•				•
	Enhancement of market and reputational value through the preservation of natural areas	Opportunity	-	All business segments		•	•		•	•

Topic	Sustainability matters and related IROs	I/R/O*	Actual / Potential	Position in business model	Position in value chain			Time horizon			
					Upstream	Own business	Downstream	Short-term	Mid-term	Long-term	
E5 Resource use and circular economy	Waste										
	Waste generation	Negative impact	Actual	All business segments		•	•		•	•	
	Working conditions – Working time										
S1 Own workforce	Specific working hours	Negative impact	Actual	Operations		•			•	•	
	Working conditions- Secure employment										
	Risk of workforce availability and workforce cost	Risk	-	All business segments		•				•	
	Equal treatment and opportunities for all – Training and skills development										
	Ensuring professional and personal development	Opportunity	-	All business segments		•			•	•	
	Other rights arising from employment – Adequate housing										
S4 Consumers and end - users	Improvement of employee accommodation conditions	Opportunity	-	Operations		•				•	
	Entity specific										
G1 Business conduct	Improvement and adaptation of service to guests' needs	Opportunity	-	Operations		•		•	•		
	Corporate culture										
	Business management based on the principles of socially responsible business	Positive impact	Actual	All business segments		•			•	•	
G1 Business conduct	Entity specific										
	Cyber attacks	Risk	-	Information technology		•		•			

GENERAL INFORMATION *(continued)*

During the reporting period, the Group carried out a qualitative assessment of the resilience of its strategy and business model to the material impacts, risks and opportunities identified through the double materiality assessment process. The resilience analysis was conducted particularly in relation to climate risks, based on the results of the Climate Risk and Vulnerability Assessment (CRVA), taking into account the Group's ability to respond to identified physical and transition risks through its existing business model, as well as its capacity to leverage recognised market and operational opportunities related to sustainability. More information on the climate resilience analysis is provided in the thematic section Climate Change, in subsections SBM-3 and IRO-1. No separate resilience analysis was conducted for other identified risks and opportunities.

No significant direct financial effects of material risks and opportunities were identified during the reporting period that would require substantial adjustments to the carrying amounts of assets or liabilities in the financial statements.

The material impacts, risks and opportunities identified through the double materiality assessment process are largely covered by the disclosure requirements prescribed by the ESRS standards. However, two material topics are not fully covered by existing ESRS requirements and are therefore disclosed as additional entity-specific disclosures. These include an opportunity within the area of consumer and end-user relations (ESRS S4) relating to the improvement and adaptation of services to guest needs, as well as a risk within the area of business conduct (ESRS G1) related to cyberattacks.

In addition to the impacts, risks and opportunities covered by ESRS disclosure requirements, the Group has identified additional entity-specific impacts, risks and opportunities arising from the specific characteristics of its business model and operational context. These disclosures have been prepared in accordance with ESRS 1 and complement the ESRS requirements to ensure complete and comprehensive reporting on all material topics.

The following impacts, risks and opportunities have been identified as entity-specific:

- **Consumers and end users: Improvement and adaptation of services to guest needs (opportunity)**
This opportunity relates to the continuous monitoring of guest satisfaction and the development of digital and operational solutions (e.g., paperless and contactless approaches) aimed at improving service quality, optimising processes and enabling more efficient use of resources. These efforts contribute to increased guest satisfaction and loyalty, strengthening the competitive position and potentially supporting revenue growth.

- **Business conduct: Cyberattacks (risk)**
The risk of cyberattacks relates to the possibility of unauthorised access to information systems, data loss or data breaches, and temporary unavailability of key IT systems. Such events may result in financial losses, regulatory consequences (e.g., GDPR penalties) and reputational damage. The increasing digitalisation of operations further heightens exposure to this risk.

Management of impacts, risks, and opportunities

IRO – 1 Description of the processes to identify and assess significant impacts, risks, and opportunities

The Plava Laguna Group applies a structured and documented double materiality assessment process in accordance with ESRS 1 General Requirements, the EFRAG Implementation Guidance (IG 1 – Materiality Assessment and IG 2 – Value Chain), as well as its internal Double Materiality Methodology.

GENERAL INFORMATION *(continued)*

The double materiality assessment process was carried out for the first time in 2024, while in October 2025 a revision was conducted to verify the continued relevance of previously identified material topics, to include Hotel Croatia d.d. Cavtat within the Group's consolidation scope, and to update impacts, risks and opportunities in line with changes in the business model, value chain and climate-related analyses (including the Climate Risk and Vulnerability Assessment – CRVA).

To ensure the ongoing relevance of the assessment, an annual review is performed to identify circumstances that may affect previously determined material topics, including changes in the business model, organisational structure, consolidation scope, regulatory framework or sustainability-related risks. In the event of significant changes—such as acquisitions, integration of new entities, strategic investments or other developments that may materially influence the Group's impacts, risks and opportunities—a targeted or comprehensive reassessment of double materiality is conducted.

The revision resulted in:

- updated assessments of impacts, risks and opportunities,
- an assessment of transition climate risks,
- the development of a Risk and Opportunity Register,
- the inclusion of Hotel Croatia d.d. through a top-down and bottom-up approach,
- and the identification of “Biodiversity and ecosystems” as a new material topic.

The process involved directors and managers from all organisational sectors: Operations, Accounting, Finance and Controlling, Procurement, Marketing, Business Development, Investments and Maintenance, Human Resources, Information Technology, Sales, and the Management Office. The Management Board was actively involved throughout the process.

The double materiality assessment was carried out through the following interconnected steps:

1. Understanding the business context and value chain

In the first step, the Group's business model, key activities, geographical presence and value chain structure were analysed.

The Plava Laguna ESG project team, taking into account the business model, mapped the entire value chain and identified areas where there is a significant likelihood of impacts, risks and opportunities related to sustainability matters. Stakeholders at both the upstream and downstream levels of the value chain were mapped, along with activities and sub-activities, and the sustainability-related impacts arising from the value chain.

All stakeholders and key activities across the upstream and downstream value chain were considered, and the project team, based on expert judgement, identified areas where there is a significant likelihood of actual or potential impacts, risks and opportunities (IRO) related to sustainability matters.

A systematic identification was carried out to determine where in the value chain there is a significant likelihood of actual or potential, positive or negative impacts, risks and opportunities (IRO) across ESRS topics (E1–E5, S1–S4, G1), in order to define the scope of the subsequent materiality assessment (upstream, own operations and assets, downstream), including the mapping of stakeholders, activities and sub-activities and their typical sustainability-related impacts.

The results of this analysis are presented in the tables “Upstream Value Chain”, “Downstream Value Chain” and “Own Operations”.

GENERAL INFORMATION *(continued)*

UPSTREAM VALUE CHAIN

Stakeholders	Activities	Potential IRO*
<ul style="list-style-type: none"> Suppliers of energy, resources and tangible goods Age Mediators in employment and workforce training and upskilling Minority shareholders, financial and credit institutions, and insurance companies Accommodation and service sales partners Public authorities and regional and local government Other stakeholders in the tourism sector Other organisations and the interested public 	Energy, resources and tangible goods supply	✓
	Service provision	-
	Securing the workforce	✓
	Securing financial resources and insurance	-
	Accommodation and service sales support	-
	Regulation and supervision of business activities, and the provision of public services	✓
	Other activities in the tourism sector	-
	Activities of other organizations and the interested public	-

DOWNSTREAM VALUE CHAIN

Stakeholders	Activities	Potential IRO*
<ul style="list-style-type: none"> Guests Municipal services Local community 	guests' activities	✓
	provision of municipal services	✓
	cooperation through various projects	✓

In addition to the upstream and downstream value chain, the focus of consideration was placed on areas of the own activities and assets where there is a significant probability of actual and potential impacts, risks, and opportunities.

OWN ACTIVITIES

Stakeholders	Primary activities	Supporting activities	Potential IRO*	
<ul style="list-style-type: none"> The Supervisory Board The Management Board and the management Employees 	providing accommodation services	business operations management	✓	
		human resources management	✓	
		marketing	-	
	providing other hospitality services	investments and maintenance management	✓	
		purchase management	✓	
		public relations	-	
	managing sports infrastructure, organization of sports events	information technology management	-	
		operations management	✓	
		finance, accounting and controlling	-	
		sales of accommodation and services	-	
			project management and business development	✓

*impacts, risks, and opportunities defined in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS)

✓ in the column „Potential IRO“ – defines that for the given stakeholder/activity there is a significant probability IRO and that the topic shall be further evaluated

GENERAL INFORMATION *(continued)*

2. Identification of actual and potential impacts, risks and opportunities related to sustainability matters

In the second step of the double materiality assessment process, the Plava Laguna project team analysed all sustainability matters listed in ESRS 1 *General Requirements* (AR 16) in the Annex to the Commission Delegated Regulation (EU) supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards, published on 31 July 2023.

An initial assessment was carried out to determine the frequency of occurrence and priority of each sustainability matter for Plava Laguna, based on an analysis of internal documents and internal expertise, the value chain analysis, sectoral analysis, and a review of national strategic documents and regulatory requirements.

In line with the guidance in ESRS 1 *General Requirements* (AR 16–18), an initial list of sustainability topics was developed as the basis for assessing impacts, risks and opportunities. The list covers all relevant environmental, social and governance matters (ESRS E1–E5, S1–S4, G1), ensuring a comprehensive approach and compliance with prescribed requirements.

When preparing the list of topics, the Plava Laguna project team used the standardised ESRS 1 (AR 16) framework and identified all sustainability matters that may be material for the Group, taking into account:

- impacts across the entire value chain,
- results of the initial assessment of the frequency of occurrence of individual matters,
- findings of sectoral and national analyses, and
- priorities defined in the strategic documents of the Republic of Croatia and the European Union.

Additionally, entity-specific topics not directly included in the standard ESRS list but relevant to the Group's business model and operating context were added:

- Consumers and end-users – Improving and adapting services to guest needs
- Business conduct – cyber attacks.

A methodology was also established for assessing the materiality of stakeholders across the value chain. Stakeholders were mapped by category (internal and external), subcategory (Suppliers of suppliers of energy, resources and tangible goods; Suppliers of energy, resources and tangible goods; Service providers; Workforce-related stakeholders; Minority shareholders, credit and financial institutions and insurance companies; Accommodation and service sales partners; Other stakeholders in the tourism sector; Public authorities, counties and local government units; Other organisations and the interested public; Guests) and by stakeholder type (affected stakeholders and users of sustainability report). Some stakeholders belong to both groups.

Affected stakeholders are individuals or groups whose interests are or could be positively or negatively affected by the company's activities and its direct and indirect business relationships across the value chain. Users of sustainability report include primary users of general-purpose financial statements (existing and potential investors, lenders and other creditors) and other users of sustainability report, including the company's business partners, trade unions and social partners, civil society and NGOs, public authorities, analysts and members of the academic community.

GENERAL INFORMATION *(continued)*

The names of stakeholder groups were determined by considering those most relevant during the assessment period, based on recommendations from employees who interact with them most intensively. Furthermore, the team assessed whether communication with each stakeholder group was established and, if so, the type of communication channel and its frequency. The type of business relationship (direct or indirect) was also identified.

The process resulted in the selection of 22 subcategories (out of nearly 60 identified) of stakeholders included in the assessment of significant impacts: Management Board and management, permanent and seasonal employees, guests, suppliers of energy and water, suppliers of food and beverages, construction contractors, designers, external service providers, employment agencies, commercial banks and insurance companies, accommodation sales partners and local government bodies.

3. Assessment of the Materiality of Impacts, Risks and Opportunities

In the third step, the Plava Laguna project team established a methodology for assessing the materiality of each individual impact, risk and opportunity as follows:

- Assessment of impact materiality based on stakeholder feedback
- Assessment of impacts by the Group Project Team based on scale, scope, irremediability and likelihood
- Assessment of risks and opportunities by the Group Project Team based on the magnitude of financial effects and likelihood of occurrence
- Setting materiality thresholds

Questionnaires were developed containing questions related to the impacts of Plava Laguna's operations. Stakeholders rated positive and negative impacts related to sustainability matters on a scale from 1 to 4 (1 – negligible impact, 2 – minor impact, 3 – moderate impact, 4 – major impact) for those matters for which the project team determined that stakeholder input would be important for assessing impact materiality. The questionnaires were sent to stakeholders via email. The survey was conducted in August 2024, and more than 1,400 responses were collected.

The Plava Laguna project team then established the methodology for assessing the materiality of each individual impact, risk and opportunity.

The impact assessment methodology is based on the guidance of ESRS 1 General Requirements. Ratings from 1 to 4 were used for the following parameters:

- scale – assessing how severe a negative impact is or how beneficial a positive impact is for people or the environment (1 – negligible, 2 – minor, 3 – moderate, 4 – major)
- scope – assessing how widespread the negative or positive impacts are (1 – company-level, 2 – local, 3 – regional, 4 – global)
- irremediability – for negative impacts, assessing whether and to what extent impacts can be remedied, i.e., whether the environment or affected people can be restored to their previous state (1 – fully remediable, 2 – largely remediable, 3 – partially remediable, 4 – irremediable)
- probability – assessed only for potential impacts, while actual impacts were automatically assigned a score of 4 (1 – very low probability, 2 – low probability, 3 – moderate probability, 4 – high probability)

For sustainability matters related to the own workforce, a specific scoring matrix from 1 to 4 was applied for the scope parameter (1 – up to 5% of employees, 2 – 5.01% to 20%, 3 – 20.01% to 50%, 4 – 50.01% to 100% of employees who were at work on 23 July 2024).

GENERAL INFORMATION *(continued)*

The average value of the sum of scale, scope and irremediability was defined as the severity of the impact, which was then multiplied by likelihood to obtain the final impact score.

For potential negative impacts on human rights, severity was prioritised over likelihood. If the severity score was higher than the likelihood score, the final score was defined as double severity. Otherwise, the final score was defined as the product of severity and likelihood. This methodology was applied to potential negative impacts identified under ESRS S1 Own Workforce, ESRS S2 Workers in the Value Chain, ESRS S3 Affected Communities and ESRS S4 Consumers and End-users.

The methodology for assessing risks and opportunities is based on the guidance of ESRS 1 General Requirements. In the assessment of risks and opportunities, ratings from 1 to 4 were used for the following parameters:

- magnitude of financial effects – assessed as the potential scale of financial consequences, i.e., the expected loss of revenue or increase in costs in the event of a risk materialising, or the expected additional revenue or cost reduction in the event of an opportunity materialising (1 – very low financial effect, up to 0.5%; 2 – low financial effect, 0.51% to 2.5%; 3 – moderate financial effect, 2.51% to 5%; 4 – high financial effect, more than 5% of the Group’s operating revenue generated in 2023)
- probability – assessed as the probability of the risk or opportunity occurring (1 – very low probability, 2 – low probability, 3 – moderate probability, 4 – high probability)

In assessing risks and opportunities, the relationship between identified impacts and the Group’s dependencies (e.g., on energy, water, workforce, locations and destinations) and their potential financial consequences and strategic decisions was considered. This is documented in the methodological assessment matrix and the Group’s Risk and Opportunity Register.

When determining the final materiality score of sustainability matters, both impact materiality and financial materiality were taken into account as follows:

- Impact scores assigned by the Plava Laguna project team and impact scores assigned by surveyed stakeholders were weighted so that the project team’s score accounted for 60% of the impact score, and the stakeholders’ score accounted for 40%. The 60:40 ratio is based on standards representing best practice in similar assessments. The result was an aggregated impact score combining the project team’s and stakeholders’ assessments.
- The financial materiality score was taken from the risk and opportunity assessment conducted by the Plava Laguna project team.
- The following three scores were compared: (1) the impact score assigned by the project team, (2) the aggregated impact score of the project team and stakeholders, and (3) the financial materiality score.
- The highest of the three scores was taken as the final materiality score.

A materiality threshold of 9 was set, and all impacts, risks and opportunities with a score of 9 or higher were classified as material. The double materiality assessment process resulted in the identification of significant negative and positive impacts, risks and opportunities across environmental, social and governance areas. These are presented in section SBM-3 Material impacts, risks and opportunities and their interaction with strategy and the business model. A detailed overview is provided in the table in section SBM-3, and further information on each material impact, risk and opportunity is provided in the respective topical standards.

GENERAL INFORMATION *(continued)*

Risks and opportunities related to sustainability are identified through the double materiality assessment process, thematic analyses and specific assessments, including the Climate Risk and Vulnerability Assessment (CRVA), after which they are entered into the Plava Laguna Group's Risk and Opportunity Register. When prioritising sustainability-related risks, the same fundamental criteria are applied as for other types of risks, particularly the assessment of likelihood and potential financial consequences, enabling comparability with operational, financial and strategic risks. Sustainability risks assessed as having higher potential financial impact, regulatory implications, reputational effects or the ability to affect business continuity are assigned higher priority than lower-level risks. Such prioritised risks are included in the Risk and Opportunity Register as an operational tool for systematic monitoring, evaluation and management. During 2026, the Register is planned to be integrated into the Group's broader risk management framework so that sustainability risks are formally considered alongside operational, financial and strategic risks.

The results of the double materiality assessment process were approved by the Management Board. The procedure includes a defined methodology developed by the project team, while the Management Board approves the final assessment results.

Control mechanisms are based on multi-level data verification, including data collection and initial validation by the responsible organisational units, dual internal control ("four-eyes principle"), central control and data consolidation by the coordinator, and final validation by the Management Board. Additionally, the effectiveness of the control system is subject to internal audit and, where applicable, external audit. In the upcoming reporting periods, further improvements are planned to strengthen the integration of the risk management and control system into strategic decision-making.

The results of the double materiality assessment and the Risk and Opportunity Register are planned to be integrated into the Group's broader risk management framework during 2026, enabling their systematic use in assessing the overall risk profile and monitoring risk management measures.

Opportunities identified through the double materiality assessment and thematic analyses are recorded in the Plava Laguna Group's Risk and Opportunity Register as the central tool for their management. Within this process, opportunities are assessed based on the magnitude of potential financial effects and the likelihood of realisation and, depending on their priority, are integrated into strategic and operational planning, including development initiatives and investment decisions aligned with the Group's business priorities. Opportunity management is carried out by the responsible organisational units, which are in charge of their development and implementation. Monitoring and updating of opportunities is conducted continuously through the Risk and Opportunity Register.

In October 2025, a revision of the double materiality assessment process was carried out in accordance with the internal Double Materiality Methodology. The revision included a reassessment of ESRS E4 – Biodiversity and ecosystems, the inclusion of Hotel Croatia d.d. Cavtat in the consolidation scope using both top-down and bottom-up approaches, the consideration of new physical and transition climate risks, and a general review of all previously identified impacts, risks and opportunities to confirm their relevance and consistency.

The results of the revision were presented to the Management Board and, upon approval, became the official basis for preparing the 2025 Sustainability Report and for further management of significant impacts, risks and opportunities.

As part of the double materiality assessment process, the topic ESRS E2 – Pollution was also examined, including impacts and risks related to air pollution, water pollution, the use of substances of concern, microplastics, pollution of living organisms and food resources, and potential consequences for human health and destination quality.

GENERAL INFORMATION *(continued)*

The assessment covered own operations and the value chain and was conducted based on the evaluation of scale, scope, irremediability and likelihood of impacts, and the magnitude of financial effects and likelihood for risks.

The results showed that no significant impacts, risks or opportunities were identified under ESRS E2. Impacts related to air pollution, water pollution, the use of substances of concern and microplastics were assessed as low or negligible, mostly localised and remediable, with low to moderate likelihood. Risks related to air pollution, deterioration of sea quality, pollution of food resources and the release of substances of concern were also assessed as not significant, given the limited potential financial effect, existing control mechanisms and regulatory framework, and the fact that some of these risks lie within the value chain, outside the Group's direct control.

Consequently, ESRS E2 – Pollution was not identified as a material topic for reporting. Nevertheless, the Group continues to monitor relevant pollution-related aspects as part of regular operational processes, compliance with legal requirements and internal control measures.

IRO-2 Disclosure Requirements in ESRS Covered by the Undertaking's Sustainability report

The data points and material information disclosed by the Group were determined using the established methodology that led to the identification of material impacts, risks and opportunities. The methodology is described in section „IRO 1 – Description of the procedures for identifying and assessing material impacts, risks and opportunities“ and is aligned with the principles and criteria set out in section „3.2. Material matters and materiality of information of ESRS 1 General Requirements“.

The disclosure of material information and data in this report is based on an assessment of their relevance to the topic addressed and the importance of the information for report users. Information required by the disclosure requirements—including quantitative and qualitative data as well as company-specific information—is disclosed when, through the double materiality assessment, it was determined to be relevant from one or more of the following perspectives:

- due to its importance for understanding the matter being presented or explained; and/or
- due to its value in supporting informed decision-making by users, including primary users of general-purpose financial statements and stakeholders primarily interested in information about the Group's actual and potential impacts on people and the environment.

A list of all disclosure requirements, including page numbers where the related disclosures can be found in the sustainability report, is presented as a table of contents at the end of the report.

A table is also provided with all data arising from other EU regulations listed in Appendix B List of data in cross-cutting and topical standards derived from other EU legislation in ESRS 2 General Disclosures, indicating where they can be found in the report. The table also includes requirements that the Plava Laguna project team assessed as not material or not applicable to the Group's business model. In accordance with paragraph 35 of section Material matters and materiality of information of ESRS 1 General Requirements, these requirements are marked as “not material” or “not applicable”. The table is attached at the end of the report.

For all topics that are not material, the Group will regularly conduct revised assessments on an annual basis to ensure that changes in the business environment or regulatory requirements are appropriately reflected in future reports.

ENVIRONMENTAL INFORMATION - Publications in accordance with Article 8 of the EU Taxonomy Regulation

The Group publishes key performance indicators following Delegated Regulation 2020/852 (EU Taxonomy Regulation) and the accompanying delegated acts:

- Delegated Act 2021/2139 establishes the list of economic activities that make a significant contribution to the first two environmental objectives – (1) climate change mitigation and (2) climate change adaptation while ensuring that they do not cause significant harm to other environmental objectives;
- Delegated Act 2021/2178 outlines the specifications for the content and presentation of information that companies must report regarding environmentally sustainable activities, including the key performance indicators that need to be disclosed and their calculation methodology;
- Delegated Act 2023/2486 defines the technical criteria by which certain economic activities qualify as significantly contributing to the remaining 4 environmental objectives: (3) sustainable use and protection of water and marine resources; (4) transition to a circular economy; (5) prevention and control of pollution, and (6) protection and restoration of biodiversity and ecosystems, while ensuring they do not cause significant harm to other environmental objectives. New activities have been introduced that are considered acceptable, as they contribute to environmental objectives.

In accordance with Delegated Regulation 2020/852, economic activities qualify as taxonomy-eligible if they are described in the above-mentioned Delegated Regulations, and they are considered taxonomy-aligned if they make a substantial contribution to one or more environmental objectives, do not significantly harm any of the other environmental objectives, and are carried out in compliance with the minimum safeguards relating to human rights and consumer protection, anti-corruption and anti-bribery, taxation, and fair competition.

Activities that are not described in Delegated Acts 2021/2139 and 2023/2486 are not considered taxonomy-eligible activities.

In accordance with Commission Delegated Regulation (EU) 2021/2178, the key performance indicators (KPIs) for the proportion of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) related to taxonomy-eligible and taxonomy-aligned economic activities are presented below, as disclosed by the Group, as a non-financial undertaking, for the 2025 reporting year.

Commission Delegated Regulation (EU) 2026/73, published in the Official Journal of the European Union on 8th January 2026, amends and simplifies the requirements of earlier delegated regulations (EU) 2021/2178, 2021/2139 and 2023/2486 and forms part of a broader regulatory package aimed at simplifying sustainable finance (the “Omnibus” package). The Regulation introduces a number of changes aimed at reducing the administrative burden for companies, including the simplification of technical screening criteria, simplified templates for the disclosure of key indicators, and the introduction of the concept of materiality in the reporting of taxonomy indicators.

Delegated Regulation (EU) 2026/73 applies from 1st January 2026. In preparing the disclosures for the 2025 financial year, the Group has taken into account the possibility of applying the simplifications introduced by this Regulation to the extent that they are applicable to reporting for 2025.

Based on the latest amendments to the regulatory framework adopted as part of the simplification package (“Omnibus I”), the Group continues to carry out activities aimed at ensuring compliance with the updated requirements of the EU Taxonomy, including the preparation and disclosure of key taxonomy indicators for non-financial undertakings – the share of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) related to taxonomy-eligible and taxonomy-aligned economic activities.

ENVIRONMENTAL INFORMATION - Publications in accordance with Article 8 of the EU Taxonomy Regulation *(continued)*

The process of evaluating activities according to the EU taxonomy

All Group entities were included in the process of assessing activities under the EU Taxonomy. The Plava Laguna project team carried out a detailed analysis of taxonomy-eligible economic activities defined in Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486, taking into account the amendments and simplifications introduced by Commission Delegated Regulation (EU) 2026/73 as part of the regulatory simplification package (“Omnibus”).

Based on the activity descriptions in the EU Taxonomy, the corresponding NACE codes, and additional interpretations and guidance issued by the European Commission, the activities relevant to the Group’s operations were identified. The outcome of the analysis is the identification of **eleven economic activities** that were assessed as taxonomy-eligible for the Group’s operations in the reporting year. These are activities covered by the EU Taxonomy that have the potential to substantially contribute to environmental objectives, regardless of whether they meet the technical screening criteria set out in the delegated acts.

Table of the Group’s Taxonomy-Eligible Activities

RB	Environmental Objective	Number of activities	Activity	KPI
1	Protection and Restoration of Biodiversity and Ecosystems	2.1.	Hotels, resorts, campsites and similar Accommodation	REVENUES, CAPEX
2	Transition to a Circular Economy	2.3.	Collection and transport of non-hazardous and hazardous wgefaste	REVENUES
3	Transition to a Circular Economy	5.4.	Sale of used goods	REVENUES
4	Climate Change Mitigation / Climate Change Adaptation	6.5.	Transport by motorcycles, passenger cars and light commercial vehicles	CAPEX
5	Climate Change Mitigation / Climate Change Adaptation	7.1.	Construction of new buildings	CAPEX
6	Climate Change Mitigation / Climate Change Adaptation	7.3.	Installation, maintenance and repair of energy efficiency equipment	CAPEX
7	Climate Change Mitigation / Climate Change Adaptation	7.4.	Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking areas attached to buildings)	CAPEX
8	Climate Change Mitigation / Climate Change Adaptation	7.5.	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CAPEX
9	Climate Change Mitigation / Climate Change Adaptation	7.6.	Installation, maintenance and repair of renewable energy technologies	CAPEX
10	Climate Change Mitigation / Climate Change Adaptation	7.7.	Acquisition and ownership of buildings	REVENUES
11	Climate Change Mitigation / Climate Change Adaptation	9.3.	Professional services related to the energy performance of buildings	CAPEX

ENVIRONMENTAL INFORMATION - Publications in accordance with Article 8 of the EU Taxonomy Regulation *(continued)*

In the next step, an analysis of the alignment criteria was carried out for each identified activity. The analysis showed insufficient documentation required to demonstrate the alignment of eligible activities with the substantial contribution criteria and the “do no significant harm” criteria for environmental objectives.

In the 2025 reporting year, the analysis again **confirmed only the eligibility of economic activities**, without their alignment.

Each identified eligible economic activity for revenue and CapEx is linked to only one defined environmental objective in order to avoid double counting in the report. This reflects a principle within the EU Taxonomy that ensures a single economic activity cannot be counted more than once for contributing to different environmental objectives or for different entities. The calculations of the related indicators are based on actual data derived from invoices, interim and final construction certificates, and cost estimates.

Key Performance Indicators under the EU taxonomy

Since the economic activities listed under the environmental objectives do not relate solely to the activities for which the company is registered (NACE codes), the Group again carried out a comprehensive mapping of all its activities to determine the economic activities relevant to the EU Taxonomy. Once the relevant activities were identified, the Group calculated the key performance indicators for revenue and capital expenditure (CapEx).

The **OpEx** indicator was analysed in accordance with the methodology set out in Delegated Regulation (EU) 2021/2178 and the amendments introduced by Commission Delegated Regulation (EU) 2026/73. The analysis covered the taxonomy-relevant subset of operating expenses, i.e., direct non-capitalised costs included in the OpEx KPI in line with the applicable requirements of the Regulation, which defines as taxonomy-eligible the costs of maintenance and repairs, renovation costs, short-term lease costs, and research and development costs.

Based on the assessment carried out, it was determined that the operating expenses included in the **OpEx KPI calculation do not exceed the materiality threshold**. Consequently, the OpEx KPI is not included in the EU Taxonomy disclosure and is therefore not presented in the accompanying tables together with the shares of taxonomy-eligible and taxonomy-aligned activities.

Below are the key performance indicators (KPIs) for the share of taxonomy-eligible and taxonomy-aligned economic activities in the Group’s revenue, capital expenditure (CapEx) and operating expenditure (OpEx) for 2025, with a comparison to 2024, calculated in accordance with the methodology prescribed by Delegated Regulation (EU) 2021/2178 and the related delegated acts.

Indicator	Eligible activities		Aligned activities	
	2025.	2024.	2025.	2024.
Revenues	92.6%	90.6%	-	-
CapEx	58.63%	7.5%	-	-
OpEx	N/A	32.3%	-	-

ENVIRONMENTAL INFORMATION - Publications in accordance with Article 8 of the EU Taxonomy Regulation *(continued)*

In the 2025 reporting year, the Group records a high share of taxonomy-eligible activities across all key performance indicators, with the share of revenue amounting to 96% and CapEx to 59%. This represents an increase compared to the previous year, particularly in capital expenditure, which is largely linked to the Group's investment activities during the reporting year.

At the same time, taxonomy-aligned activities are not reported, as no alignment of activities with the technical screening criteria for substantial contribution, the DNSH principle, and the minimum safeguards required under the EU Taxonomy was established in the reporting year.

Revenues

The Group's core business is hospitality and tourism, and a significant share of revenue is generated from accommodation services. In accordance with Delegated Regulation 2023/2486, published in the Official Journal of the European Union in November 2023, the accommodation activity "**2.1. Hotels, resorts, campsites and similar accommodation**" (NACE codes I55.10, I55.20 and I55.30) is included in the list of taxonomy-eligible activities as an activity that can substantially contribute **to the protection and restoration of biodiversity and ecosystems** (the sixth environmental objective).

Among other revenue-generating activities, the eligible activity "7.7. Acquisition and ownership of buildings" (NACE L68) was identified, given that the Group generates rental income, as well as the activities "2.3. Collection and transport of non-hazardous and hazardous waste" and "5.4. Sale of used goods", which are also recognised as taxonomy-eligible activities under the applicable delegated acts. These activities contribute to the environmental objectives of climate change mitigation and the transition to a circular economy.

The numerator of the key performance indicator includes an amount of **233,523 thousand Euros**, while the denominator includes an amount of **252,176 thousand Euros**, resulting in a **93% share of taxonomy-eligible activities** in the Group's total revenue. The remaining 7% of revenue relates to activities not covered by the EU Taxonomy and are therefore considered taxonomy-non-eligible.

The denominator of the revenue KPI is based on the Group's consolidated revenue recognized in accordance with IAS 1, paragraph 82(a), i.e., the revenue amount presented in the consolidated statement of profit or loss for the reporting year. Additional information on accounting policies related to revenue recognition is provided in Note 3.17, p. [155], while the reconciliation with the consolidated statement of profit or loss is presented in Revenue/ Note 6], p. [175].

The reported operating revenue is included in Note 6 of the consolidated financial statements under the items "Revenue from the sale of services" and "Other operating income".

None of the identified economic activities meet the substantial contribution criteria and therefore cannot be considered taxonomy-aligned. For future alignment, the Group will determine which activities may meet the prescribed criteria.

ENVIRONMENTAL INFORMATION - Publications in accordance with Article 8 of the EU Taxonomy Regulation *(continued)*

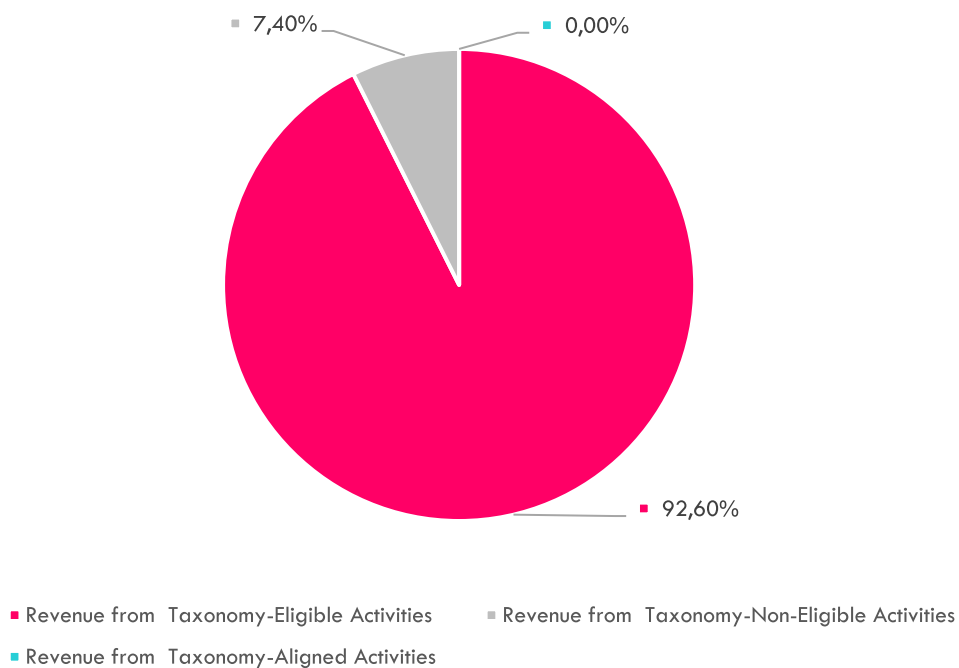
The percentage of revenue by environmental objectives is as follows:

Table: Share of taxonomy-eligible and taxonomy-aligned revenue by environmental objectives (2025)

	Alignment with taxonomy by objective	Taxonomy eligible by objective
Climate change mitigation	0.00%	2.90%
Transfer to circular economy	0.00%	0.15%
Protection and restoration of biodiversity and ecosystems	0.00%	89.56%

Figure: Share of taxonomy-eligible, non-eligible and taxonomy-aligned activities in total revenue

Share of Taxonomy Eligible/Non-Eligible/Aligned Activities in Total revenue



ENVIRONMENTAL INFORMATION - Publications in accordance with Article 8 of the EU Taxonomy Regulation *(continued)*

Capital expenditures

For the purposes of the EU Taxonomy, the denominator of the CapEx KPI includes additions to property, plant and equipment and intangible assets during the reporting year, before depreciation and any re-measurements, including those arising from revaluations and impairments, and, where applicable, additions to right-of-use assets. In the case of the Group, the CapEx KPI is based on investments recognised in accordance with the applicable accounting standards, in particular IAS 16, IAS 38 and IFRS 16. Leases that do not result in the recognition of a right-of-use asset are not included in the CapEx KPI.

The largest share of taxonomy-eligible capital expenditure relates to the activity “**2.1. Hotels, resorts, campsites and similar accommodation**” (NACE I55.10, I55.20 and I55.30), which includes investments in the development and improvement of the Group’s tourism infrastructure. During the reporting year, significant investments were made in campsites and hotel facilities, including projects for the construction and reconstruction of swimming pools, sanitary facilities and hospitality areas, as well as the refurbishment of existing buildings. The most significant investments relate to:

- refurbishment of the existing Hotel Coral (Hotel Pelegrin),
- construction and reconstruction of pool complexes and related facilities in campsites (AC Bijela Uvala and AC Savudrija),
- investments in restaurant and sanitary facilities in the Zelena Laguna destination.

Total investments under activity 2.1 amount to **37,228 thousand Euros** and represent the largest portion of taxonomy-eligible capital expenditure.

The largest share of eligible capital expenditures relates to the activity “**7.1. Construction of new buildings**” (NACE codes F41.1, F41.2, F43), which represents the investment activities of the Group (construction of a new administrative building in Poreč). During the reporting year, investments in the amount of **14,896 thousand Euros** were carried out.

In addition to this investment, in 2025, the Group also carried out capital investments related to the following taxonomy eligible activities:

- “6.5. Transport by motorcycles, passenger cars, and light commercial vehicles” in the amount of 297 thousand Euros,
- “7.3. Installation, maintenance, and repair of energy efficiency equipment” in the amount of 1,821 thousand Euros
- “7.4. Installation, maintenance and repair of electric vehicle charging stations” amounting to 12 thousand Euros
- „7.5. Installation of instruments and devices for measuring and regulating energy efficiency of buildings” amounting to 318 thousand Euros
- “7.6. Installation, maintenance and repair of renewable energy technologies” in the amount of 1,593 thousand Euros
- “9.3. Professional services related to the energy performance of buildings” in the amount of 103 thousand Euros

The numerator of the key performance indicator includes an amount of **56,268 thousand Euros**, while the denominator comprises the Group’s total capital investments included in the CapEx KPI in the amount of **95,974 thousand Euros**, resulting in a **58.63% share of taxonomy-eligible activities** in total capital expenditure.

ENVIRONMENTAL INFORMATION - Publications in accordance with Article 8 of the EU Taxonomy Regulation *(continued)*

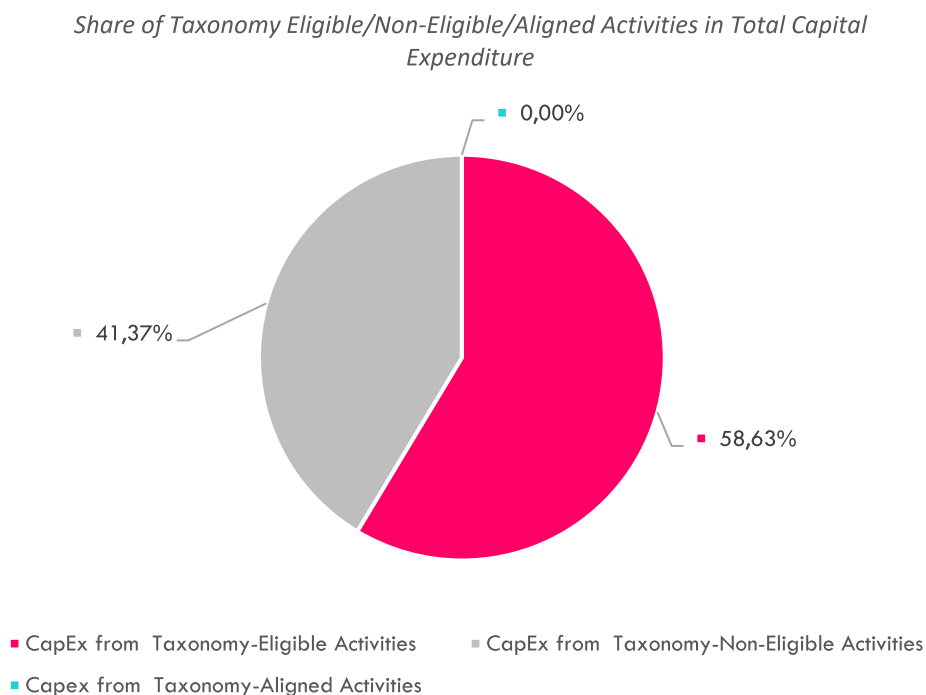
The total amount of capital expenditure included in the denominator of the CapEx KPI is reconciled with the relevant items of the consolidated financial statements, in particular the notes on property, plant and equipment, intangible assets and, where applicable, right-of-use assets. Additional information on the accounting policies related to the recognition and measurement of these investments is provided in Note [5] – Accounting Policies, Note [15] – Property, Plant and Equipment, Note [16] – Intangible Assets and Note [17] – Right-of-Use Assets / Leases.

The percentage of capital expenditure by environmental objectives is as follows:

Table: Share of Taxonomy-Eligible and Taxonomy-Aligned Capital Expenditure by Environmental Objectives (2025)

	Alignment with taxonomy per objective	Taxonomy-eligible per objective
Climate change mitigation	0.00%	19.84%
Protection and Restoration of Biodiversity and Ecosystems	0.00%	38.79%

Figure: Share of taxonomy-Eligible, non-eligible and taxonomy-aligned activities in total capital expenditure



ENVIRONMENTAL INFORMATION - Publications in accordance with Article 8 of the EU Taxonomy Regulation *(continued)*

Operating Expenditure

For the purpose of assessing the KPI related to OpEx, the Group analysed operating expenses in accordance with points 1.1.3.1 and 1.1.3.2 of Annex I to the Delegated Disclosure Regulation. The total taxonomy-relevant OpEx in 2025 amounted to EUR 19.1 million, which represents approximately 7.46% of total revenue of 256 million Euros and approximately 9.75% of total operating expenses of 196 million Euros.

Given this share, it was concluded **that OpEx in 2025 is not materially significant**, i.e., it is **below the indicative materiality threshold of 10%** set by the regulation for certain items within individual KPI categories, and this threshold was also used to determine the materiality of OpEx. Consequently, its impact on the Group's taxonomy indicators was assessed as limited, and OpEx was not subject to further detailed analysis beyond the scope required to meet disclosure requirements.

Minimum safeguards

The Company consistently complies with all legal regulations related to human rights and consumer rights, anti-corruption and anti-bribery, taxation, and fair market competition. However, the current processes are not fully aligned with the minimum safeguards under the EU Taxonomy. The main reason for this is the absence of a clear process for collecting supplier data in accordance with the OECD Guidelines for Multinational Enterprises.

Nevertheless, the Company has carried out an assessment of its processes and, in its operations, adheres to the UN Children's Rights and Business Principles and requires its partners to do the same.

The key performance indicators are presented below in accordance with Delegated Regulation 2021/2178 (the Disclosure Delegated Act).

ENVIRONMENTAL INFORMATION - Publications in accordance with Article 8 of the EU Taxonomy Regulation – KPI SUMMARY

Financial year (N)	2025														
KPI (1)	Total (2)	Proportion of taxonomy eligible activities (3)	Taxonomy aligned activities (4)	Proportion of taxonomy aligned activities (5)	Breakdown by environmental objectives of Taxonomy aligned activities						Proportion of enabling activities (12)	Proportion of transitional activities (13)	Not assessed activities considered non-material (14)	Taxonomy aligned activities in previous financial year (N-1) (15)	Proportion of taxonomy aligned activities in previous financial year (N-1) (16)
					Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water and marine resources (8)	Circular Economy (9)	Pollution (10)	Biodiversity and ecosystems (11)					
<i>Text</i>	<i>Million €</i>	<i>%</i>	<i>Million €</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>Currency</i>	<i>%</i>
Revenue	234 €	92.6%	-	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0	0,00%
CapEx	56 €	58.63 %	-	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	6,84%	0,53%	0,00%	0	0,00%
OpEx	19 €	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

ENVIRONMENTAL INFORMATION - Publications in accordance with Article 8 of the EU Taxonomy Regulation – REVENUES

Reported KPI – (revenues)		Revenue											
Financial year (N)		2025											
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (proportion of taxonomy eligible revenues) (3)	Taxonomy aligned KPI (monetary value of revenues) (4)	Taxonomy aligned KPI (proportion of taxonomy eligible revenues from activities) (5)	Environmental objectives of Taxonomy for Taxonomy aligned activities						Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy aligned activities in Taxonomy eligible activities (14)
					Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water and marine resources (8)	Circular Economy (9)	Pollution (10)	Biodiversity and ecosystems (11)			
Text		%	Million €	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Hotels, resorts, campsites and similar accommodation	2.1.	89.56%	-	0,00%	-	-	-	-	-	-	-	-	0,00%
Acquisition and ownership of buildings	7.7.	2.90%	-	0,00%	-	-	-	-	-	-	-	-	0,00%
Collection and transport of non-hazardous and hazardous waste	2.3.	0.00%	-	0,00%	-	-	-	-	-	-	-	-	0,00%
Sale of used goods	5.4.	0.14%	-	0,00%	-	-	-	-	-	-	-	-	0,00%
Sum of alignment per environmental objective						0,00%	0,00%	0,00%	0,00%	0,00%			
Total KPI (revenue)		92.60%	-	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%			

ENVIRONMENTAL INFORMATION - Publications in accordance with Article 8 of the EU Taxonomy Regulation – CAPITAL EXPENDITURES

Reported KPI (CapEx)		CapEx												
Financial year (N)		2025												
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (proportion of taxonomy eligible CapEx) (3)	Taxonomy aligned KPI (monetary value of CapEx) (4)	Taxonomy aligned KPI (proportion of taxonomy aligned CapEx) (5)	Environmental objectives of Taxonomy for Taxonomy aligned activities						Enabling activity (12))	Transitional activity (13)	Proportion of Taxonomy aligned activities in Taxonomy eligible activities (14)	
					Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water and marine resources (8)	Circular Economy (9)	Pollution (10)	Biodiversity and ecosystems (11)				
Million €		%	Million €	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%	
Transport by motorcycles, passenger cars and light commercial vehicles	6.5.	0.31%	-	0,00%	-	-	-	-	-	-	-	T	0,00%	
Construction of new buildings	7.1.	15.52%	-	0,00%	-	-	-	-	-	-	-	-	0,00%	
Installation, maintenance and repair of energy efficiency equipment	7.3.	1.90%	-	0,00%	-	-	-	-	-	-	E	-	0,00%	
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking areas attached to buildings)	7.4.	0.01%	-	0,00%	-	-	-	-	-	-	E	-	0,00%	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	7.5.	0.33%	-	0,00%	-	-	-	-	-	-	E	-	0,00%	
Installation, maintenance and repair of renewable energy technologies	7.6.	1.66%	-	0,00%	-	-	-	-	-	-	E	-	0,00%	
Professional services related to the energy performance of buildings	9.3.	0.11%	-	0,00%	-	-	-	-	-	-	E	-	0,00%	
Hotels, resorts, campsites and similar accommodation	2.1.	38.79%	-	0,00%	-	-	-	-	-	-	-	-	0,00%	
Sum of alignment per environmental objective					0,00%	0,00%	0,00%	0,00%	0,00%	0,00%				
Total KPI (CapEx)		58.63%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%			0,00%	

ENVIRONMENTAL INFORMATION – Climate change (E1)

Climate change (E1)

Strategy

E1-1 Transition plan for climate change mitigation

A transition plan for climate change mitigation has not yet been developed. Its preparation is planned for the medium term, with the gradual establishment of key prerequisites, including the development of data collection and management systems, the definition of emission-reduction targets, the improvement of methodologies, and the formalization of a governance framework for sustainability matters.

In line with the principle of the phased introduction of ESRS requirements, and taking into account the complexity of the business model and value chain, the Group plans to develop and formally adopt the transition plan no later than the end of 2029.

During the interim period, activities are focused on analysing and understanding greenhouse gas emission sources, establishing systems for monitoring and reporting greenhouse gas emissions, tracking regulatory requirements, and continuing the implementation of sustainable operational practices. With the development of the transition plan, the Group will define time-bound targets and measures for their operational implementation. This will contribute to achieving the overarching European objective of climate neutrality by 2050.

The transition plan will be integrated into the strategic and financial framework of the business and will serve as a tool for managing climate-related risks and achieving decarbonisation goals.

ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model

- **Greenhouse gas emissions from energy consumption (direct and indirect sources)**

The Group recognizes its negative impact on increasing greenhouse gas emissions, primarily through direct emissions associated with its own activities across all locations, as well as indirect emissions generated within the value chain.

In 2024, the Group began measuring Scope 1 and Scope 2 greenhouse gas emissions across all its locations, as well as Scope 3 emissions, in accordance with the standards of the Greenhouse Gas Protocol (GHG Protocol). These activities continued in subsequent reporting periods.

A detailed description of the applied methodology, the emission factors used, and the greenhouse gas emission estimates by scope is provided in section E1-6 “Gross Scope 1, 2 and 3 Greenhouse Gas Emissions and Total Greenhouse Gas Emissions.”

- **Physical risks to assets and risks of changes in destination appeal due to climate change impacts**

Climate change is driving increasingly frequent and intense extreme weather events across Europe and globally, including heatwaves, floods, droughts and severe storms. Such events pose risks to human health and cause significant economic damage.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

Climate change directly affects the hotel and hospitality sector in which the Group operates. Its impacts can be felt not only in day-to-day operations but also throughout the entire value chain, particularly in segments dependent on the availability of food, water, energy and other raw materials. These resources are increasingly exposed to disruptions caused by extreme weather events and changing market conditions. Extreme weather events may also cause damage to property and infrastructure, requiring additional investments in climate adaptation measures.

The year 2022 was marked by severe droughts and water shortages, which led to the introduction of water restrictions in the Istria County at the height of the tourist season. Under such circumstances, the Company undertook additional efforts to protect landscaped areas and maintain the quality of its tourism offering, while fully complying with all prescribed water-saving measures. Weather extremes also affected 2023 and 2024. During these years, numerous global weather and climate records were broken, and the Company experienced material damage at certain locations, including infrastructure damage and fallen trees caused by severe storms.

Changes in weather patterns, such as more frequent periods of heavy rainfall, prolonged heatwaves or unpredictable weather conditions, may negatively affect the attractiveness of a tourist destination, particularly in the camping segment, which is highly sensitive to weather conditions. A detailed analysis of identified climate hazards, the exposure levels of specific locations and the associated risks for the Group's operations is presented in the chapter "**Assessment of Physical Climate Risks and Adaptation Measures.**"

On the other hand, certain consequences of climate change may also create business opportunities. Rising average temperatures may contribute to more favourable climatic conditions in the pre-season (spring) and post-season (autumn), partially mitigating the pronounced seasonality of Croatian tourism. Sports tourism, which is predominantly concentrated in these periods, has been a key development focus of the Company since its establishment. Owing to its well-developed sports infrastructure and extensive offering for athlete training and sporting events, such changes may represent an opportunity to extend the tourist season and achieve more stable business results.

- **Transition risk due to energy scarcity and high prices**

Climate change, along with economic, political, and technical factors, acts as a catalyst for increased volatility in energy prices and availability, which can lead to business challenges and rising costs. The Group seeks to mitigate the potential further increase in energy prices and dependence on energy distributors through capital investments in energy efficiency and renewable energy sources.

ENVIRONMENTAL INFORMATION – Climate change (E1) (continued)

During the double materiality assessment process, two material negative impacts, two risks, and one opportunity related to climate change were identified:

Sustainability matters and related impacts, risks, and opportunities (IROs)	I/R/O*	Actual / Potential	Position in business model	Position in value chain			Time horizon		
				Upstream	Own operation	Downstream	Short-term	Mid-term	Long-term
Climate change mitigation									
Greenhouse gas emissions from energy consumption	Negative impact	Actual	All business segments		•		•	•	
Greenhouse gas emissions from activities in the value chain	Negative impact	Actual	Value chain	•		•	•	•	
Climate change adaptation									
Physical risks (wildfires) connected to the climate change impacts	Risk	-	All business segments	•	•	•		•	•
Physical risks (storms, strong winds, heavy precipitation) due to the impacts of climate change	Risk	-	All business segments	•	•	•		•	•
Physical risks (flooding due to sea-level rise and coastal vulnerability) associated with the impacts of climate change	Risk	-	All business segments	•	•	•		•	•
Increased attractiveness of the destination during certain periods due to the effects of climate change	Opportunity	-	All business segments		•	•		•	•
Energy									
Transition risk due to energy scarcity and high prices	Risk	-	All business segments	•			•	•	

*impacts, risks, and opportunities defined in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS)

Resilience of strategy and business model concerning climate change

The assessment of the Group’s business model resilience was carried out through an analysis of physical and transition climate risks relevant to tourism activities, assets and infrastructure systems at the locations where the Group operates. The analysis is based on available climate projections, local strategic climate adaptation documents, and internal assessments of asset and operational process exposure to climate-related hazards.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

The analysis primarily covered the Group's own operations and assets under operational control, including accommodation facilities, supporting infrastructure and related operational activities. In line with the current level of data availability and the applied methodological approach, certain parts of the value chain are not yet fully included in the analysis, particularly:

- the upstream value chain (e.g., suppliers of food, energy, materials and services) with respect to assessing their exposure to physical climate risks
- the downstream value chain (e.g., guest activities, distribution channels and sales intermediaries) with respect to assessing climate-related impacts on user behaviour and mobility
- certain aspects of logistics and transport that are not under the Group's direct operational control

For transition climate risks, the analysis covered key risk categories relevant to the Group's business model, including regulatory, technological, market and reputational risks, while value chain assessments were conducted at a qualitative level using available market and sectoral data.

The Group plans to gradually expand the scope of the analysis to a broader value chain in future reporting periods, in line with improvements in data availability and the development of internal climate risk assessment methodologies.

The results of the assessment indicate that **the most significant physical climate risks for the Group's operations are associated with rising air temperatures, increased frequency of heatwaves, periods of drought and extreme weather events** that may affect infrastructure, resource supply and the operational activities of tourism facilities. In the long term, certain coastal locations may also be exposed to risks associated with gradual sea-level rise.

At the same time, **transition risks** have been identified in connection with changes in energy markets, regulatory requirements for reducing greenhouse gas emissions, and shifts in guest preferences toward sustainable tourism destinations and services. These risks may affect energy costs, investment needs related to energy efficiency, and the market competitiveness of tourism products.

The resilience assessment was conducted across three-time horizons:

TIME HORIZON	ASSESSMENT PERIOD
SHORT-TERM	until 2030
MEDIUM-TERM	2030 – 2040
LONG-TERM	until 2050

Transition risks were analysed using climate scenarios that served as the basis for assessing the likelihood, magnitude and duration of individual risks. The analysis primarily relied on the **NGFS "Net Zero 2050" (1.5 °C)** scenario as the reference orderly-transition scenario, which assumes the timely introduction of regulatory measures and the gradual decarbonization of the economy.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

The preliminary assessment indicates that the **Group's business model is moderately exposed to physical climate risks**, primarily due to the geographical location of part of its assets in coastal areas and the dependence of tourism activities on climatic conditions. However, business resilience is strengthened through existing operational practices and investments aimed at:

- improving the energy efficiency of facilities
- increasing the use of renewable energy sources
- optimising water consumption and managing water resources
- maintaining and modernising infrastructure systems
- enhancing environmental and safety risk management systems

The Resilience Analysis was conducted using climate scenarios in accordance with ESRS E1 requirements, including physical climate change scenarios based on IPCC projections (RCP 4.5 and RCP 8.5) and transition scenarios based on the NGFS framework (e.g., Net Zero 2050 and delayed transition).

The results of the scenario analysis indicate that, under higher-intensity climate change scenarios, exposure to physical risks increases in the medium and long term, particularly in relation to coastal assets, water resource availability and weather-dependent operations. Under orderly transition scenarios, timely implementation of energy-efficiency and adaptation measures is expected to mitigate negative operational impacts and limit business disruptions, while delayed transition scenarios carry a higher risk of cumulative impacts on costs, assets and operational stability.

The results of the analysis are subject to uncertainties arising from limitations of climate models, variability of local climate impacts, the level of data availability for specific locations and parts of the value chain, and uncertainties regarding future regulatory and market conditions. These uncertainties may influence the assessment of the intensity and timing of individual risks, as well as the estimation of financial impacts.

In the context of the time horizons defined by the ESRS standard, the Group's adaptive capacity is assessed as:

- short-term (until 2030): adequate, requiring limited operational adjustments and the use of existing capacities
- medium-term (2030–2040): dependent on the scale and pace of investments in infrastructure modernisation, water resource management and the energy transition
- long-term (after 2040): dependent on the timely implementation of structural adjustments to the business model, including the adaptation of locations, technologies and the service portfolio to evolving climatic conditions

The impact of climate risks and scenario analysis results on the strategy and business model is reflected through:

- directing investments toward enhancing asset resilience, improving energy efficiency and reducing climate exposure
- the gradual adaptation of the tourism product and service portfolio in line with changing climatic conditions and guest preferences

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

- integrating climate scenarios and risks into strategic and investment planning processes
- considering the impact of climate-related factors on the availability and conditions of financing, particularly in the context of sustainable finance and regulatory requirements

In addition to these measures, the Group continuously monitors climate trends and regulatory developments and plans to further enhance the integration of climate risks into asset management, investment planning and business development processes.

Based on the available analyses, it is assessed **that the Group has the capacity to adapt its strategy and business model to climate change**, assuming the timely implementation of planned investments and the continuous improvement of climate risk management systems.

Management of impacts, risks and opportunities

ESRS 2 IRO-1 – Description of processes for identify and assess significant climate-related impacts, risks and opportunities

As part of the process for identifying climate-related risks, the Group carried out an assessment of physical climate risks within its own operations and across the upstream and downstream value chain.

Assessment of Physical Climate Risks and Adaptation Measures

Plava Laguna Group conducted an assessment of physical climate risks and vulnerabilities for its key activities and assets in the Republic of Croatia, in accordance with the methodological guidelines of **the EU Taxonomy, the ESRS E1 standard, TCFD recommendations and ISO 14091:2021**. The analysis covers tourism and hotel facilities and supporting infrastructure **in Istria (Poreč, Umag) and the Dubrovnik-Neretva County (Cavtat)**, and evaluates the impact of chronic and acute climate hazards on the Group's operations.

The analysis was carried out using the RCP4.5 (moderate emissions scenario) and RCP8.5 (high-emissions scenario) climate pathways across three time horizons: short-term (until 2030), medium-term (2030–2040) and long-term (until 2050). Scenario analysis enabled an assessment of how different greenhouse gas emission trajectories influence the intensity and frequency of climate hazards relevant to coastal tourism destinations.

The results indicate that heatwaves and droughts are assessed as moderate climate risks across all locations, primarily due to increased energy demand and pressure on water resources during the tourist season. Wildfires were identified as a more material risk at locations in Istria (Poreč and Umag) due to the proximity of vegetated and forested areas, while coastal flooding and sea-level rise represent a more pronounced risk for assets located directly along the shoreline, particularly in Umag and Cavtat. Extreme storms and heavy rainfall pose a potentially high risk at all analysed locations due to possible infrastructure damage and operational disruptions.

Based on the assessment results, Plava Laguna is implementing targeted climate adaptation measures tailored to specific climate hazards and the exposure of individual locations. These measures include strengthening wildfire protection and maintaining vegetation buffer zones, adapting drainage systems and infrastructure to reduce flood and heavy-rainfall risks, increasing energy efficiency and cooling capacity during heatwaves, and implementing water-management measures during drought conditions.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

This approach enables adaptation measures to be directed toward locations with the highest exposure to climate hazards and contributes to strengthening the Group's long-term resilience to climate change.

Identification of Transition Risks and Opportunities Related to Climate Change

The Plava Laguna project team carried out a process to identify transition risks and opportunities related to climate change across all locations and key business activities of the Group. The process is based on the classification of climate-related transition events defined in the „**Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)**“, which include regulatory, market, technological and reputational changes associated with the transition to a low-carbon economy.

The assessment of transition risks was conducted using a structured methodology that includes evaluating the likelihood of individual events, the magnitude of potential financial and operational impacts, and the expected duration of impacts across short-, medium- and long-term horizons. This enabled the ranking of risks according to their materiality.

The analysis identified several potential transition events that may affect the Group's operations, particularly through increases in energy and raw material costs and shifts in guest preferences toward more sustainable tourism services. At the same time, opportunities were identified in areas such as improving energy efficiency, increasing the use of renewable energy sources and developing sustainable tourism products.

As part of the assessment, a sensitivity analysis of assets and activities to identified transition events was conducted. Assets and systems with higher dependence on fossil fuels, older energy systems and business segments with higher energy intensity were identified as areas of greater exposure. These assets may require additional investments to comply with future regulatory and market requirements associated with the transition to a low-carbon economy.

Potential assets and activities that may be misaligned with transition requirements (“incompatible with transition”) were identified at the category level and primarily relate to less energy-efficient buildings, heating and cooling systems based on fossil fuels, and parts of the vehicle fleet that are not electrified. Their exposure and investment needs were assessed qualitatively, with further refinement planned through more detailed quantitative analyses in future periods.

The assessment of transition risks in the value chain was conducted through an initial screening methodology, which includes identifying key categories of suppliers, partners and market channels and assessing their potential exposure to regulatory, market and technological changes. At this stage, the analysis was carried out based on available data and sectoral assumptions, with a planned gradual expansion of scope and depth in line with the development of value-chain data collection systems.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

Assessment of transition risks and opportunities

TRANSITION EVENT	PART OF THE VALUE CHAIN	TIME HORIZON	POTENTIAL IMPACT
INCREASE IN ENERGY PRICES AND REGULATORY COSTS RELATED TO DECARBONISATION	Operational activities (hotels, campsites, tourism infrastructure)	Short-term / medium-term	Increase in operational energy costs and need for additional investments in energy efficiency
INCREASING REQUIREMENTS FOR ENERGY EFFICIENCY OF BUILDINGS AND INFRASTRUCTURE	Assets and investments	Medium-term / long-term	Need for modernization of facilities and infrastructure systems
CHANGES IN GUEST PREFERENCES TOWARD SUSTAINABLE TOURISM DESTINATIONS	Market and demand	Short-term / medium-term	Changes in the structure of tourism demand and increased importance of sustainable operations
DEVELOPMENT OF SUSTAINABLE TOURISM AND THE ENERGY TRANSITION	Business model	Long-term	Opportunities for developing new tourism products and increasing competitiveness

Identification and Assessment of Material Climate Impacts

The Group carried out a process for identifying and assessing climate-related impacts, risks and opportunities, which includes:

- identifying actual and potential negative impacts on climate change
- assessing physical and transition climate risks
- assessing potential climate-related opportunities
- assessing the exposure of the business to climate scenarios

The Plava Laguna project team identified two actual negative impacts in the area of climate change mitigation and one actual negative impact in the area of energy.

Negative impacts in the area of climate change mitigation are primarily associated **with greenhouse gas emissions from the Group's operational activities and emissions arising in the upstream and downstream parts of the value chain**, and have been assessed as material actual impacts.

Identified Climate Impacts, Risks and Opportunities

TYPE OF IMPACT	DESCRIPTION	ASSESSMENT MATERIALITY
GREENHOUSE GAS EMISSIONS FROM OWN OPERATIONS	Emissions associated with energy consumption in tourism facilities and infrastructure	Significant actual negative impact
VALUE CHAIN EMISSIONS	Emissions associated with the procurement of goods and services and other value-chain activities	Significant actual negative impact
ENERGY TRANSITION	Increasing energy efficiency and use of renewable energy source	Opportunity
SUSTAINABLE TOURISM	Development of sustainable tourism products and increased destination competitiveness	Opportunity

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

Scenario Analysis of Climate Risks

The assessment of transition climate risks and transition events is based on climate-scenario analysis that considers the development of climate policies, carbon pricing, the energy system and market trends associated with the transition to a low-carbon economy.

The analysis uses internationally recognised scenarios developed by the Network for Greening the Financial System (NGFS), including the „Orderly Transition“ scenario, which assumes the timely introduction of climate policies and a gradual reduction of greenhouse gas emissions in line with the objective of limiting global warming to approximately 1.5–2 °C. The NGFS scenarios used are based on scientifically grounded climate models and integrated assessment models (IAMs) aligned with the findings of the Intergovernmental Panel on Climate Change (IPCC).

For the assessment of physical climate risks, climate scenarios based on IPCC projections (e.g., RCP scenarios) were used, ensuring consistency between the assessment of transition and physical climate risks.

The selected range of scenarios covers different transition pathways (orderly, accelerated and potentially delayed transition) to capture relevant and reasonably expected future climate and market conditions and to enable an evaluation of the robustness of the Group’s business model under different regulatory and market contexts.

The time horizons of the analysis (short-term, medium-term and long-term) are defined in accordance with the ESRS standard and are linked to the Group’s strategic and investment planning cycles. The short-term horizon corresponds to operational and budget planning, the medium-term horizon to investment cycles for asset renewal and modernisation, and the long-term horizon to the development of the business model and asset portfolio in the context of the climate transition.

Key scenario drivers include regulatory factors (e.g., development of EU climate policies, ETS/ETS2 system, energy-efficiency requirements), technological changes (electrification, renewable energy, energy efficiency), market trends (changes in guest preferences and requirements of business partners) and macroeconomic and energy-related factors (energy prices and carbon-allowance prices). These drivers were identified as relevant to the Group’s business model due to the energy intensity of operations and dependence on tourism demand.

The scenario analysis is based on available aggregated climate and economic data and internal assessments, with certain limitations related to the level of detail of local climate projections, data availability for specific locations and parts of the value chain, and uncertainties regarding future regulatory and market conditions. For the assessment of physical climate risks, data relevant to the geographical areas in which the Group operates were used, including regional climate projections where available.

This approach enables the assessment of potential impacts of climate policies, technological changes and market expectations on operational costs, investments and market demand for tourism services at different stages of the transition to a climate-neutral economy. The scenarios and time horizons related to physical climate risks are described in more detail in the chapter “Assessment of Physical Climate Risks and Adaptation Measures”, where climate hazards and their potential impacts on the Group’s assets and operations are analysed.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

E1-2 – Policies Related to Climate Change Mitigation and Adaptation

During 2024, the Group conducted a double materiality assessment, which identified significant negative impacts related to greenhouse gas emissions, as well as material physical and transition climate risks and opportunities. In October 2025, a revision of the double materiality assessment was carried out, updating climate-risk evaluations, incorporating the results of the Climate Risk and Vulnerability Assessment (CRVA), and confirming the materiality of climate-related topics.

Based on the results of the initial assessment and its revision, a draft of separate climate-change mitigation and climate-change adaptation policies was prepared during 2025, defining the key elements of the Group's future climate-governance framework. However, these policies had not been formally adopted nor entered into force by the end of the reporting period.

The foundation of these policies is the planned transition plan, which will define timelines, greenhouse gas reduction targets and climate-adaptation measures. Formal adoption of the policies and further operationalisation are planned for upcoming reporting periods.

E1-3 – Actions and Resources in Relation to Climate change Policies

Recognising the importance of investments in energy efficiency and renewable energy as key elements in addressing climate change, the Group continued in 2025 to implement investments and initiatives that contribute to achieving energy and financial savings, as well as promoting efficient and rational energy consumption. Funding for these investments was planned in advance through the capital budget, in line with defined investment cycles and the Group's strategic development priorities.

Between 2021 and 2025, the Company implemented activities aimed at increasing the use of renewable energy sources, primarily through the installation of photovoltaic power plants on Company-owned facilities in the Poreč and Umag destinations. These activities represent key measures for mitigating the significant negative impact of Scope 1 and Scope 2 greenhouse gas emissions, as well as for managing the material transition risk associated with rising electricity prices.

During the reporting period, total capital investments in photovoltaic systems amounted to EUR 7 million, of which EUR 1.6 million was realised in 2025 (classified as economic activity 7.6 within Capex and disclosed in Note 15 of the revised financial statements). In 2025, photovoltaic power plants were installed at six new locations, bringing the total number of installations between 2021 and 2025 to twenty-four—fourteen in the Poreč destination and ten in the Umag destination.

These measures directly contribute to reducing greenhouse gas emissions associated with electricity consumption (Scope 2), as well as indirectly reducing Scope 1 emissions by lowering the need for fossil fuels in energy systems. At the same time, increasing the Company's own renewable electricity production reduces exposure to electricity-price volatility in the market, thereby mitigating the identified transition risk related to rising energy costs.

Plans include continuing the expansion and installation of photovoltaic power plants at other Company-owned facilities and at Hotel Croatia, further strengthening the resilience of operations to energy and climate risks and contributing to long-term emission reductions.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

For the remaining identified material impacts, risks and opportunities, including Scope 3 emissions, physical climate risks, and identified market and reputational opportunities, no specific measures were defined during the reporting period. Their future mitigation and management are planned through the continued development of the sustainability-management system and transition-planning processes in the coming periods.

Furthermore, among the major capital investments contributing to climate-change mitigation and energy efficiency, the Company implemented the following during 2025:

- In the central laundry facility in the Umag destination, special heat exchangers were installed to recover energy from flue gases and use it to partially heat boiler water. The investment contributes to reducing energy losses and increasing energy efficiency, directly lowering primary-energy consumption. The investment value amounts to 237 thousand Euros and is classified as economic activity 7.3 within Capex and disclosed in Note 15 of the revised financial statements.
- As part of the reconstruction of Hotel Pelegrin, a complete energy renovation was carried out, including the installation of high-efficiency heat pumps for heating and cooling, reconstruction of the domestic hot-water system, replacement of all fan-coil units with full reconstruction of substations and the introduction of an automation system to ensure rational energy use. A full replacement of lighting with high-efficiency LED lighting was also completed.
- In the Umag destination (AC Savudrija) and in the Poreč destination (Camping Bijela Uvala and Zelena Laguna), hot-water substations were modernised through the installation of high-efficiency systems—heat pumps. Additionally, system automation and process-monitoring systems were implemented to increase energy efficiency. The investment is classified as economic activity 7.3 within Capex and disclosed in Note 15 of the revised financial statements.
- In the Umag destination (TN Stela Maris), high-efficiency heat pumps and desuperheaters were installed. The total investment amounted to 188 thousand Euros.
- In the Poreč and Umag destinations, public lighting was modernised and replaced with high-efficiency LED lighting, with total investments amounting to 81 thousand Euros.
- In the Poreč destination (Hotel Delfin), three restaurants were renovated, including complete replacement of lighting with high-efficiency LED lighting with control systems, installation of new heat pumps and air-handling units, and full accompanying automation.
- In the Poreč destination (Hotel Molindrio), lighting in all public areas was replaced with high-efficiency LED lighting, with total investments amounting to 35 thousand Euros.
- In the Umag destination, sports-facility lighting was modernised with high-efficiency LED systems, with total investments amounting to 373 thousand Euros.
- In the Poreč destination (Hotel Molindrio), a smart-room system was introduced to support rational energy use, with total investments amounting to 312 thousand Euros.

At Hotel Croatia, the following major capital investments contributing to climate change mitigation and energy efficiency were carried out in 2025:

- Replacement of lighting with low-energy LED lighting in 181 accommodation units. The investment is valued at 410.4 thousand Euros and is classified as Economic Activity 7.3 within Capex, as well as part of Note 15 of the revised financial statements.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

- Installation of new energy-efficient ceiling units for heating and cooling in 181 accommodation units. The investment amounts to 174.2 thousand Euros and is classified as Economic Activity 7.3 within Capex, as well as part of Note 15 of the revised financial statements

Monitoring and rationalizing energy consumption across all locations is of great importance and is ultimately reflected in the Group's operating performance. Regular monitoring and analysis of energy consumption are carried out through monthly analyses, and more frequently when needed, across all profit and administrative units of the Company. The data used in these analyses are sourced from monthly invoices and the internal energy-inventory monitoring system. The analyses are made available to all profit-unit directors, profit-centre directors, sector directors and the Management Board.

Despite the continuous implementation of individual measures aimed at increasing energy efficiency and the use of renewable energy sources, a separate action plan for reducing the identified significant negative impacts and risks related to climate change, as well as a climate adaptation action plan, had not been formally adopted by the end of the reporting period.

The measures currently being implemented are primarily focused on improving energy efficiency and modernising infrastructure, rather than achieving formally defined greenhouse gas reduction targets. Although a positive impact on emission reductions is expected, the level of emission reductions resulting from individual investments has not yet been systematically quantified within an integrated climate action plan.

The absence of a formally adopted action plan is due to the fact that the double materiality assessment was conducted for the first time in 2024, and its revision, including the Climate Risk and Vulnerability Assessment (CRVA), was completed in 2025, establishing the foundational elements for a structured definition of priority measures and targets.

During 2025, the key elements of the future transition plan and adaptation plan were developed, while their formal adoption, including the definition of measurable decarbonization targets and monitoring indicators, is planned for the next reporting period.

Based on the assessment of physical and transition climate risks and the applied climate scenarios, the Group assesses that its strategy and business model are resilient to climate risks, assuming the timely implementation of planned adaptation and decarbonization measures. The assessment includes significant areas of uncertainty, particularly regarding the future intensity of physical climate hazards, regulatory developments, carbon pricing, technological changes and the availability of value-chain data. The Group assesses that it has the capacity to adapt its strategy and business model in the short, medium and long term through investments in asset resilience, energy efficiency, renewable energy, system modernization and the gradual integration of climate criteria into investment and operational decision-making.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

Metrics and target values

E1-4 Target values related to climate change mitigation and adaptation

During the 2025 reporting period, the Group did not have formally adopted measurable and time-bound targets related to climate-change mitigation or climate-change adaptation.

The double materiality assessment was conducted for the first time in 2024, and its revision, including the Climate Risk and Vulnerability Assessment (CRVA), was completed in 2025. Consequently, 2024 has not yet been formally defined as the reference (baseline) year for tracking progress in reducing greenhouse gas emissions, nor have baseline values for setting decarbonisation targets been established.

During 2024 and 2025, the Group established an initial system for collecting and calculating Scope 1, Scope 2 and Scope 3 greenhouse gas emissions, which represents a prerequisite for defining future targets. However, in the reporting period, no formally adopted target-management system existed, including defined levels of ambition, timeframes, baseline years or quantitative indicators for measuring progress.

Since measurable outcome-oriented climate targets had not been formally established, the Group did not conduct systematic monitoring of the effectiveness of policies and measures against predefined climate objectives during the reporting period. Monitoring of individual indicators (e.g., energy consumption and greenhouse gas emissions) was carried out operationally for the purpose of internal oversight of consumption and investments, but it was not linked to a formalised system for evaluating the performance of climate policies nor to defined reference targets.

In the reporting period, no formal ESG monitoring system was in place through which the effectiveness of climate measures could be systematically tracked against defined objectives. The risk and opportunity register, including climate risks, has not yet been fully integrated into the Group's overall risk-management system.

Since measurable climate-related targets were not formally established during the reporting period, neither a formal level of ambition nor quantitative indicators for assessing progress toward such targets were defined. The determination of the level of ambition, including potential greenhouse gas reduction targets and progress indicators, is planned within the future transition plan.

The reference (baseline) year for tracking progress in reducing greenhouse gas emissions had not been formally established by the end of the reporting period. Following full validation of greenhouse gas emission data and the establishment of a stable reporting system, the formal definition of the baseline year and the methodology for measuring progress is planned.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

E1 – 5 Energy consumption and mix of energy sources

The table below presents the total amount of energy consumed in the Group's operations, expressed in MWh. Additionally, the table shows the amount of energy produced within the Company from renewable sources.

Table. Energy consumption and mix in 2024 and in 2025 in MWh

in MWh	2025	2024
Total fossil energy consumption (MWh)	69,642.04	76,471.01
Share of fossil sources in total energy consumption (%)	78.47	83.68
Consumption from nuclear sources (MWh)	5,704.40	3,223.64
Share of consumption from nuclear sources in total energy consumption (%)	6.43	3.53
Consumption of purchased or acquired electricity, heating energy, steam, and cooling from renewable sources (MWh)	10,277.66	8,754.60
The consumption of self-generated non-fuel renewable energy(MWh)	3,131.41	2,932.97
Total renewable energy consumption (MWh)	13,409.07	11,687.57
Share of renewable sources in total energy consumption (%)	15.11	12.79
Total energy consumption (MWh) of the Group	88,755.51	91,382.21
Production of energy from renewable sources (MWh)	3,131.41	2,932.97

In 2025, the Group's total energy consumption amounted to 88,755.51 MWh, representing a 2.9% decrease compared with 2024 (91,382.21 MWh). Energy consumption from fossil sources decreased by 8.9% (from 76,471.01 MWh to 69,642.04 MWh), and their share in total energy consumption declined from 83.68% to 78.47%.

At the same time, consumption of energy from renewable sources increased by 14.7%, from 11,687.57 MWh to 13,409.07 MWh, raising their share in the energy mix from 12.79% to 15.11%. Own production of renewable energy increased from 2,932.97 MWh to 3,131.41 MWh.

Energy consumption from nuclear sources increased from 3,223.64 MWh to 5,704.40 MWh, resulting in an increase in the share of nuclear energy in total energy consumption from 3.53% to 6.43%.

Overall, the changes in the 2025 energy mix reflect a reduced dependence on fossil fuels and an increased share of low-carbon energy sources, consistent with the Group's long-term objectives of improving energy efficiency and gradually decarbonising its operations.

In line with the Group's business model and the structure of energy sources in the reporting period, certain data points are not disclosed separately due to non-applicability or aggregated data presentation.

Since the Group does not operate in climate-intensive sectors as defined by the ESRS standards, the calculation of energy-consumption intensity per net revenue for such sectors, total energy consumption from such activities, and related reconciliations with financial statements are not applicable.

E1 – 6 Gross greenhouse gas emissions for Scopes 1, 2 and 3, and total greenhouse gas emissions

	2025		2024	% N / N-1	2025	2030	2050	Annual % target value / Base year
Scope 1 greenhouse gas emissions								
Gross Scope 1 GHG emissions (tCO ₂ eq)	8,081.11	-	8,885.79	-	-	-	-	-
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	-	-	-	-	-	-	-	-
Scope 2 greenhouse gas emissions								
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	7,884.14	-	8,043.74	-	-	-	-	-
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	31,021.00	-	30,368.13	-	-	-	-	-
Significant Scope 3 greenhouse gas emissions (tCO₂eq)								
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	74,619.97	-	56,545.53	31.96	-	-	-	-
1 Purchased goods and services	61,533.02	-	43,443.04	41.64	-	-	-	-
2 Capital goods	6,914.93	-	6,813.84	1.48	-	-	-	-
3 Fuel and energy-related activities (not included in Scope 1 and 2)	2,850.48	-	2,980.26	-4.35	-	-	-	-
4 Upstream transportation and distribution	158.92	-	142.64	11.41	-	-	-	-
5 Waste generated in operations	1,917.28	-	1,893.84	1.24	-	-	-	-
6 Business travels	16.64	-	9.13	82.26	-	-	-	-
7 Employee commuting	1,228.71	-	1,262.78	-2.70	-	-	-	-
8 Upstream leased assets	-	-	-	-	-	-	-	-
9 Downstream transportation	-	-	-	-	-	-	-	-
10 Processing of sold products	-	-	-	-	-	-	-	-
11 Use of sold products	-	-	-	-	-	-	-	-
12 End-of-life treatment of sold products	-	-	-	-	-	-	-	-
13 Downstream leased assets	-	-	-	-	-	-	-	-
14 Franchises	-	-	-	-	-	-	-	-
15 Investments	-	-	-	-	-	-	-	-
Total greenhouse gas emissions								
Total GHG emissions (location-based) (tCO ₂ eq)	90,585.22		73,475.05	23.29	-	-	-	-
Total GHG emissions (market-based) (tCO ₂ eq)	113,722.08		95,799.44	18.71	-	-	-	-

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

In 2025, there were no significant changes in the definition of the reporting entity or in the scope of the upstream and downstream value chain, including the scope of Scope 3 emissions. There was no expansion of categories, inclusion of new material suppliers, or changes resulting from improved data availability that would affect the reporting methodology or boundaries.

Accordingly, the emission data for 2025 are comparable with the 2024 data in terms of reporting scope. Any differences in emission levels reflect actual operational changes rather than changes in definitions or reporting methodology.

In 2025, Scope 1 greenhouse gas emissions amounted to 8,081.1 tCO₂e, representing a 9% decrease compared with 2024 (8,885.79 tCO₂e). Scope 2 (location-based) emissions decreased to 7,884.14 tCO₂e (-2%), while Scope 2 (market-based) emissions amounted to 31,021.00 tCO₂e, representing an increase of approximately 2% compared with 2024.

Total Scope 3 emissions increased to 74,619.97 tCO₂e, representing a 32% increase compared with the previous year. The increase is primarily driven by higher emissions in the purchased goods and services category (+41.6%), which represents the largest share of Scope 3 emissions, while most other categories recorded smaller changes.

Total greenhouse gas emissions in 2025 amounted to 90,585.22 tCO₂e (location-based) and 113,722.08 tCO₂e (market-based), representing increases of approximately 23% and 19%, respectively, compared with 2024. Changes in total emissions are largely attributable to the increase in value-chain emissions (Scope 3).

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

Greenhouse gas intensity per net revenue

Table: Greenhouse gas intensity based on net revenue

	2025	2024	% N / N-1
Total greenhouse gas emissions (location-based) per net revenue (tCO ₂ eq/1.000 EUR)	0.358	0.306	17
Total greenhouse gas emissions (market-based) per net revenue (tCO ₂ eq/1.000 EUR)	0.449	0.400	12.2

The Group's total net revenue amounts to 253,262 thousand Euros (Note 6 of the Group's revised financial statements). The net revenue used for calculating emission intensity is equal to the Group's total net revenue. The Group has no revenues that are excluded from the calculation of emission intensity. Total location-based greenhouse gas emissions amount to 90,585.22 tCO₂e. Location-based greenhouse gas emissions per net revenue (in tonnes of CO₂ equivalent per 1,000 Euros) amount to 0.358 tCO₂e / 1,000 Euros. Total market-based greenhouse gas emissions amount to 113,722.08 tCO₂e. Market-based greenhouse gas emissions per net revenue amount to 0.449 tCO₂e / 1,000 Euros.

Methodology and contextual information on the calculation of gross emissions from Scope 1, 2, and 3

Contextual information

The main energy sources used in the Group's operations are electricity, natural gas, liquefied petroleum gas (LPG), extra-light fuel oil and vehicle fuels. Energy-consumption data are collected from energy-supplier invoices, fuel-procurement records and internal systems for monitoring energy consumption and inventories, and they cover all locations included in the Group's consolidated report.

Energy-consumption data are used as input for calculating greenhouse gas emissions, with the reporting boundary for energy aligned with the reporting boundary for Scope 1 and Scope 2 greenhouse gas emissions.

The greenhouse gas emissions inventory is prepared in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, applying the Scope 2 Guidance and relevant methodological guidelines for calculating value-chain emissions (Scope 3).

The organisational boundaries of the emissions inventory are determined using the financial control approach, under which 100% of greenhouse gas emissions from business activities over which the Group has financial control—i.e., the ability to direct financial and operational policies to obtain economic benefits—are included in the inventory.

The operational boundaries include:

- Scope 1 – direct greenhouse gas emissions from sources owned or controlled by the Group, including fuel combustion in stationary sources (boilers and heating systems), fuel combustion in company vehicles, and fugitive emissions from refrigeration and air-conditioning systems;
- Scope 2 – indirect emissions associated with the consumption of purchased electricity and, where applicable, purchased heating or cooling energy generated outside the Group's locations.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

Emissions from electricity consumption are calculated using both the location-based and market-based approaches, in accordance with the GHG Protocol Scope 2 Guidance.

The calculation of emissions is based on activity data (e.g., fuel consumption or electricity consumption) and the application of appropriate emission factors. For individual greenhouse gases (CO₂, CH₄, N₂O and other relevant gases), emissions are calculated separately and then converted into carbon-dioxide equivalents (CO₂e) using the global warming potentials (GWP) published in the latest report of the Intergovernmental Panel on Climate Change (IPCC) for a 100-year time horizon.

Where biogenic CO₂ emissions from biomass combustion are present, they are reported separately and are not included in the organisation's total carbon footprint, in accordance with GHG Protocol guidance.

The data used in the emission calculations are primarily based on primary, location-specific data from the Group's operations, while for certain activities—where primary data are not available—appropriate secondary data and generic emission factors from relevant international databases are used.

During the reporting period, there were no significant changes in the definition of reporting boundaries or in the value-chain limits that would affect data comparability.

Methodology for calculating Scope 1

Greenhouse gas emissions from **Scope 1** were calculated using data on fuel consumption and refrigerants in sources under the Group's operational control. The calculations were performed using emission factors from the **Croatian emission-factor database for calculating the carbon footprint of organisations (version 2.0)**, which is aligned with the **IPCC 2006 Guidelines and the 2019 Refinement**.

The following categories of sources were included in the calculation:

- **Stationary fuel combustion** (gas and liquid fuels)
- **Mobile fuel combustion** (vehicles owned or financially controlled by the Group)
- **Fugitive emissions of refrigerants** from cooling and air-conditioning systems

Emissions of CO₂, CH₄ and N₂O were converted into **CO₂ equivalents (CO₂e)** using the global warming potentials (GWP) from **IPCC AR6**.

Fuel-consumption data were collected in physical units (e.g., m³, litres) and, where necessary, converted into energy values using the lower heating value and fuel density from relevant reference sources.

Methodology for Calculating Scope 2 Emissions

Scope 2 emissions refer to indirect emissions from the consumption of purchased electricity at facilities under the Group's financial control.

The calculation was performed using two methodologies:

- **Location-based method** – uses the average national electricity emission factor from the Croatian emission-factor database.
- **Market-based method** – uses electricity-market-specific emission factors based on data from the **Association of Issuing Bodies (AIB)**.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

Electricity consumption was multiplied by the corresponding emission factors to estimate the greenhouse gas emissions associated with purchased energy.

Methodology for Calculating Scope 3 Emissions

Scope 3 emissions were calculated in accordance with the **GHG Protocol Corporate Value Chain (Scope 3) Standard (2011)** and the accompanying technical guidance for value-chain emission calculations. For the reporting period from 1st January 2025 to 31st December 2025, 100% of Scope 3 emissions were calculated using secondary data sources, i.e., emission factors from relevant databases.

Different methodological approaches were applied depending on data availability:

- **method based on costs (spend-based)**
- **method based on average emission data**
- **method based on the activity data (activity-based)**

Emissions were estimated for the following relevant Scope 3 categories:

1. Purchased goods and services: calculated using the average-data method and the spend-based method. Primary data on quantities of purchased goods from all suppliers (units: kg, litres, m³, pieces and EUR) are based on invoices and include all relevant purchases in 2025. Secondary emission factors were used (French emission-factor database – Base Carbone).
2. Capital goods: calculated using the average-data method and the spend-based method. Primary data on quantities of purchased capital goods (units: kg, pieces and EUR) are based on invoices and include all capital goods purchased in 2025 that are depreciated over more than one year. Secondary emission factors were used (French emission-factor database – Base Carbone).
3. Fuel- and energy-related activities (not included in Scope 1 or 2): calculated using fuel- and energy-consumption data. Primary data include fuel consumption from stationary and mobile sources (Scope 1) and electricity consumption (Scope 2), based on invoices or meter readings. Secondary emission factors for upstream fuel and energy emissions were applied (Croatian and UK emission-factor databases).
4. Upstream transportation and distribution: calculated using the spend-based method for transportation services. Primary data on transportation-service costs for 2025 were collected, while secondary emission factors were applied (UK monetary emission-factor database – DEFRA).
5. Waste generated in operations: calculated using the method based on waste type, quantity and treatment/disposal method. Primary data on waste type, quantity and treatment were collected, and secondary emission factors from French and UK emission-factor databases were applied.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

6. Business travel: calculated using the method based on data on business trips and the types of transport used (private vehicle, bus, ship and airplane). Primary data were collected, with an additional estimate of transport to and from airports at the departure and arrival locations of the business trip. Secondary emission factors from the Croatian and UK emission-factor databases were applied.
7. Employee commuting: calculated using the method based on average kilometres travelled and types of transport. Primary data on kilometres travelled for employees of Plava Laguna d.d. and Istra DMC were collected, while data for Hotel Croatia were estimated. Secondary emission factors from the Croatian and UK emission-factor databases were applied.

For categories 1, 2, 3 and 4 (Scope 3), the reporting boundary includes all activities that generate upstream emissions (upstream value chain) up to the Plava Laguna Group's organisational boundary, since the appropriate emission factors were applied. Category 5 includes emissions from the disposal or treatment of waste generated in the Group's operations (upstream value chain), while categories 6 and 7 include emissions from business travel and employee commuting (upstream value chain). An editable and unlocked Excel model was used for the emission calculations, adapted to the Group's needs. The model enables the calculation of direct and indirect greenhouse gas emissions for all Scope 1 and Scope 2 categories, as well as all relevant Scope 3 categories. In addition, it provides an overview of total emissions in accordance with the GHG Protocol for companies, as well as an analysis of key emission sources and emission trends from the first to the last inventory year.

Leased assets are under the Group's financial control, so emissions associated with these assets are reported within Scope 1 and Scope 2. All indirect emissions arising from the activities of the consolidated Group are included in the calculation. The Plava Laguna Group consists of Plava Laguna d.d., Istra DMC and Hotel Croatia, whose greenhouse gas emissions are included in the inventory.

The following categories **are not applicable to the** Group due to the nature of its business model:

8. Upstream leased assets: not applicable, the Group does not lease assets.
9. Downstream transportation: not applicable, the Group does not manufacture products nor purchase goods whose transport is arranged by a third party without the Group paying for that transport.
10. Processing of sold products: not applicable, the Group does not produce intermediate products processed by third parties.
11. Use of sold products: not applicable, the Group does not sell products with relevant use-phase emissions.
12. End-of-life treatment of sold products: not applicable, the Group does not sell physical products.
13. Downstream leased assets: not applicable, emissions from leased assets are calculated within Scope 1 and Scope 2.
14. Franchises: not applicable, the Group does not operate franchises.
15. Investments: not applicable, the Group has no investments in other companies.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

During the screening process to determine the reporting boundary, it was concluded that the following categories are not required to be calculated due to the specific nature of the Group's business operations: 8. Upstream leased assets, 9. Downstream transportation and distribution, 10. Processing of sold products, 11. Use of sold products, 12. End-of-life treatment of sold products, 13. Downstream leased assets, 14. Franchises, and 15. Investments.

Significant Scope 3 Emission Categories

The analysis of results showed that **the most significant Scope 3 categories are:**

- **Purchased goods and services** – 61,533 tCO₂e (82.5% of Scope 3 emissions)
- **Capital goods** – 6,914.93 tCO₂e (9.3%)
- **Fuel- and energy-related activities** – 2,850.48 tCO₂e (3.8%)

For the categories **purchased goods and services, capital goods, and fuel- and energy-related activities**, secondary emission factors were used, together with primary energy-consumption data.

Emission factors were sourced from international databases, including **ADEME Base Carbone (Bilan Carbone model)**, **DEFRA GHG Conversion Factors**, and the Croatian emission-factor database.

Detailed Methodology for Calculating Category 1: Purchased Goods and Services

The calculation of emissions for the category Purchased goods and services follows a method based on collected data in physical units (kg, litres, pieces and m³) for purchased food, beverages, water and office paper, and a spend-based method (EUR) for external services and part of the materials, goods and office consumables. Costs of external services were grouped into two categories: services requiring higher levels of equipment, where fuel or energy is consumed and relatively high emissions occur, and services requiring lower levels of equipment (so-called intellectual services), with relatively low emissions. Data on the purchase of goods and services were collected separately for Plava Laguna (the Company and Istra D.M.C.) and Hotel Croatia in Cavtat. Relevant emission factors for purchased goods and services from the French emission-factor database (ADEME) were used for the GHG calculations. Using primary data on purchased goods and services and generic (secondary) emission factors, greenhouse gas emissions for this category were estimated.

Assumptions used during the calculation: Due to the extensive dataset on purchased food, beverages, goods and materials, and the presentation of data in monetary (EUR) and various physical units (kg, litres, pieces, packs, pairs, metres, m², m³, etc.), it was necessary to convert data presented in pieces into kilograms by assuming an average mass per product. Where this was not possible, cost data (EUR) were grouped and average monetary emission factors for the product group (gCO₂e/EUR) were applied.

Detailed Methodology for Calculating Category 2. Capital Goods

The calculation of emissions for the category Capital goods follows a method based on collected data in physical units (kg and pieces) for purchased furniture, machinery, vehicles, televisions, laptops and desktop computers, monitors, printers, photocopiers, and kitchen, sanitary and sports equipment, as well as a spend-based method (EUR) for part of the IT and other equipment. In the Group's accounting system, these capital goods are treated as long-term assets. Data on the purchase of capital goods were collected separately for Plava Laguna (the Company and Istra D.M.C.) and Hotel Croatia in Cavtat. Relevant emission factors for capital goods from the French emission-factor database (ADEME) were used for the GHG calculations.

ENVIRONMENTAL INFORMATION – Climate change (E1) *(continued)*

Using primary data on purchased capital goods and generic (secondary) emission factors, greenhouse gas (GHG) emissions for this category were estimated.

Assumptions used during the calculation: No assumptions were required for this calculation.

Detailed methodology for calculating Category 3. Fuel- and energy-related activities

The calculation of emissions for the category Fuel- and energy-related activities (not included in Scope 1 or 2) follows the methodological guidance defined by the GHG Protocol. The calculation uses data on fuel consumption from stationary and mobile combustion sources (Scope 1) and data on electricity consumption (Scope 2), but applies upstream emission factors for fuel or energy. Average national emission factors and UK emission factors (DEFRA) for propane gas were used, since no emission factor for propane exists in the Croatian database. Activity data are primary, while emission factors are secondary.

Assumptions used during the calculation: No assumptions were required for this calculation.

For the reporting period from 1st January 2025 to 31st December 2025, 100% of Scope 3 emissions were calculated using secondary sources, i.e., secondary emission factors from relevant databases.

Verification

The greenhouse gas emission calculations for the Group **were not subject to independent verification by an accredited external body** for organizational carbon-footprint verification.

ENVIRONMENTAL INFORMATION – Water and marine resources (E3)

Water and marine resources (E3)

Strategy

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Water presents an indispensable natural resource, especially in the hospitality industry, where it is closely connected to the core business and crucial for the smooth functioning of the overall business process. The Group covers its water needs almost completely through the local water supply infrastructure. Only a small portion of the water used for irrigating horticultural areas is sourced from drilled wells, located at the Stella Maris Resort in Umag. Considering the company's size and the scope of operations, the Group can cause negative impacts by exerting pressure on local systems. Therefore, exploring options to reduce water consumption, adopting more efficient technologies, and utilizing alternative water sources is highly recommended to ensure the long-term sustainability of the shared natural resources.

During the double materiality assessment, one material negative impact related to water resources was identified, which arises from a business model:

Sustainability matters and related impacts, risks, and opportunities (IROs)	I/R/O*	Actual / Potential	Position in business model	Position in value chain			Time horizon		
				Upstream	Own operation	Downstream	Short-term	Mid-term	Long-term
Water									
Water consumption	Negative impact	Actual	All business segments		•		•	•	

*Impacts, risks and opportunities defined in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS)

A significant negative impact related to water resources arises primarily from the Group's own operations, specifically from water consumption across all business segments and the pressure such consumption may place on local water supply systems. This impact is taken into account in operational management, investment planning and the improvement of technical solutions within facilities, including the implementation of more efficient technologies, reduction of unnecessary consumption and consideration of alternative water sources where operationally and environmentally justified.

This impact is relevant in the short- and medium-term, with the possibility of long-term intensification due to increased pressure on water availability, climate change or limitations of local infrastructure. During the reporting period, no significant direct financial effects associated with the material water-consumption impact were identified that would require material adjustments to the financial statements. However, this impact already influences operational and investment decision-making through consumption monitoring, water-cost management and consideration of investments in more efficient technical and operational solutions.

In the short term, the expected financial effects relate primarily to operating costs associated with water consumption and the implementation of more efficient water-management measures.

ENVIRONMENTAL INFORMATION – Water and marine resources (E3) *(continued)*

In the medium term, a greater impact on investment planning is expected through the potential introduction of more efficient technologies, water-reuse systems and other technical solutions. In the long term, in the event of increased pressure on water resources or limitations in local infrastructure, additional effects on operating costs and the need for investments to ensure the sustainable use of water may arise. The nature of the Group's activities results in a significant dependence of its business model on the stable availability of water; therefore, the Group is strengthening its resilience in this area through consumption monitoring, the implementation of more efficient technologies and the consideration of alternative water sources where justified.

Governing impacts, risks and opportunities

ESRS 2 IRO – 1 - Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

Guided by sector-specific analysis as well as internal knowledge and experience, the Plava Laguna project team carried out a process to identify and assess impacts, risks and opportunities related to water and marine resources.

The analysis covered the Group's own activities, all facilities and assets, with a focus on the core business activity – the provision of accommodation services.

During the process, three negative impacts, two risks and two opportunities related to water and marine resources were identified.

Based on the materiality assessment, one negative impact related to water resources was assessed as material and actual – water consumption. Although certain aspects related to impacts, risks and opportunities associated with marine resources were recognized, none were identified as material in accordance with the established materiality criteria.

The assessment was further validated through the involvement of affected communities via a survey, in which respondents confirmed the Group's negative impact on water consumption, thereby reinforcing the importance of this issue from the perspective of affected stakeholders.

To determine whether the Group operates in areas with high water scarcity, an analysis of the destinations Umag, Poreč and Dubrovnik was conducted using the Water Risk Atlas¹ tool, which classifies these areas as low to medium risk in terms of water availability for business operations.

The review process used internal water-consumption data, an analysis of site locations in relation to water stress, and publicly available risk-assessment tools (Water Risk Atlas), with assumptions based on the geographical location of facilities and the nature of hotel operations.

E3-1 – Policies related to water and marine resources

During 2025, the key elements of future policies for managing water resources were defined. By the end of the reporting period, these policies had not yet been formally adopted nor entered into force, and their formal adoption is planned for the next reporting period.

¹ The Water Risk Atlas (WRI Aqueduct Water Risk Atlas) is an interactive tool developed by the World Resources Institute (WRI). This tool provides a detailed overview of conditions and risks related to water resources worldwide.

ENVIRONMENTAL INFORMATION – Water and marine resources (E3) *(continued)*

E3-2 – Actions and resources related to water and marine resources

Continuous monitoring and rationalization of water consumption across all Group locations are important for preserving water resources, timely identification of consumption deviations and limiting associated operational costs.

During the reporting period, the Group implemented measures that included regular monitoring and analysis of water consumption through monthly and weekly reports, and more frequently where needed, for all profit and administrative units, as well as further improvements to the remote water-consumption monitoring system. The expected effects of these measures relate to more efficient consumption management, earlier detection of losses and failures in the water-supply infrastructure, and the reduction of unnecessary water use.

Data for analyses are sourced from monthly invoices and the water-consumption monitoring system, and results are delivered to the directors of profit units and profit centers, sector directors and the Management Board. The system of measures covers the Group's own operations, i.e., profit and administrative units across all destinations where the Group operates. During 2025, more than 80% of water meters were connected to devices enabling hourly recording and storage of water-consumption data 24 hours a day, allowing faster data processing and more effective response to deviations. Identified deviations are documented and, where necessary, measures are taken to eliminate their causes in order to reduce water losses and prevent potential infrastructure damage. At Hotel Croatia, daily manual records of water consumption are additionally maintained to ensure timely detection of deviations and reduction of potential losses.

As an additional water-circulation measure, the Camping Park Umag campsite uses a membrane-biological wastewater treatment system, where recycled water is used for irrigation of green areas and toilet flushing, while remaining needs are met through the local water-supply system. Across all destinations, the Group also continuously carries out activities aimed at raising guest awareness of responsible water use through informational materials within facilities.

Measures for monitoring water consumption, supervising deviations and raising awareness are implemented continuously and represent ongoing operational activities of the Group. Further expansion and improvement of the remote water-monitoring system are planned for future reporting periods.

A formal action plan for reducing the significant negative impact associated with water consumption had not yet been established by the end of 2025, including a structured approach for locations exposed to increased seasonal pressure on water resources. Its development and formalization are planned for future reporting periods, with the aim of more clearly defining measures, responsibilities and resources for managing water consumption, particularly at locations where there is a higher risk of burdening local water supply systems.

Indicators and target values

E3-3 – Targets related to water and marine resources

By the end of the 2025 reporting period, measurable and time-bound targets for water-resource management had not yet been formally established.

The Group monitors the effectiveness of existing measures through regular monitoring and analysis of water consumption, comparison of data across locations, monitoring of deviations and implementation of corrective actions where necessary.

ENVIRONMENTAL INFORMATION – Water and marine resources (E3) *(continued)*

The formal definition of target values is planned for upcoming reporting periods, as part of the continued development of the sustainability objectives and performance indicator management system.

E3-4 – Water consumption

The table below presents the total volume of water consumed in the Group's operations, expressed in cubic meters.

Table. Water consumption in m³.

in m ³	2025	2024
Local water consumption	1,630,359	1,608,718
Drilled wells	19,820	8,173
Total for the Group	1,650,179	1,616,891
Intensity of water consumption (total water consumption in m ³ / million EUR net revenue)	6,522.44	6,753.93

During the reporting period, the Group did not operate in areas of high water stress. Accordingly, the total volume of water withdrawn in high water-stress areas amounts to 0 m³. Since reporting is based on water-withdrawal data from monthly supplier invoices, separate disclosure of water consumption in low- or medium-risk areas was not carried out. During the reporting period, recycled water from the MBR system at the Camping Park Umag campsite was used for irrigation of green areas and flushing of sanitary systems. The volume of recycled and reused water was not separately quantified in m³, as the measurement system captures total water withdrawal but does not provide detailed records of the volume of reused water. During 2025, 59,141 m³ of recycled water was utilized.

The Group does not store water in the sense of long-term retention or accumulation, nor does it operate separate water-storage systems outside the regular public water-supply infrastructure and internal facility installations. Accordingly, the volume of stored water during the reporting period is not applicable, nor are changes in stored water.

Water consumption from the local water-supply infrastructure is sourced from billing invoices, while water consumption from drilled wells is sourced from the remote water-monitoring system. The data are based on direct measurements. Water consumption is monitored in its original unit of measure - m³. The data have not been validated by an external assurance provider. For the purpose of calculating water-consumption intensity, the Group's net revenue figure was taken from Note 6 of the audited financial statements (2025: 253.3 million Euros; 2024: 239.4 million Euros).

ENVIRONMENTAL INFORMATION – Biodiversity and ecosystems (E4)

Biodiversity and ecosystems (E4)

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with the strategy and business model

The Group’s business activities take place in coastal areas and tourist destinations that represent habitats for plant and animal species, as well as natural landscapes of high aesthetic and ecological value. Land use and coastal-area use, visitor intensity, and the development and maintenance of tourism infrastructure may affect local ecosystems. The Group recognises the preservation of natural resources and biodiversity as an important element of the long-term sustainability of its operations and the competitiveness of its destinations, and therefore considers this topic in spatial management, development planning, infrastructure maintenance, and investment and operational decision-making.

In the double-materiality assessment process, one significant negative impact and one opportunity related to biodiversity and ecosystems were identified. During the reporting period, no significant direct financial effects were identified that would require material adjustments to the carrying amounts of assets and liabilities in the financial statements. However, the topic already influences business and investment decision-making through the need for more careful spatial planning, compliance with regulatory requirements and consideration of environmental-protection measures. In the short term, expected financial effects may relate to operational costs associated with implementing environmental-protection measures and monitoring site conditions, while in the medium and long term, a greater impact is expected on investment planning, destination attractiveness, the Group’s reputation and the long-term market value of locations.

Given that the quality of the natural environment and the preservation of landscapes are important prerequisites for the tourism appeal of destinations, the Group assesses that the preservation of biodiversity and ecosystems is directly linked to the long-term resilience and sustainability of its business model. The resilience of the business model in this area is based on efforts to ensure that development and operational activities are carried out while limiting negative impacts on land and natural resources, while at the same time preserving environmental features that contribute to the quality of the tourism offering and the competitiveness of destinations.

Sustainability matters and related IRO-s	I/R/O*	Actual/Potential	Location in business model	Location in the value chain			Time horizon		
				Uzvodno	Vlastito poslovanje	Nizvodno	Kratkoročni	Srednjoročni	Dugoročan

Repurposing of land, repurposing of freshwater, and repurposing of the sea

Impact on biodiversity and ecosystems resulting from land use and coastal area use	Negative impact	Actual	Own activities		•				•
Increasing market and reputational value through the conservation of natural areas	Opportunity	-	All business segments		•	•		•	•

*Impacts, risks and opportunities defined in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS)

ENVIRONMENTAL INFORMATION – Biodiversity and ecosystems (E4) *(continued)*

The Group conducts its operations in coastal and tourist locations under operational control in the destinations of Poreč and Umag, and under ownership control in Dubrovnik (Hotel Croatia). These are areas where tourism infrastructure is situated in close proximity to natural habitats, coastal ecosystems, and landscape-valuable zones.

Plava Laguna's assets in the cadastral municipalities of Brtonigla, Cavtat, Funtana, Lovrečica and Poreč are located in the immediate vicinity of Natura 2000 ecological network areas (SACs and SPAs) and a protected fossil site – dinosaur remains. Based on the characteristics of the business activities and available information, it is assessed that the client's operations do not cause significant negative impacts on the conservation objectives of these areas nor on the protected fossil heritage.

Activities that may negatively affect biodiversity-sensitive areas include the use of land and coastal zones for tourism infrastructure, reconstruction and maintenance of existing facilities, increased visitor frequency, traffic, noise, light pollution, and waste generation. The intensity of land use may increase pressure on local ecosystems, particularly during peak seasonal periods.

Based on the identification and assessment of actual and potential impacts, the significant locations are classified as coastal tourism zones already repurposed for hospitality and tourism use, with identified impacts primarily relating to localized changes in land use and coastal zone use. The ecological condition of the areas is assessed as stable, supported by existing regulatory protection mechanisms (e.g., Natura 2000 sites, local spatial planning regulations) and the obligation to conduct environmental impact assessments for relevant interventions.

The affected biodiversity-sensitive areas include the coastal strip and adjacent terrestrial zones in the immediate vicinity of tourism facilities. Within Camping Park Umag, a protected dinosaur fossil site is located, and all interventions are carried out based on prior opinions and approvals from the competent authorities (Natura Histrica) in accordance with the Nature Protection Act. The impacts are localized and do not extend beyond the areas where business activities take place.

Within the double materiality assessment, a significant negative impact was identified in relation to land and coastal area use, which may lead to localized land degradation or changes in soil structure. However, no significant land degradation in terms of desertification nor substantial soil sealing outside already repurposed tourism zones has been identified.

Based on available data and conducted assessments, the Group's operations do not significantly affect endangered species. Activities are carried out within a regulated framework, with the obligation to obtain necessary permits and implement nature protection measures. No cases of direct negative impact on protected or endangered species were recorded during the reporting period.

Management of impacts, risks and opportunities

ESRS 2 IRO - 1 - Description of processes to identify and assess significant biodiversity and ecosystem-related impacts, risks and opportunities

As part of the double materiality assessment, Plava Laguna's project team evaluated the impacts, risks and opportunities related to topic E4 – Biodiversity and Ecosystems, based on sector analysis, internal assessments, and an analysis of the company's own activities and locations, with a focus on the provision of accommodation services in coastal areas. In the initial 2024 assessment, the topic of biodiversity was not evaluated as material, including the results of stakeholder surveys.

ENVIRONMENTAL INFORMATION – Biodiversity and ecosystems (E4) *(continued)*

However, in the review conducted in 2025, through additional analyses focusing on the direct drivers of biodiversity loss (land-use change, coastal area use and tourism-related pressures), it was determined that the Company's business activities cause localized but recurring impacts on ecosystems.

Consequently, the topic of biodiversity and ecosystems was recognised as material in 2025, with a negative impact identified in relation to land and coastal use, as well as a business opportunity linked to increasing market and reputational value through the conservation of natural areas.

In line with the requirements of ESRS 2 (IRO-1) and ESRS E4, the Group carried out a structured process for identifying and assessing actual and potential impacts, risks, dependencies and opportunities related to biodiversity and ecosystems as part of the 2025 revision of the double materiality assessment.

The process covered the Group's own operations in the destinations of Poreč, Umag and Dubrovnik, as well as relevant segments of the value chain associated with land use, coastal zone use and tourism infrastructure.

The assessment included:

- analysis of interactions between business activities and direct drivers of biodiversity loss, particularly land-use change and coastal area use,
- consideration of potential impacts on species and ecosystem conditions,
- assessment of the scale, duration and reversibility of impacts,
- application of double materiality criteria (magnitude, scope, irreversibility and likelihood).

The assessment considered contributions to climate change, land-use change, potential pollution, operational pressures (noise, light pollution, traffic, waste) and the presence of invasive alien species.

In the second phase of the assessment, the Group's dependencies on biodiversity and ecosystem services were analysed, particularly regarding:

- preservation of landscape value and the quality of coastal ecosystems as key factors of destination attractiveness,
- stability of ecosystems that support the tourism offering (e.g., seawater quality, preservation of green areas),
- regulatory protection of natural areas (Natura 2000, protected sites).

It was established that the Group's business model is significantly dependent on a well-preserved natural environment, as the quality of natural resources directly influences the market and reputational value of the destination. Dependencies were assessed qualitatively, taking into account the magnitude, duration and reversibility of potential disruptions to ecosystem services.

Based on the results of the assessment, transition and physical risks, as well as opportunities related to biodiversity and ecosystems, were identified and evaluated. Physical risks include long-term changes in the condition of coastal and terrestrial ecosystems that may affect the attractiveness of the destination. Transition risks include regulatory nature-protection requirements (e.g., the Natura 2000 regime, approvals from competent authorities), reputational risks associated with the perception of environmental impacts, and potential compliance costs.

ENVIRONMENTAL INFORMATION – Biodiversity and ecosystems (E4) *(continued)*

Opportunities were also identified in connection with the active conservation of natural areas, which may contribute to product differentiation, extension of the tourist season, and strengthening of market positioning through positioning as a responsible tourism destination.

Systemic risks were also considered in the assessment, including the long-term cumulative effects of biodiversity loss at the destination level and the potential consequences of coastal ecosystem degradation for the tourism sector as a whole.

It was concluded that systemic risks are primarily relevant over a long-term horizon and are associated with a combination of climate change, urbanisation pressures, and changes in market preferences. However, due to the regulatory framework and existing protection mechanisms, the likelihood of extreme scenarios materialising in the short term was assessed as low.

As part of the initial double materiality assessment conducted in 2024, consultations with affected stakeholders were carried out through a survey. At that stage, the ESRS E4 – Biodiversity and Ecosystems topic was not identified as material. During 2025, a revision of the double materiality assessment was conducted. The revision did not include new consultations with affected stakeholders but was based on additional internal analysis by the project team, the application of impact-assessment methodology, and a more detailed consideration of land and coastal use intensity and seasonal pressures on destinations. Based on the expanded analysis, it was concluded that the Group's business activities generate actual and recurring pressures on local ecosystems, particularly through land and coastal area use and increased visitor concentration. Accordingly, in the 2025 revision, the topic of biodiversity and ecosystems was classified as material for the Group's operations.

The assessment also considered whether specific locations or activities may have potential negative effects on affected communities. It was concluded that impacts are localised and linked to operational activities within existing tourism zones, and that these activities are carried out in accordance with spatial plans and regulatory nature-protection requirements.

With regard to priority ecosystem services relevant to affected communities (e.g., landscape quality, coastal integrity, recreational value of natural areas), negative impacts are avoided or mitigated through:

- limiting interventions to already repurposed areas,
- implementing legally required environmental impact assessment procedures,
- cooperation with competent nature-protection authorities,
- applying conservation and restoration measures where applicable.

In cases where impacts are unavoidable, they are planned to be minimised through mitigation measures and adjustments to operational activities.

Plava Laguna Group operates in coastal locations in Istria (Poreč and Umag) and Dubrovnik, which by their nature are situated in proximity to natural habitats and coastal ecosystems.

Based on the revision of the double materiality assessment conducted in 2025, it was determined that the Group's business activities may have actual but localised impacts on biodiversity, particularly in the context of land use and coastal area use, as well as increased seasonal visitor frequency. Certain locations are situated near areas that form part of the Natura 2000 ecological network or other types of protected areas, in accordance with available national registers of protected areas.

ENVIRONMENTAL INFORMATION – Biodiversity and ecosystems (E4) *(continued)*

The Group's activities at locations in or near biodiversity-sensitive areas primarily relate to the management of existing tourism capacities, the reconstruction of already modified areas, and the regular maintenance of infrastructure. No activities were identified that would involve interventions in strictly protected or highly sensitive habitats, nor was any deterioration observed in the condition of protected habitats or species populations for which these areas were designated.

Within Camping Park Umag, the protected dinosaur fossil site "Ladin Gaj" is located. In accordance with the Nature Protection Act, the destruction of protected fossils and the undertaking of actions that could lead to their damage are prohibited. All interventions in this area are carried out based on prior opinions issued by the competent public institution "Natura Histrica", ensuring the protection of the site and associated natural values. It was determined that potential impacts are limited to the boundaries of operational locations and do not cause degradation of natural habitats beyond the intervention area.

Based on the materiality assessment and analysis of the regulatory framework, it was concluded that continuous implementation of biodiversity protection and impact-mitigation measures is required, particularly in the context of planning investments and spatial interventions near sensitive areas. The Group operates in accordance with applicable national and European regulations, including the Birds Directive (2009/147/EC), the Habitats Directive (92/43/EEC), and environmental impact assessment procedures pursuant to Directive 2011/92/EU and national legislation.

Mitigation measures include:

- limiting spatial occupation,
- preserving existing green areas,
- restoring degraded parts of the area,
- controlling light and noise pollution,
- cooperating with competent nature-protection institutions.

ENVIRONMENTAL INFORMATION – Resource use and circular economy (E5)

Resource use and circular economy (E5)

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

In the daily operations of the Group, significant amounts of various types of waste are generated, which can generate additional pressure on the local waste management infrastructure and ultimately have a negative impact on people and the environment. One of the Group's strategic goals is to manage waste in a way that reduces the overall amount of waste—both at a higher level of the value chain, by selecting food product packaging and packaging for cosmetic products and cleaning products in larger volumes, and at a lower level of the value chain, by sorting waste at its source. This directly reduces the amount of waste that is permanently disposed.

During the double materiality assessment, one material negative impact related to waste was identified:

Sustainability matters and related impacts, risks, and opportunities (IROs)	I/R/O*	Actual / Potential	Position in business model	Position in value chain			Time horizon		
				Upstream	Own operation	Downstream	Short-term	Mid-term	Long-term
Waste									
Generation of waste	Negative impact	Actual	All business segments		●	●		●	●

*impacts, risks and opportunities defined in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS)

The impact directly arises from the Group’s business model and seasonally intensive tourism activities and is linked to procurement practices, resource use and guest behaviour. The Group addresses this impact through existing operational measures, including waste separation, cooperation with authorized collectors, monitoring of waste streams, and reducing waste through packaging optimization and the introduction of environmentally friendly solutions.

No significant direct financial consequences of this impact on the Group’s financial position, performance or cash flows were identified during the reporting period, while moderate changes in operating costs are expected in the medium and long term due to regulatory requirements and further improvements to the waste-management system. These activities are planned to be implemented within regular operational and investment plans.

The Group’s strategy and business model are assessed as moderately resilient to this impact, given the existing operational waste-management practices and the ability to gradually adapt through efficiency improvements and alignment with future regulatory requirements.

ENVIRONMENTAL INFORMATION – Resource use and circular economy (E5)

(continued)

Management of impacts, risks and opportunities

ESRS 2 IRO - 1 - Description of processes to identify and assess significant resource use and circular economy-related impacts, risks and opportunities

Guided by sectoral analysis as well as internal knowledge and experience, the Plava Laguna project team carried out a process for identifying and assessing actual and potential impacts, risks and opportunities related to the circular economy.

The analysis covered the Group's own activities, all facilities and assets, with a focus on the core business activity – the provision of accommodation services.

During the process, four negative impacts, two risks and one opportunity related to the circular economy were identified. Based on the materiality assessment, one negative impact related to waste was assessed as significant and actual – waste generation.

The assessment was further validated through engagement with affected communities, where respondents in the stakeholder survey confirmed the negative impact of the Group on waste generation, further emphasising the importance of this issue from the perspective of affected stakeholders.

E5-1 – Policies related to resource use and the circular economy

Based on the results of the initial assessment and its revision, draft standalone policies related to resource use and waste management were developed during 2025. However, by the end of the reporting period, these policies had not yet been formally adopted nor entered into force.

Formal adoption of the policies and their subsequent operationalization is planned for upcoming reporting periods, with the aim of aligning with the European Sustainability Reporting Standards (ESRS) and establishing a structured framework for managing resources and the circular economy.

E5-2 – Actions and resources related to resource use and the circular economy

Waste disposal is carried out in all Group destinations through companies authorised for the disposal of specific waste types and operating in accordance with environmental protection principles. Waste is separated at source in each of the Group's profit units and handed over for disposal, while the quantity of delivered waste is monitored through accompanying documentation in line with existing regulations. A software system has been integrated to enable the environmental protection team to systematically monitor waste streams across all profit units of the Company.

Individual waste categories are regularly monitored and analysed through monthly reports in all profit units. The data used in these analyses are sourced from monthly invoices or from the waste-tracking system. At the end of the year, comprehensive waste analyses by type and by profit unit are prepared and made available to all profit-unit directors, profit-centre directors and the Director of the Operations Division.

Market trends and new technologies are continuously monitored and evaluated, particularly those whose introduction could contribute to the ultimate goal of reducing the amount of waste permanently disposed of in landfills.

ENVIRONMENTAL INFORMATION – Resource use and circular economy (E5)

(continued)

The Group encourages all its facilities to reduce the volume of waste through waste separation, promoting paperless operations, removing printers from offices and installing shared printers in building common areas, introducing environmentally friendly materials (alternatives to single-use plastics), and providing training on reducing bio-waste.

With the aim of reducing food waste and improving resource-management efficiency, a digital system for weighing and analysing food waste has been introduced in the Garden Istra and Molindrio hotels. The system was installed in May 2025 and enables precise monitoring and analysis of waste generated from overproduction of food, buffet leftovers and guest plate waste. The implementation of this system allows for systematic data collection and optimisation of food preparation and serving processes, thereby contributing to waste reduction at the source.

At Hotel Croatia, single-use plastics have been completely eliminated, and small-volume hotel cosmetics have been replaced with larger dispensers made from recycled materials. Biodegradable utensils are also used wherever possible.

The expected outcomes of these measures include a reduction in the total amount of waste generated by the Group's operations—particularly food waste and waste destined for permanent disposal—increased rates of separately collected waste, and more efficient resource use through reduced single-use plastics, optimisation of internal processes, and strengthened awareness among employees and guests regarding proper waste management.

Despite the continuous implementation of numerous measures aimed at waste reduction and waste separation across all Group entities, a formal action plan for reducing the significant negative impact associated with waste generation has not yet been established. The development of such a plan is scheduled for future reporting periods. The measures currently implemented as part of regular operations have not required significant additional financial resources. As the formal action plan has not yet been defined, specific financial resources for its implementation have not been separately determined or allocated.

Metrics and target values

E5-3 Targets related to resource use and circular economy

Through the revision of the double materiality assessment conducted in October 2025, the significant negative impact associated with waste generation was confirmed, and priority directions for future resource management and circular economy practices were identified.

During 2025, the development of a framework for future targets in the areas of waste reduction and more efficient resource use was initiated. However, by the end of the reporting period, measurable and time-bound targets had not yet been formally defined or adopted.

The formal definition of targets, including reference years, the level of ambition and indicators for monitoring progress, is planned for upcoming reporting periods with the aim of achieving full alignment with the European Sustainability Reporting Standards (ESRS).

ENVIRONMENTAL INFORMATION – Resource use and circular economy (E5)

(continued)

E5-5 Resource outflows

The table below presents the total amount of waste generated by the Group's operations, expressed in kilograms.

Table. Generated waste in kilograms

in kilograms	Non-hazardous waste		Hazardous waste		Total for the Group	
	2025	2024	2025	2024	2025	2024
Generated amount of waste in total	6,547,938	7,345,047	11,014	49,629	6,558,952	7,394,676
Total amount of waste – diverted from disposal	2,596,622	3,506,103	10,924	47,424	2,607,546	3,553,527
Preparation for reuse	0	0	0	0	0	0
Recycling	2,596,622	3,503,793	10,924	47,424	2,607,546	3,551,217
Other recovery operations	0	2,310	0	0	0	2,310
Total amount of waste - directed to disposal	3,951,316	3,838,944	90	2,205	3,951,406	3,841,149
Percentage of non-recycled waste (%)					60.2	51.9

The total amount of non-recycled waste is equal to the total amount of waste directed to disposal.

Data on the quantities of generated waste are based on a combination of actual measurements and estimates.

Actual data refer to the quantities of waste taken from accompanying documentation and invoices received from authorized external waste-collection partners. Information on waste-treatment methods was also obtained from authorized external waste-collection partners.

Estimates relate to mixed municipal waste, for which quantities in invoices are expressed in the original unit - litres. For reporting purposes, data in liters were derived based on financial information and converted into kilograms using conversion factors provided by external partners.

Due to insufficient information from authorized external waste-collection partners regarding waste directed to disposal, the Group currently does not have data on the type of treatment, including incineration, landfilling or other processes.

The data have not been verified by an external body other than the assurance provider.

ENVIRONMENTAL INFORMATION – Resource use and circular economy (E5)

(continued)

The Group generates waste of various categories in its business operations, which is classified as hazardous and non-hazardous waste:

- **Hazardous waste** includes smaller quantities of materials, but due to their specific characteristics requires special management procedures. Among the more significant types of hazardous waste are IT equipment, heat exchange devices, waste light bulbs, as well as chemicals and construction waste containing asbestos. Most hazardous waste is delivered for recycling. The Group does not generate radioactive waste in its operations.
- **Non hazardous waste** represents the majority of total waste generated, with the most common categories being mixed municipal waste, bio waste from kitchens and canteens, organic waste from parks and gardens, and packaging made of paper, plastic, glass, wood and metal, as well as bulky waste and mixtures of fats and oils. A significant portion of non hazardous waste is delivered for recycling.

SOCIAL INFORMATION – The own workforce (S1)

The own workforce (S1)

Strategy

ESRS 2 SBM- 2 Interests and views of stakeholders

The own workforce represents a key group of affected stakeholders for every business entity, as their well-being, engagement, and competencies directly influence operational efficiency, service quality, and the long-term sustainability of business operations. Considering the Group's core business, which is based on providing accommodation services, the significance of its own workforce is highly emphasized. The Group views its employees as one of its most valuable resources, and therefore, commitment to creating a professional and stimulating work environment is one of its fundamental goals.

The Company's own employees were involved in the double materiality assessment process to examine their perspectives on the level of Plava Laguna's impact on various positive and negative impacts on the environment and people, including the respect for human rights. Of the total number of responses received, 30% came from the company's own employees. The feedback collected from the company's employees was taken into account by Plava Laguna's project team when evaluating the materiality of impacts, risks, and opportunities.

More information on daily communication channels with employees, the purpose of stakeholder engagement, and the importance of feedback can be found in the chapter ESRS 2 SBM 2 – Stakeholder Interests and Perspectives.

ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model

The scope of the disclosure includes all Group employees (permanent and seasonal), as well as workers of external service providers and students performing work within operational units, since the Group's operations may have a significant impact on these groups.

The Group's own workforce includes permanently employed workers, seasonal employees, workers of other external service providers, as well as students and other forms of temporary engagement. The significant impacts identified in the double materiality assessment process primarily relate to permanent and seasonal employees in operational roles, while employees in shared services are to a lesser extent exposed to these impacts.

The identified negative impact of specific working hours is not linked to individual incidents but arises from the structural characteristics of the business model and the seasonality of tourism activities, and is therefore considered a systemic operational impact.

- **Negative impact due to specific working hours**

Despite the Group's continuous commitment to creating a favourable working environment, it recognises certain negative impacts arising from the specific characteristics of operating within the tourism sector. The negative impact relates to specific working hours, which result from the inherent features of the Group's business model.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

The negative impact primarily affects seasonal and permanent employees in operational roles, as well as workers engaged through external service providers, while employees in shared services are generally not exposed to the same intensity of impact.

The impact concerns a portion of the Group's employees who perform their duties within operational segments of the business—facilities that provide direct guest services, primarily hotels, tourist resorts, campsites, and organisational units responsible for auxiliary activities (horticulture, laundry, sports and other services).

In the same way, the organisation of working hours also affects employees of external service providers engaged by the Group, as well as other forms of contracted labour, such as students. An exception to this are employees of the so-called shared services. As part of the materiality assessment, it was examined whether certain groups of employees are exposed to an increased risk of adverse impacts, particularly seasonal workers, non-resident workers and younger individuals. The impact of specific working hours primarily relates to the aforementioned categories of employees, while for individuals with special characteristics—such as minors or persons with special needs—the impact is negligible, given that the rights of these groups are regulated by the legal framework.

Specific working hours can be observed in the context of work schedule dynamics and the distribution of working time:

- **the dynamics of working hours**

The Company's accommodation services in hotels, tourist resorts, and campsites are provided in a destination traditionally focused on the holiday segment for families with children as the primary market niche. This focus extends to the organization and partnership in various sporting events, aiming to strengthen both physical volume and financial indicators during the pre-season and post-season. In such business model, determined primarily by climatic and geographical factors, achieving year-round operations across all aspects of the offering is not a realistic scenario. As a result, only partial mitigation of the negative aspects of specific work schedule dynamics can be achieved, especially during seasonal months when employees work beyond the full-time hours defined by the Labour Act.

- **work schedule arrangement**

Another aspect of the specific nature of working hours in the industry stems from the very characteristics of the service, which is provided throughout the entire duration of guests' stays in the Company's accommodation facilities and the destination itself. As a result, the work schedule is not evenly distributed.

Due to previously explained factors, work in certain periods of the year is organized through redistributed working hours, which also require night shifts, split shifts, shift work, as well as work on holidays and Sundays. Possible negative impacts include health-related issues, potential impacts on mental well-being such as stress and burnout, disruption of work-life balance, and reduced productivity.

- **Risk related to workforce availability and cost**

Due to global trends that are reducing the availability of labour, which is particularly evident in labour-intensive industries, the Group assesses a potential risk of challenging business conditions caused by labour shortages. In such scenarios, the supply of jobs in tourism will not be met with sufficient labour demand, which may result in rising labour costs at a pace exceeding the expected trend of key performance indicators, representing an additional negative outcome.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

The Group's business model, which relies significantly on seasonal employment, further amplifies this risk. The risk related to labour availability particularly affects seasonal and permanent employees in tourism facilities (hotels, campsites, tourist resorts and supporting operational services), while administrative and shared-service functions are generally less exposed. Labour shortages may also affect existing employees through increased workloads, the need for redistribution of working hours, and potential impacts on service quality and business continuity.

To mitigate the identified risk and simultaneously leverage related opportunities, the Group implements measures aimed at attracting, developing and retaining employees.

This includes investments in employee training and skills development, as well as the provision of accommodation facilities for employees, particularly during seasonal periods.

These activities contribute to business stability, increased employer attractiveness and reduced employee turnover, thereby ensuring continuity of operations and service quality in line with the Group's business model.

- **Ensuring professional and personal development as an opportunity**

The Company implements a standardised structure of training programmes at all levels, recognising the fundamental need of its employees for professional development and personal growth. Training programmes include both the Group's own employees and employees within the value chain.

- **Improving employee accommodation conditions as an opportunity**

Due to the seasonality of operations, the largest number of employees is engaged during the tourist season. Labour-force needs exceed the capacity of the local, and even the national, labour market. Therefore, the Company must employ non-resident workers who require adequate accommodation. This situation is recognised as an opportunity, as the Company owns and manages a significant number of accommodation facilities within the destinations and in close proximity to its commercial properties. Improving the quality of the Company's own accommodation facilities in line with modern standards that meet employee needs during their stay and work in the destination represents a strategic opportunity to increase the attractiveness of Plava Laguna as an employer and contributes to the long-term sustainability of operations. enhance the attractiveness of Plava Laguna as an employer and contribute to the long-term sustainability of business operations.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

In the process of assessing dual materiality, one material negative impact, one risk, and two opportunities related to the Company's workforce have been identified:

Sustainability matters and related impacts, risks, and opportunities (IROs)	I/R/O*	Actual / Potential	Position in business model	Position in value chain			Time horizon		
				Upstream	Own operation	Downstream	Short-term	Mid-term	Long-term
Working conditions- Working time									
Specific working hours	Negative impact	Actual	Operations		•			•	•
Working conditions – Secure employment									
Risk related to availability and the cost of workforce	Risk	-	All business segments		•				•
Equal treatment and opportunities for all – Training and skills development									
Ensuring professional and personal development	Opportunity	-	All business segments		•			•	•
Other work-related rights – Adequate housing									
Improving employee accommodation conditions	Opportunity	-	Operations		•				•

*impacts, risks, and opportunities defined in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS)

The identified impact, risk and opportunities arise from the Group’s business model, which is based on seasonal and labour-intensive tourism. The Group addresses them through working-time management, workforce planning and improvements to working conditions, while opportunities related to employee development and accommodation capacities are integrated into operational and development activities.

No significant direct financial consequences were identified during the reporting period. In the medium and long term, moderate changes in labour costs and investments in working conditions may be expected, within the scope of regular business activities.

The strategy and business model are assessed as moderately resilient, with the ability to adapt through human-resource management and by leveraging opportunities to strengthen employer attractiveness.

No significant negative impacts on the Group’s own workforce arising from transition plans to reduce greenhouse-gas emissions were identified during the reporting period.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

The Group operates exclusively in the Republic of Croatia, within a national legislative framework that prohibits forced and compulsory labour. No operations or geographical areas with an increased risk of forced or compulsory labour have been identified.

The Group does not operate in countries or sectors considered high-risk with regard to child labour. Within its own operations, no cases or increased risk of child labour have been identified.

Impacts, risks and opportunities management

S1 - 1 Policies related to own workforce

As part of the revision of the double materiality assessment conducted in 2025, the significant impacts, risks and opportunities related to the Group's own workforce were further confirmed and more precisely defined. Following this, during 2025 the key elements of standalone policies for managing significant impacts, risks and opportunities related to the Group's own workforce were developed and defined, including the Human Rights Policy and the Occupational Health and Safety Policy. These policies cover the management of negative impacts on employees (e.g. working conditions, health and safety protection, protection of employee rights), as well as related risks and opportunities. However, by the end of the reporting period, these policies had not yet been formally adopted nor entered into force.

Formal adoption of the policies is planned for the next reporting period, with the aim of achieving full alignment with the European Sustainability Reporting Standards (ESRS) and further systematising the management of significant impacts, risks and opportunities related to the Group's own workforce.

Despite the fact that standalone policies for managing significant risks and opportunities have not yet been adopted, the Group continuously implements a range of processes, activities and practices as part of the responsibilities of the Human Resources Division and other business functions connected to the identified significant risks and opportunities.

The identified significant negative impact is regulated by an internal act, namely the Collective Agreement:

- **Mitigation of the negative impact associated with specific working hours**
Various aspects of employee rights, including the regulation of working hours, are governed by internal acts, primarily the Collective Agreement.

The Company has concluded a Collective Agreement with the trade-union branches of the Istria, Kvarner and Dalmatia Trade Union and the Tourism and Services Trade Union of Croatia, which defines the rights and obligations of the employer and employees.

In addition to other sources of labour rights, the Collective Agreement regulates matters related to employment, rest and leave, employee protection, wages and other material rights, inventions, termination of employment, as well as specific rules related to employee association. Particular emphasis is placed on the regulation of working hours due to its specific characteristics in the tourism industry.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

With regard to particularly vulnerable groups of employees, the Group fully complies with applicable legal regulations, while additional rights are regulated by the Collective Agreement.

The Collective Agreement stipulates that overtime work cannot be assigned to certain categories of employees, including employees working reduced hours due to harmful working conditions, pregnant employees, parents of children up to three years of age, single parents of children up to six years of age, minor employees, and part-time employees without a previously signed Statement of voluntary consent for such work. Minor employees are entitled to a minimum of five weeks of annual leave, while certain groups of employees are entitled to longer annual leave depending on specific criteria.

All segments of the Company, led by the Management Board, are responsible for implementing the Collective Agreement. The Collective Agreement is made available to employees through publication on the Company's internal website, through managers at the facilities, the Works Council and trade unions.

The Collective Agreement applies to those employees whose employment contracts fall under its scope, as some employees have contracts with special rights and obligations.

The Company has not adopted a dedicated Human Rights Policy; however, through its Code of Ethics it guarantees respect for human rights, equality and the implementation of the fundamental conventions of the International Labour Organization. The Company does not discriminate against candidates during recruitment or promotion, and efforts are made to promote equal treatment for all. Respect for human rights is ensured through the application of applicable regulations and is of utmost importance in all areas of work.

At the Group level, there is no unified policy or collective agreement due to the Group's operational model, and no changes to this approach are expected in the future.

In 2025, a draft Human Rights Policy was prepared but was not adopted by the Management Board and the Supervisory Board. The draft is aligned with the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGPs), the core conventions of the International Labour Organization and the OECD Guidelines for Multinational Enterprises. Adoption of the policy is expected in the upcoming period.

Regardless of formal adoption, the principles of respecting human and labour rights are already integrated into the Code of Ethics, the Collective Agreement, internal regulations and employment-management practices. These documents include, among other things, the prohibition of discrimination, the prohibition of forced and child labour, respect for freedom of association and collective bargaining, the provision of safe and healthy working conditions, and the protection of employment-related rights, including working hours, rest periods and compensation.

Cooperation with individuals from the Group's own workforce is achieved through social dialogue with trade unions and the Works Council, regular communication through managers and internal channels, and the involvement of employees in the double materiality assessment process. The Group has established confidential channels for reporting irregularities, including designated persons responsible for the protection of employee dignity, trade-union representatives and a whistleblowing system. Employees are guaranteed protection against retaliation, and every report is reviewed in accordance with internal procedures and applicable legislation.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

In 2025, a draft Occupational Health and Safety Policy was prepared and is planned to be adopted in the upcoming period. The draft is aligned with national regulations, ILO Conventions No. 155 and 187, and the OECD Guidelines.

Although the policy has not yet formally entered into force, the occupational health and safety management system is operationally established and includes workplace risk assessments, employee training, the work of the Occupational Safety Committee and safety representatives, monitoring of injuries and preventive measures, provision of personal protective equipment at no cost to employees, as well as activities aimed at supporting mental health and employee well-being.

The Group has established internal acts and codes of conduct (Code of Ethics, Collective Agreement, Human Rights Policy and Occupational Health and Safety Policy) that prohibit discrimination and harassment and promote equal opportunities and diversity. The prohibition of discrimination covers racial and ethnic origin, skin colour, gender, age, disability, religion, political opinion, national or social origin and other grounds prescribed by legislation, and applies to all aspects of the employment relationship, including recruitment, promotion, working-time arrangements, compensation, training, occupational safety and termination of employment.

Special rights and protections are ensured for groups of employees exposed to increased vulnerability (e.g. minors, pregnant employees, parents of young children), in accordance with the Collective Agreement and applicable regulations.

Implementation of the principles of equal treatment is ensured through defined internal procedures, designated persons responsible for the protection of employee dignity, the whistleblowing system, the work of the Works Council and trade unions, and the application of disciplinary measures in cases of confirmed violations.

More information on human-rights obligations and the alignment of policies with internationally recognised instruments is provided in Chapter G1-1, which addresses business conduct policies and corporate culture within the governance disclosures.

S1 – 2 Processes for engaging with own workforce and workers’ representatives about impacts

The Company respects and actively promotes employees’ rights to information and consultation, ensuring easy access to all relevant information through various communication channels. The primary communication channels enabling transparent and two-way dialogue with employees are communication through the Works Council and trade unions, as well as the implementation of employee surveys. Feedback received through these channels is considered within managerial and operational meetings and, where applicable, integrated into decision-making processes related to working conditions, work organisation and human-resource management.

- **The Worker's Council and union representatives**

A Works Council has been established within the Company in accordance with the provisions of the Labour Act. The Works Council protects and promotes the interests of employees through information, consultation, co-decision or negotiations with the employer on matters relevant to the position of employees. The employer ensures all necessary conditions for the election and functioning of the Works Council.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

Communication with the Works Council and trade-union representatives takes place directly and without obstacles, not only in all situations prescribed by labour-law sources, but also through consultations whenever either party deems it necessary. The employer's obligation to provide information is fulfilled periodically, at least once every three months, and includes informing employee and union representatives about the Company's situation, sales performance, business results and other matters relevant to employees, all within a framework of strong mutual respect and cooperation. In addition to its information obligations, the Company also complies with its obligations to consult and co-decide with the Works Council where required, and seeks consultation whenever it considers it necessary and appropriate.

Trade-union representatives also operate within the Company in accordance with their role and powers as defined by the Labour Act and the Collective Agreement.

Several Company functions cooperate directly with the Works Council, often involving the highest levels of management and the Management Board, depending on the specific need. The business segments responsible for such cooperation include the Management Board, the Management Office and the Human Resources Division, ensuring the effective role of organised bodies or employee representatives.

Neither the Company nor the Group has concluded a Global Framework Agreement, and cooperation with employee representatives is carried out through the Collective Agreement and the legally prescribed mechanisms of social dialogue.

- **Employees' representative at the Supervisory Board**

Employees are entitled, under special legislation, to have their representatives participate in the work of the Supervisory Board. The employee representative, as a member of the Supervisory Board, participates in its work on an equal footing.

- **Employee satisfaction survey**

Listening to employee needs and gathering their opinions, attitudes and perceptions regarding various aspects of the work environment—such as working conditions, interpersonal relations and job satisfaction—is also carried out through direct communication with employees, specifically through annual employee-satisfaction surveys. The purpose of these surveys is to identify areas for improvement in a timely manner, detect potential negative impacts and risks, and encourage positive changes that contribute to greater efficiency, engagement and overall employee satisfaction.

The implementation of surveys and the evaluation of feedback fall under the responsibility of the Human Resources Division. The surveys have not included targeted questions for specific employee groups, nor have they been adapted for systematic examination and separate analysis of issues relevant to such groups; however, future surveys are expected to be updated accordingly.

The effectiveness of cooperation is assessed through the analysis of annual employee-satisfaction survey results, monitoring the implementation of agreed measures and maintaining continuous dialogue with trade unions and the Works Council.

Special attention is given to groups of employees who may be exposed to increased vulnerability (e.g. minors, pregnant employees, parents of young children, seasonal workers). For these groups, tailored protective measures are implemented, particularly regarding working hours, task allocation, physical and psychosocial risks, and restrictions on night and overtime work. Regular collection of feedback and monitoring of working conditions ensure that their specific rights are respected and that potential risks are identified and mitigated in a timely manner.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

All procedures apply solely to the Company due to the Group's operational model. The Group does not have a unified approach to cooperation with its own workforce.

S1 – 3 Processes to remediate negative impacts and channels for own workforce to raise concerns

The Company has established channels for expressing concerns related to:

- **Violation of the provisions of the Code of Conduct (Ethical Code)**

In the event of any information regarding actions or conduct that are not in compliance with the Code of Conduct, or in cases of suspected non-compliance, every employee is required to contact the Legal Affairs Department. Failure to report a suspected breach of the Code also constitutes a violation of its provisions.

Reports may be submitted in writing or verbally. The Legal Affairs Department is required to conduct an investigation into the allegations and ensure the confidentiality of information and the protection of the privacy of all individuals involved, while taking care not to cause harm to the Company's operations.

In cases of breaches of the Code of Conduct, disciplinary procedures may be initiated which, taking into account the circumstances of the case, may include termination of the employment contract.

- **Resolving complaints related to employee dignity protection**

The Company, in consultation with the Works Council, has appointed a person authorised to receive and address complaints related to the protection of employee dignity. The procedure for handling such complaints, as well as all information established during the process, is confidential, and the procedure is carried out in accordance with the relevant legislation.

- **Reporting actions or omissions that are unlawful**

The Whistleblowing Rulebook regulates the internal reporting of irregularities. Any actions or omissions that are unlawful and relate to the scope and regulations specified in the relevant legislation, or that contradict the purpose or intent of such regulations, may be reported to the confidential reporting officer or their deputy. This decision and the related information are published on the Company's internal website. More information on the Whistleblowing Rulebook can be found in Chapter G1-1 *Business Conduct Policies and Corporate Culture*.

- **All other communications from employees to the employer**

In all cases other than direct reporting to the confidential reporting officer, any communication from employees to the employer is processed, regardless of whether it is received through the Company's publicly available email addresses, postal address, the Works Council, or submitted verbally or in writing.

The Company's email addresses are publicly available on the website, and through onboarding channels all new employees are informed about how to contact the employer regarding any issues they may encounter during their work or stay at the destinations. Furthermore, through the Works Council—whose activities are carried out by its members—employees may raise questions that the Works Council either resolves independently or forwards to the employer, either during regular meetings or outside of them.

The Company actively conducts periodic surveys and communicates certain important information through information panels in common areas or through managers.

SOCIAL INFORMATION – The own workforce (S1) (continued)

Received reports and complaints are recorded and monitored through internal records maintained by the responsible functions, and relevant cases and identified trends are reported to the Management Board when necessary and when required by applicable regulations. The effectiveness of the channels is assessed based on the timeliness of actions taken and the outcomes of processed cases.

The established channels for raising concerns, together with the activities continuously carried out to inform employees, ensure that employees are adequately familiar with the available mechanisms. Each new employee is introduced to the relevant internal acts upon hiring, including the Company's rulebooks, the Code of Ethics and the Collective Agreement, all of which are available to employees through the internal websites of the Group's companies.

Information activities further include introductory training for new employees, during which available channels and procedures are explained, prominently displayed information at workplaces providing quick access to contacts and instructions, as well as training for supervisors and management.

Through the Whistleblowing Rulebook, the Company prescribes a prohibition of any form of retaliation against employees who, in good faith, submit a report or complaint through the established channels. The Rulebook defines forms of prohibited conduct, including retaliation, as well as the employer's obligation to refrain from such actions.

Compliance with these provisions is ensured through the established whistleblowing system, the procedure for handling reports and oversight of implementation, while additional verification may be carried out through internal audit activities. No cases of retaliation were recorded during the reporting period.

All channels for raising concerns apply solely to the Company due to the Group's operational model. The Group does not have unified channels for raising concerns for its own workforce.

S1 – 4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The Group's current business model, as well as future development projects based on high-quality products, indicate the need to plan activities aimed at mitigating risks and negative impacts and realising opportunities in the area of the workforce. No significant financial resources were required for the implementation of measures related to the Company's own workforce.

- **Taking actions to mitigate material negative impacts resulting from specific working hours**

The described impact is systemic, meaning that it cannot be fully avoided due to the nature of the Company's business activities. For this reason, measures to mitigate the negative consequences of such working hours are already embedded in legislation and in the Company's key internal documents, such as the Collective Agreement, through which all employee entitlements and the Company's obligations regarding working hours and rest periods are regulated through social dialogue with employee representatives.

The Collective Agreement regulates redistributed working hours, which represent working hours exceeding the standard full-time schedule, as well as the duration of such arrangements and the employer's related obligations and limitations. It also prescribes provisions on mandatory daily and weekly rest periods, including their frequency and minimum duration.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

With regard to specific working-time arrangements and their negative effects, employees are compensated financially, as working hours organised in line with industry standards entitle them to increased pay.

For work performed on Sundays and public holidays, as well as for split shifts, shift work and night work, supplements are provided through increased hourly rates, at least in the amounts defined by law or the sectoral Collective Agreement, or the Company's own Collective Agreement. The Company considers that this form of legal remedy partially offsets the negative impact and fulfils its intended purpose.

In the period from May to September 2025, 82.5% of the Company's employees worked under redistributed working hours (2024: 77%). The negative effects arising from specific working-time arrangements are further managed with the aim of reducing adverse consequences to the lowest possible level through the following activities:

- organising shifts and weekly rest periods at least one week in advance;
- raising awareness of the importance of mental health by creating an information platform for employees, covering topics from adaptation processes and recognising potentially risky behaviours to providing professional support and assistance through individual counselling;
- regular medical examinations for employees whose work predominantly takes place at night;
- encouraging and enabling the use of weekly rest lasting one calendar day, combined with the daily rest period.

Given that the negative effects of specific working-time arrangements are characteristic of the entire tourism industry, the Group does not plan any special future measures that would deviate from its existing workforce-management policies. These activities rely on applicable labour-law sources, particularly the Collective Agreement, which is the result of negotiations between social partners.

The Group ensures that its business practices, including work organisation and employment models, comply with applicable regulations and the Collective Agreement in order to prevent causing or contributing to significant negative impacts on its own workforce.

- **Measures to mitigate risks related to the availability and cost of labour**

Managing the availability and cost of labour represents one of the Group's key operational and strategic challenges, particularly in the context of strong market pressures, business seasonality, and regulatory and administrative constraints. In this regard, systematic measures are implemented to preserve a stable working environment, increase employee retention and ensure long-term sustainable human-resource management.

One of the Group's fundamental strategic objectives is to increase the share of permanent employment arrangements, primarily open-ended employment contracts, thereby reducing workforce turnover, strengthening organisational stability and contributing to employee security and satisfaction. During 2025, structured internal selection processes were carried out to transition employees to permanent forms of cooperation, resulting in 89 open-ended employment contracts being offered.

The Group places particular emphasis on timely workforce planning. Recruitment processes for the following annual cycle begin during the current tourist season. This includes communication with existing seasonal workers immediately after the season ends and ongoing engagement with potential candidates. Such an approach enables better predictability, reduced operational risks and more efficient management of recruitment costs.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

In 2025, the return rate of seasonal workers was 63% (2024: 55%), indicating the effectiveness of measures aimed at employee retention and the positive perception of the Company as an employer. Experience from previous periods confirms that early planning and increasing the share of permanent employment arrangements have a direct positive impact on labour availability, business continuity and the quality of service provided.

The process of securing the workforce is significantly influenced by the procedures of state institutions, particularly in the area of administrative and regulatory requirements, which may affect the timing and final outcomes of recruitment. The Group actively works to mitigate these risks by improving internal processes, initiating administrative procedures in a timely manner and maintaining continuous cooperation with the competent authorities.

In parallel with these measures, the Group continuously enhances employee benefits, including salaries, supplements and other forms of compensation, with the aim of maintaining competitiveness in the labour market and reducing the risk of rising labour costs. These activities represent an important part of the Group's socially responsible policies and contribute to strengthening the long-term sustainability of its operations. To further mitigate future risks related to the availability and cost of labour, the Company plans to improve long-term workforce planning, strengthen employer attractiveness and cooperation with educational institutions, diversify labour-supply sources including international recruitment, invest in automation and digitalisation, and develop training and internal career-progression systems.

The planned and expected outcomes of these measures include timely securing of the required workforce, reducing the negative effects of administrative delays, increasing employee retention and continuously improving service quality.

- **Measures to realise significant opportunities arising from professional and personal development**

In 2025, the Company continued to invest in the education and professional development of employees at all levels, with the aim of strengthening mental health, motivation, performance, development and service quality.

In the hotel operations departments, targeted training programmes were implemented focusing on career-development potential, strengthening communication and language competencies and more effective management of challenging situations. Special emphasis was placed on developing the professional skills of chefs, waitstaff, receptionists and sales personnel, including programmes such as culinary and service academies, as well as training in sales techniques and complaint management. To support cultural integration, a pilot Croatian-language learning project was launched for agency workers from Eastern countries. The long-standing practice of German and Italian language training also continued, in line with market needs.

The Company continuously promotes inclusiveness and, in order to leverage opportunities related to improved integration and retention of employees, implemented a welcome and initial orientation programme for new employees in 2025 to support faster adaptation and more effective integration into the work environment.

Management participated in programmes focused on developing leadership skills and stress management. Training sessions were also held for specialists within business functions, with emphasis on adopting techniques for effective leadership in challenging times and team communication aimed at increasing motivation and efficiency.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

In addition to these general development programmes, legally required training tailored to the specific demands of certain job roles was conducted to reduce associated risks. Additional individual professional-development programmes were delivered in specialised areas, organised externally or through digital platforms.

The number of training hours completed across all professional-development programmes is monitored through internal systems.

To ensure professional and personal development in the future, the Company plans to further enhance and expand its existing training programmes, including the development of specialised academies, language courses, management-competency development programmes, as well as digital and specialist forms of training.

- **Taking actions to seize material opportunities arising from the improvement of employee accommodation conditions.**

Employee accommodation is available both to the Company's own employees and to employees within the value chain (employees of partners with whom the Company has service contracts—animation services, security services, external cleaning services), which further increases the significance of this opportunity.

At the peak of the 2025 tourist season, 60.6% of all employees, including students (2024: 59.7%), were accommodated in the Company's staff-housing facilities, and the Company did not need to secure additional accommodation on the market for its employees.

The Company continuously invests in improving the quality of staff accommodation, which represents a standardised item within the capital budget during the preparation and adoption of annual plans.

An analysis of existing facilities was carried out from the perspective of technical obsolescence, required structural characteristics and elements that will be prescribed by future legal regulations, as well as projections of employment trends—an essential prerequisite for developing a long-term accommodation-management plan. The process of analysing conditions by location and prioritising projects has begun, taking into account constraints arising from existing spatial-planning documentation, issues related to tourism land and insufficiently defined accommodation requirements for future construction. Improving staff-accommodation conditions facilitates the attraction of new employees and increases satisfaction among existing staff, while investments in new accommodation capacities will reduce risks related to accommodation availability during the tourist season.

Management of these measures is integrated into the Company's regular operational and capital budgets, particularly through the budgets of the Human Resources Department and capital investment plans for accommodation facilities and employee training.

Action Plan for Managing significant Impacts, Risks and Opportunities

Although the Company implements a range of concrete measures to manage significant impacts, risks and opportunities related to its own workforce, a formal, consolidated action plan at the Group level has not yet been established. Existing measures are integrated into regular operational and development activities, particularly within human-resources and operational functions. The preparation of a formal action plan is planned for future reporting periods to further systematise and monitor the measures.

The measures are financed through the Company's existing operational and capital budgets, without separately allocated additional financial resources.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

Monitoring the Effectiveness of Measures

The effectiveness of all measures undertaken by the Company in relation to identified significant impacts, risks and opportunities is monitored through employee satisfaction surveys, which are conducted regularly. The results are analysed and used as inputs in the development of future plans within this segment of operations.

The Works Council is composed of Company employees who are in daily contact with employee feedback and who, typically in an informal manner, communicate such feedback to the Company as the employer, together with proposals for potential improvements aimed at increasing employee satisfaction.

Responsibilities for Monitoring Measures

Responsibility for monitoring the implementation of measures lies with the Management Board and the Human Resources Department, the Operations Department with all profit centres, as well as other relevant business units in accordance with their respective areas of responsibility.

Management of impacts, risks and opportunities

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

As part of the 2025 revision of the double-materiality assessment, the need to formalise objectives in the above areas was confirmed. The definition of measurable target values and the establishment of procedures for monitoring their effectiveness are planned for the next reporting period, following the formal adoption of the corresponding policies.

S1-6 Characteristics of the undertaking's employees

The following section presents data on the average number of the Group's own employees in 2025, by type of employment contract and by gender.

Table: Average number of employees by gender.

Gender	Number of employees	
	2025	2024
Men	1,117	1,085
Women	1,236	1,257
Other*	0	0
Not reported	0	0
TOTAL	2,353	2,342

As at 31st December 2025, the Group employed 2,353 employees.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

Table. Number of employees according to the contract type and gender

	2025					2024				
	Women	Men	Other*	Does not want to disclose	Total	Women	Men	Other*	Does not want to disclose	Total
Number of employees (number/FTE)	1,236	1,117	0	0	2,353	1,257	1,085	0	0	2,342
Number of permanent employees (number/FTE)	560	488	0	0	1,048	573	491	0	0	1,064
Number of temporary employees (number/FTE)	676	629	0	0	1,305	683	595	0	0	1,278
Number of employees with non-guaranteed working hours (number/FTE)	25	19	0	0	44	22	20	0	0	42
Number of full-time employees (number/FTE)	1,229	1,114	0	0	2,342	1,252	1,083	0	0	2,335
Number of part-time employees (number/FTE)	7	4	0	0	11	5	2	0	0	7

Methodology and contextual information on the average number of employees by type of contract and by gender

During 2025, the Group employed an average of 2,353 employees (Note 8 of the revised financial statements), excluding students and pupils. Of this total, 1,048 were employed under some form of permanent cooperation, while 1,305 were employed under seasonal contracts. The calculation of the average number of employees is based on the total hours worked and paid throughout the reporting period.

Permanent employees are defined as employees with open-ended employment contracts. The number of permanent employees is determined by summing the total number of employees with open-ended contracts across all Group locations.

Temporary employees are defined as employees with the status of seasonal or permanent seasonal workers. The number of temporary employees is determined by summing the total number of seasonal and permanent seasonal workers across all Group locations.

SOCIAL INFORMATION – The own workforce (S1) *(continued)*

Employees with non-guaranteed working hours are defined as employees who do not have a contractual guarantee of a minimum or fixed number of working hours. According to the available interpretation, the number of employees with non-guaranteed working hours refers to students and pupils and is determined by summing the number of students and pupils employed within the Company and Hotel Croatia. Employees in this category are not included in the total number of employees.

All Group employees during the reporting period were employed in the Republic of Croatia. The Group has no employees in other countries who would account for at least 10% of the total workforce. Employee data were collected from the internal systems of the Human Resources Department. The following section presents data related to the turnover of the Group's own employees in 2025.

Table. Fluctuation of employees

	Number of employees who left the company	Number of employees as at 15/07	Employee turnover rate
2025	533	3,067	17.38
2024	594	3,041	19.53

Methodology and contextual information on employee turnover

During the reporting period, 533 employees left the Group, corresponding to an employee turnover rate of 17.38%.

Employee turnover is defined as the total number of permanent and temporary employees who left the Group's entities during the reporting period, most commonly due to resignation or retirement.

The employee turnover rate is expressed as a percentage and represents the proportion of employees who left the Group in relation to the total number of employees on the reference date. It is calculated as the ratio between the total number of permanent and temporary employees who left the Group and the number of employees recorded on 15 July 2025 (3,067), which was the date on which all Group entities had the highest number of employees during the year.

Data on the number of employees who left the Group and on the number of employees on the reference date were collected from the internal systems of the Human Resources Department.

The data are presented as headcount rather than full-time equivalent (FTE).

The data relating to employee characteristics have not been verified by an external assurance provider.

S1-17 Incidents, complaints and severe human rights impacts

In 2025, the Group did not record any work-related incidents involving discrimination, harassment, violations of workers' rights, or complaints or significant impacts related to human rights within its own workforce. Accordingly, no financial penalties or other sanctions were imposed during the reporting period, nor were any compensation payments made in relation to such cases.

The measurement of this indicator has not been verified by an external assurance provider.

SOCIAL INFORMATION – Consumers and end users (S4)

Consumers and end users (S4)

Strategy

ESRS 2 SBM- 2 Interests and views of stakeholders

All consumers and end users on whom the Group may have actual or potential significant impacts through its own operations or across the value chain are included in the scope of the double materiality assessment and are covered by the disclosures in accordance with ESRS 2. Impacts related to guests are considered in the context of providing accommodation services, additional hospitality and recreational facilities, as well as digital sales and communication channels. The assessment covers impacts arising from the Company's own activities and from relevant business relationships within the value chain.

End users, i.e. guests, represent one of the key affected stakeholder groups for the Group, and therefore continuous efforts are made to understand their needs with the aim of improving and enhancing services that meet their expectations and align with contemporary industry trends.

The Group's guests include individual tourists, families with children, business travellers, participants in sports and recreational events, organised groups, and users of additional services (wellness, sports, gastronomy). The analysis identified groups that may be more sensitive to certain impacts, including children, older persons, persons with disabilities, and guests who rely on clear and timely information about services and terms of use. The identification of these groups is the result of the analysis conducted as part of the double materiality assessment process.

In the context of the Group's business model, significant impacts on guests may relate to:

- protection of privacy and personal data within digital booking and communication systems;
- ensuring accurate, clear and timely information on prices, booking conditions and cancellation terms;
- product and service safety (accommodation, sports facilities, equipment);
- impacts of marketing and sales activities, including socially responsible advertising;
- availability and accessibility of services for vulnerable groups.

Since the Company does not produce inherently harmful products, negative impacts arise from the strategy and business model and are primarily associated with operational, reputational and privacy-related aspects of service provision.

Given that the Group operates in the hospitality sector, particular attention is devoted to guest relations.

In 2025, a revision of the double materiality assessment was carried out, re-evaluating previously identified impacts, risks and opportunities, including those related to guests. The results of the initial survey conducted as part of the 2024 double materiality analysis, together with updated analyses of market trends, regulatory requirements and internal guest satisfaction data, were taken into account when confirming the materiality of topics.

Within the double materiality assessment, the negative impacts identified in relation to guests primarily concern potential individual incidents, such as personal data breaches, dissatisfaction with services, inaccurate information, or health and safety incidents.

SOCIAL INFORMATION – Consumers and end users (S4) (continued)

The identified negative impacts were assessed as operational and incident-based in nature and were not recognised as structural impacts arising from the Group’s business model itself.

Further information on the Group’s Day-to-day communication channels with guests, the purpose of stakeholder engagement, and the importance of feedback is provided in section ESRS 2 SBM 2 – Stakeholder interests and views.

ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model

Improving and adapting services through continuous listening to guest needs, monitoring satisfaction with the services provided, and investing in the digitalisation of business processes represent key steps in achieving one of the Group’s business priorities, which is creating positive guest experiences. Paying attention to guest feedback primarily enables faster identification and resolution of issues and further shapes the company’s development through the adoption of new solutions, the development of new services, and technological improvements.

Investing in the digitalisation of business processes in the area of guest services enables process automation, resulting in faster and more accurate task execution. By tailoring services to the individual needs of guests through the use of technology, guest satisfaction and loyalty increase, which in turn enhances the company’s competitiveness. All of the above represents an opportunity to promote the company and the destination as an attractive tourist location and to strengthen Plava Laguna’s positive market reputation.

The risks identified in relation to guests include reputational risk arising from negative reviews, regulatory risk associated with consumer protection and personal data protection requirements, and operational risks related to service safety. A significant opportunity identified is the improvement and adaptation of services to guest needs.

In the process of assessing double materiality, one material opportunity related to guests has been identified, which also represents an entity specific topic:

Sustainability matters and related impacts, risks, and opportunities (IROs)	I/R/O*	Actual / Potential	Position in business model	Position in value chain			Time horizon		
				Upstream	Own operation	Downstream	Short-term	Mid-term	Long-term

Entity specific

Improvement and adaptation of guest services to guests' needs	Opportunity	-	Operations		•		•	•	
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*impacts, risks, and opportunities defined in accordance with the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS)

SOCIAL INFORMATION – Consumers and end users (S4) *(continued)*

As part of the double materiality assessment process, an analysis was conducted to determine whether certain groups of guests—such as children, older persons and persons with disabilities—are exposed to a higher risk of negative impacts. The analysis was based on a review of complaints, guest feedback, regulatory requirements and operational data.

Risks related to privacy and digital systems apply to all guests, while issues of accessibility and service adaptation are particularly relevant for vulnerable groups, including persons with disabilities and families with children.

Managing impacts, risks and opportunities

S4 – 1 Policies for consumers and end-users

The Company manages the significant opportunity related to consumers and end users through internal policies and procedures, including the Quality Programme and the draft Consumer Protection Policy developed in 2025, which will be adopted in future reporting periods. These documents regulate matters related to consumer protection, service safety, personal data protection, transparent communication and complaint management, while investments in digitalisation are based on a strategy focused on innovation, efficiency and enhancing the guest experience. The policies apply to all consumers and end users of the Company's services.

These policies are aimed at managing the significant opportunity identified within the double materiality assessment process.

Within its policies, the Company recognises its obligation to respect the human rights of consumers and end users, including the right to privacy, safety, non-discrimination and access to accurate information.

These obligations arise from applicable legislation and international guidelines referenced by the Company within its business conduct policies.

The Company's overall approach is based on integrating consumer protection into operational processes, monitoring compliance with consumer protection and personal data protection regulations, and maintaining an internal quality control system for services.

Quality Program

The Quality program, made available to all stakeholders responsible for implementation through an internal document-sharing platform, represents a structured approach to improving services and business processes, aiming to meet or exceed guest expectations. The program outlines procedures, methods, and goals for monitoring guest satisfaction levels, as well as the roles of profit center directors, profit unit directors, and the Director of the Operations Sector, who are responsible for executing all defined procedures. Online reputation management involves continuous monitoring, reporting, and responding to guest feedback regarding service satisfaction. Reputation reports are distributed weekly and monthly to all profit unit and profit center directors, sector directors, and the Management Board, with detailed insights into overall ratings and rating segments. Additionally, internal surveys are systematically used to track rating trends and guest comments.

Consumers are able to submit complaints through the available communication channels, including e-mail and direct contact at the facilities. All received complaints are recorded, analysed and resolved in accordance with defined internal procedures, with timely notification to the complainant regarding the measures taken.

SOCIAL INFORMATION – Consumers and end users (S4) (continued)

The draft Consumer Protection Policy is aligned with relevant EU directives and internationally recognised instruments, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

No cases of non-compliance with internationally recognised principles in the area of consumer and end-user protection were recorded during the reporting period.

Further information on human rights obligations and the alignment of policies with internationally recognised instruments is provided in section G1-1, which addresses business conduct policies and corporate culture within the governance disclosures.

At the time of reporting, the draft Consumer Protection Policy had not yet been formally adopted by the Company's competent bodies. Until its formal adoption, the management of impacts, risks and opportunities related to consumers and end users is carried out through existing internal procedures, particularly the Quality Programme, the complaint management system, personal data protection processes and operational service-safety protocols. Engagement with consumers and end users is conducted through direct interaction at the level of profit centres and through digital channels, including the Plava Laguna / Istra Camping mGuest application, which enables the collection of feedback during the guest's stay. In addition, in-house surveys sent to guests after their stay serve as a tool for monitoring satisfaction and identifying potential improvements. Responsibility for processing survey data lies with the Head of the Accommodation and Quality Department.

The formal adoption of the Consumer Protection Policy is planned for the next reporting period.

S4 – 2 Processes for engaging with consumers and end users about impacts

Guest perspectives collected through newsletters, personal communication, digital channels and surveys are taken into account when making decisions on service improvements, adjustments to the offering and the implementation of corrective measures in cases where shortcomings are identified.

Communication with guests through newsletters sent prior to their arrival serves as an effective tool for enhancing the guest experience by providing useful information about on-site services, special offers and events taking place during their stay. The newsletters also include recommendations on local attractions, restaurants and activities, which not only create a sense of welcome but also increase guest engagement by enabling guests to plan their stay in advance and make the most of the available amenities. Communication with guests via newsletters falls under the responsibility of the Marketing Department.

Interaction with guests during their stay at the Company's facilities is carried out through personal contact and is the responsibility of the management of each profit centre. When personal contact is not possible, communication is facilitated through the Plava Laguna / Istra Camping mGuest application, which enables quick access to feedback on core and additional services offered during the guest's stay, contributing to a more personalised approach to service delivery.

In-house surveys sent to guests after they have left the facility serve as an additional tool for monitoring guest satisfaction. The purpose of the survey analysis is to assess the extent to which guest expectations have been met. Responsibility for processing survey data lies with the Head of the Accommodation and Quality Department. The effectiveness of engagement is evaluated through the analysis of survey results, rating trends and the frequency of complaints, as well as by monitoring changes in guest satisfaction levels over time.

SOCIAL INFORMATION – Consumers and end users (S4) (continued)

The Company monitors the specific needs of vulnerable guest groups, including persons with disabilities and families with children, through the analysis of complaints and feedback, in order to ensure that services are adapted to their needs.

All procedures, due to the Group's operational model, apply only to the Company. The Group does not have a unified approach to engagement with consumers and end users.

S4 – 3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Company has established channels through which guests can express their concerns, although guest awareness of these channels has not yet been analytically assessed.

The Company currently does not conduct a formal analysis of the level of guest awareness and trust in complaint mechanisms, but the availability of channels is ensured through publicly accessible information and direct communication at the facilities.

Guests have the right to express dissatisfaction or report irregularities—whether related to internal services or services provided by external partners—through the official complaint submission channel, which includes an e-mail address publicly available to all guests.

Upon receiving a complaint, the Head of the Accommodation and Quality Department forwards it to the director of the relevant profit centre, who then assumes responsibility for further communication. In accordance with applicable consumer protection regulations and respecting the principles of personal data protection as prescribed by the General Data Protection Regulation (GDPR) and the national Implementation Act, appropriate steps are taken to ensure timely responses to complaints and their consideration within legally prescribed deadlines. In cases where a complaint is found to be justified, corrective measures are implemented, including rectifying irregularities, providing compensation where appropriate, or adjusting processes. The effectiveness of these measures is assessed by monitoring repeated complaints and guest satisfaction following case resolution.

With regard to services provided by external partners operating within the Company's facilities, there is no formally established requirement obliging business partners to use the same guest complaint channels. In practice, complaints related to external partner services may be received through the Company's general channels and are forwarded to the relevant partner for further action when necessary.

The standardisation of the complaint-handling process aims to minimise the number of complaints in the future and ensure swift problem resolution, enabling guests to leave the facility with a positive experience. Prompt action helps maintain high service standards and ensures a pleasant stay, thereby strengthening trust in service quality.

The Company does not have a separate, formalised anti-retaliation policy specifically aimed at consumers and end users in the context of complaint channels. However, through its Code of Ethics and the Internal Reporting Procedure, the Company prescribes the protection of the confidentiality of complainants and prohibits retaliation or sanctions against individuals who raise concerns or report irregularities through established channels, ensuring the protection of identity and confidentiality.

All channels for expressing concerns apply only to the Company due to the Group's operational model. The Group does not have unified channels for expressing concerns by consumers and end users.

SOCIAL INFORMATION – Consumers and end users (S4) *(continued)*

S4 – 4 Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

The Company implements measures and plans activities aimed at managing the significant opportunity related to consumers and end users, in line with the results of the double materiality assessment process.

Within the identified material opportunity related to improving and adapting services to guest needs, the Company continues to invest in digitalisation, the development of new communication channels during guests' stays, and the implementation of paperless and contactless strategies, with the aim of increasing operational efficiency, safety and environmental responsibility.

The Company carries out initiatives whose primary purpose is to leverage the opportunity for consumers and end users by enhancing the user experience, improving information transparency and increasing service personalisation.

During 2025, a number of digitalisation projects were implemented to improve and adapt services to the needs of the Company's guests, including the following:

- newly implemented websites (plavalaguna.com and istracamping.com) were used, based on innovative content-management technology, enabling faster and more intuitive access to relevant information for guests;
- full integration of the websites with the booking platform was completed, ensuring a secure and user-friendly reservation process and further enhancing the user experience;
- a newly implemented Customer Relationship Management (CRM) system was used to improve guest interaction and achieve a high level of personalised service. The system enables the creation of comprehensive guest profiles through integration with various internal and external systems, providing insight into guest preferences and needs;
- new websites for the presentation and purchase of experiences (Istria Experience) were implemented, including separate specialised pages for individual products (Hotel Pelegrin, Hotel Parentium), with the aim of increasing guest satisfaction through the presentation of personalised services;
- the implementation of a cashless system improved operational efficiency and payment security, providing guests with a simpler, faster and more reliable user experience while reducing the need for physical transactions;
- the introduction of an AI virtual assistant within the application enabled digital, continuously available and personalised guest support, enhancing service quality, optimising the user experience and contributing to a modern, sustainable business model.

The effectiveness of the measures taken is monitored through guest satisfaction indicators, the usage rate of digital channels, the frequency of complaints and the analysis of feedback collected through the CRM system. Quantitative indicators of the effectiveness of these measures are presented in section S4-5.

Guest feedback, together with key market trends, clearly indicates the imperative of further business digitalisation as a key measure the Company has prioritised in improving and adapting services to guest needs. Accordingly, the Company is investing intensively in advanced technological solutions that not only optimise the user experience but also contribute to the sustainability of its operations.

SOCIAL INFORMATION – Consumers and end users (S4) *(continued)*

The Company provides the necessary financial resources for the implementation of these activities through its investment plan and engages internal IT experts, the Marketing Department and operational management.

Although a wide range of measures aimed at improving and adapting services to guest needs is continuously implemented across all Company units, a formal action plan for leveraging the significant opportunity related to consumers and end users has not yet been established. The development of such a plan is envisaged for future reporting periods. Until a formal action plan is adopted, activities are carried out through the Company's regular investment and operational plans.

The double materiality assessment did not identify any material negative impacts on consumers and end users that would require a dedicated remediation action plan.

No severe human rights violations related to consumers and end users were recorded during the reporting period.

Management of impacts, risks and opportunities

S4 – 5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In 2025, following the revision of the double materiality assessment process, the Group did not define quantitative targets related to managing the identified significant opportunity of improving and adapting services to guest needs. Activities are currently implemented through the Company's operational and investment plans, without formally established measurable objectives.

In the upcoming reporting periods, the definition of targets and performance indicators related to this significant opportunity is planned, in order to ensure a more structured management approach and alignment with the European Sustainability Reporting Standards (ESRS).

Although quantitative targets have not yet been formally established, the Company monitors operational indicators related to this significant opportunity.

Company specific - indicators

Indicator	2025	2024
Number of newsletters sent to guests prior to arrival	25,260	20,765
Number of surveys sent to guests after their stay	76,429	54,090
Number of received survey responses	22,534	18,535
Average guest satisfaction rating (online reviews)	82.60% (rate 4.13)	81.40% (rate 4.07)

SOCIAL INFORMATION – Consumers and end users (S4) *(continued)*

Guest ratings are used to monitor the effectiveness of the opportunity on consumers and end users, i.e. the Company's guests. Online guest ratings for 2025 indicate a high level of satisfaction, with a result of 82.60%, confirming the exceptional quality of services provided and the positive guest experience.

In 2025, an increase in guest engagement through digital channels and surveys was observed, as well as a slight increase in the average satisfaction rating. At the same time, a decrease in the number of received complaints was recorded compared to the previous period, while maintaining stable resolution times.

The results used for calculating the indicators were collected through online platforms, and the data gathered in this way is based on quantitative ratings. Methodological limitations include the subjectivity of ratings, as they are based on personal perceptions and experiences of respondents. Due to the lack of full standardisation across platforms, variations may occur in data collection and analysis methods, which limits comparability. The underlying assumption of this metric is that ratings are provided independently, meaning that one rating does not influence another, and that data is collected in a manner that allows comparability across different users and time periods.

The measurement of the indicator has not been verified by an external body other than the assurance provider.

MANAGERIAL INFORMATION – Business conduct (G1)

Business conduct (G1)

Strategy

ESRS 2 SBM-3 Material impacts, risks, and opportunities and their Interaction with strategy and business model

- **Corporate culture**

Business governance based on the principles of socially responsible conduct enables the Company to maintain high service-quality standards and to develop long-term relationships with guests, business partners and the local community, directly contributing to the achievement of strategic objectives and strengthening the Group's market position.

Consistent implementation of the Code of Ethics, the Conflict-of-Interest Management Policy, personal data protection measures and the internal whistleblowing system promotes business transparency, strengthens integrity and builds stakeholder trust. The effectiveness of these measures is reflected in the absence of recorded cases of corruption, conflicts of interest or personal data breaches during 2025.

Ethical business governance enables the timely identification and management of business risks, thereby reducing the potential for reputational, legal and financial consequences and positively influencing relationships with key stakeholders and the local community. At the same time, this approach supports the development of a responsible corporate culture in which employees are encouraged to uphold high ethical standards, recognise the importance of ethical behaviour and contribute to the creation of new business opportunities.

- **Cyber attacks**

Cyber attacks present a material operational and reputational risk for Plava Laguna, especially in the context of increasing business digitalization and reliance on information technologies across all operational segments. Potential cyber incidents could negatively impact the confidentiality, integrity, and availability of key business information, as well as the data of guests, employees, and partners.

Such events may result in:

- **financial damage** due to business interruptions, high IT system recovery costs, and potential regulatory penalties,
- **reputational damage** due to the loss of trust from guests, employees, and partners, which could reduce the Company's long-term competitiveness.
- **legal consequences** including potential lawsuits due to the compromise of personal data or breaches of contractual obligations toward guests and business partners.

The management of this risk is integrated into the Group's business strategy through the systematic implementation of the Information Security Policy, the establishment of a security operations system for information security, the appointment of an Information Security Officer and regular employee training. This approach enables the early identification of threats and the continuous strengthening of the resilience of the IT system and employee awareness.

By actively managing this risk, the Group continuously protects its business processes while simultaneously creating an opportunity to further strengthen the trust of guests, partners and the community through a secure and reliable digital business environment.

MANAGERIAL INFORMATION – Business conduct (G1) (continued)

In the double materiality assessment process, one significant positive impact and one significant risk related to business conduct were identified. The risk also represents an entity-specific topic:

Sustainability matters and related impacts, risks, and opportunities (IROs)	I/R/O*	Actual / Potential	Position in business model	Position in value chain			Time horizon		
				Upstream	Own operation	Downstream	Short-term	Mid-term	Long-term
Corporate culture									
Business management based on the principles of socially responsible business practices	Positive impact	Actual	All business segments		•			•	•
Subject specific									
Cyber attacks	Risk	-	Information technologies		•		•		

*impacts, risks, and opportunities defined in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS)

The identified significant positive impact and risk arise directly from the Company’s business model. Ethical business conduct is an integral part of the Company’s strategic orientation, while the risk of cyberattacks is linked to the high level of business digitalisation. The Company addresses these matters through the application of the Code of Ethics, the Information Security Policy and related control mechanisms.

No significant direct financial consequences were identified during the reporting period. Potential cyber incidents may result in recovery costs and regulatory implications; however, the risk is managed through existing measures.

The Company’s strategy and business model are assessed as moderately resilient. The positive impact is disclosed under ESRS G1 – Business Conduct, while the cyberattack risk is an entity-specific disclosure.

Management of impacts, risks and opportunities

ESRS 2 IRO - 1 - Description of the processes to identify and assess significant impacts, risks and opportunities

The process of identifying significant impacts, risks and opportunities related to business conduct is based on an analysis of the Group’s core activity, which is the provision of accommodation services in the destinations of Poreč, Umag and Cavtat.

Certain characteristics specific to the tourism sector arise from this core activity, such as intensive interaction with a large number of guests and employees, a high degree of business digitalisation and the critical importance of reputation. As a result, particular attention is given to issues of information security, compliance with data-protection regulations, prevention of corrupt practices, respect for human rights in interactions with employees, guests and suppliers, and the effective application of internal procedures and policies.

MANAGERIAL INFORMATION – Business conduct (G1) *(continued)*

The conclusions regarding the significance of the positive impact related to business management based on ethical principles, core values and adopted policies and procedures, as well as the risk of cyberattacks, are primarily based on the experience and expertise of internal specialists.

The Management Board is responsible for adopting and implementing key business-conduct policies, including the Code of Ethics, the Conflict-of-Interest Management Policy and the internal whistleblowing system. The Supervisory Board grants prior approval for fundamental acts and, through its oversight function, monitors the framework of their application and the associated risks.

In addressing matters of business conduct, the Management Board and the Supervisory Board possess relevant knowledge and experience in the areas of corporate governance, compliance, risk management and ethical business practices. Their expertise includes the prevention of corruption and conflicts of interest, personal data protection, information security and the management of whistleblowing systems. This knowledge is grounded in long-standing managerial and supervisory experience, as well as continuous professional development and monitoring of regulatory developments.

In their work, they rely on the support of the Legal Affairs Department and other specialised functions, which provide advisory and operational assistance in interpreting and applying internal acts and regulatory requirements.

G1-1 – Business conduct policies and corporate culture

The Group's corporate culture is based on clearly defined core values—tradition, stability, respect, responsibility and realism—which have been shaped through many years of operations and integrated into daily activities. These values reflect the Group's objectives and approach to conduct, guiding its actions through shared assumptions and behavioural norms, including the Code of Ethics and other internal business-conduct policies.

The Group establishes and develops its corporate culture through the adoption and implementation of the Code of Ethics, the Conflict-of-Interest Management Policy, the internal whistleblowing system and other relevant policies and procedures. The promotion of corporate culture is ensured through the integration of core values into recruitment and onboarding processes, through internal communication channels and through the availability of policies and support functions to employees.

The Management Board is responsible for adopting and implementing key business-conduct policies, while the Supervisory Board grants prior approval for certain fundamental acts and monitors their application through its oversight role. In this way, business conduct and corporate culture are integrated into the governance framework.

The effectiveness of promoting corporate culture is not assessed through a separately formalised evaluation mechanism. However, its implementation is monitored indirectly through regular management processes, the outcomes of whistleblowing procedures, the application of disciplinary measures in cases of rule violations and the continuous implementation of internal policies and procedures.

MANAGERIAL INFORMATION – Business conduct (G1) *(continued)*

Core Values

Plava Laguna Group is one of the key stakeholders in Croatia's tourism sector, with significant investment capacity and strong potential for further development. Its growth is built on long-term foundations and sustainable business practices, guided by core values that have been chosen, promoted, and nurtured for decades and across generations:

- **tradition**

The wisdom of the past is an advantage for new generations. Strength lies in the transfer of knowledge and experience. Plava Laguna's success is rooted in continuity and the consistent application of proven practices.

- **stability**

Rational business decision-making ensures stability and a secure future. Changes are approached with careful planning and structured processes.

- **respect**

Trust, honesty, and fairness in interpersonal relations and business cooperation, as well as respect for the opinions and rights of all employees, form the basis of successful collaboration.

- **responsibility**

In addition to responsibility toward guests, employees, business partners, and shareholders, Plava Laguna operates in harmony with nature and the local community.

- **realism**

Plava Laguna bases its approach on realism, focusing on stable growth and the implementation of proven, functional solutions.

These core values have been shaped over nearly seven decades of business and development, grounded in sustainable principles and environmental responsibility. They remain relevant today. Their implementation ensures the company's authenticity from its founding to the present. The values are embedded in recruitment processes, management development, and decision-making, and are reinforced through presentations, training programs, and internal communication channels.

Integrating core values into everyday operations enables the company to maintain high quality standards, build long-term relationships with guests and partners, and ensure continuous growth and development within the dynamic tourism sector.

- **maintaining high quality standards**

The combination of tradition and stability enables Plava Laguna to consistently deliver top-quality service. Drawing on decades of experience, the company continuously improves its offerings, ensuring that every aspect of the guest experience meets the highest standards. This commitment to quality results in positive guest experiences and repeat visits.

- **building long-term relationships with guests, partners, and the local community**

Respect and responsibility are key to building trust with guests, employees, business partners, and the local community. The company fosters open communication and transparency with all stakeholders, leading to guest loyalty, stable business relationships, and strong recognition within the local community. This approach enables a better understanding of market needs and the adaptation of services to meet diverse business segments.

MANAGERIAL INFORMATION – Business conduct (G1) *(continued)*

- **continuous growth and development**

Realism as a core value enables the company to objectively assess market trends and growth opportunities. A pragmatic business approach supports strategic decision-making that leads to sustainable development and innovation.

Integrating these values into the business model not only ensures a competitive advantage but also strengthens the company's reputation as a reliable and responsible organisation that consistently strives for excellence in the tourism sector.

Given that these values have represented the foundation of the Company's and the Group's operations for many years, no special evaluation mechanisms have been established. The effectiveness of promoting corporate culture is monitored indirectly through regular management processes and through the outcomes of procedures related to reports of irregularities.

Code of Ethics

The Company requires its stakeholders to adhere to its business principles and all behaviours arising from them, which primarily serve the interests of the Company and its stakeholders. The Rules of Conduct (Message to employees, shareholders, and business partners), commonly referred to as the "Code of Ethics", define the standards of professional and ethical behaviour expected from every participant operating within the Company's system.

These principles are defined in the Company's Code of Ethics as follows:

- **respect for children's rights**

In line with its fundamental principle, the Company does not employ children and does not support the use of child labour. The Company encourages the development of educational and internship programmes for young people within formal education, respects the UN Children's Rights and Business Principles, and requires its partners to do the same.

- **anti-corruption**

The Company promotes zero tolerance for corruption. Any corrupt behaviour constitutes a serious breach of work obligations. All key business processes in which corruption could potentially occur are subject to enhanced monitoring. In 2024, no cases of corruption were recorded.

- **respect for human rights**

The Company guarantees equality for its employees and upholds the fundamental conventions of the International Labour Organization. The Company does not discriminate against candidates during recruitment or promotion. As a company operating in the hospitality sector, special attention is given to guest relations. Training programmes on guest communication emphasise the obligation to treat all guests equally, regardless of nationality, religion, gender, or other characteristics. The same values are upheld in employee relations and are addressed during onboarding sessions focused on diversity and inclusion.

- **ecology and sustainable development**

Environmental issues and environmental responsibility are among the most pressing challenges of the future. As an industry that relies heavily on the quality of the environment while simultaneously exerting significant impact on it, tourism will increasingly adopt environmentally responsible, "green" concepts at both the level of individual service providers and entire destinations.

MANAGERIAL INFORMATION – Business conduct (G1) *(continued)*

- **corporate social responsibility and cooperation with the local community**

The Company continuously invests in the community in which it operates. Donations are directed toward supporting excellence (education), humanitarian initiatives, the development of sports for children and youth, cultural projects, and environmental protection. In its daily operations, the Company collaborates closely with local communities, local tourist boards, public institutions, sports clubs, associations, and the healthcare system.

The Code of Ethics is applied both in external relations (transparent reporting, respecting data and information confidentiality, avoiding situations that could lead to conflicts of interest, bribery, or corruption, complying with all applicable legal regulations, clear advertising and access to information, etc.) and in internal relations (protecting the workplace from discrimination and harassment, ensuring health and safety in the work environment, proper use of electronic communication and information technology, etc.).

The Group's business ethics are based on balancing the interests of employees and guests. Through systematic collection of feedback, transparent processes, and continuous training, the Company ensures that the needs of all stakeholders are integrated into business strategies. This approach not only strengthens trust among employees and guests but also contributes to sustainable development and reinforces the Company's reputation as a responsible and ethical business entity.

Human rights covered by the Code of Ethics, applicable, among others, to both guests and employees are guided by the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. However, they have not been specifically aligned with these frameworks, nor with the OECD Guidelines for Multinational Enterprises. During 2025, key elements of separate policies for managing these areas were drafted and defined, but they were not formally adopted or implemented by the end of the reporting period.

Formal adoption of these policies is planned for the next reporting period, with the aim of achieving full alignment with the European Sustainability Reporting Standards (ESRS) and further systematizing the management of significant impacts, risks, and opportunities related to the Company's own workforce.

The Code of Ethics was adopted by the Management Board with prior approval from the Supervisory Board. All employees are required to familiarize themselves with its content and apply it in their daily work. Managers are responsible for providing all necessary support to employees in understanding, interpreting, and applying the Code of Ethics. Implementation of the policy is the responsibility of all Company managers, led by the Management Board.

Violation of the Code's provisions constitutes grounds for disciplinary action, which, depending on the circumstances, may include termination of employment.

In the event of any information regarding actions or behaviour inconsistent with the Code of Ethics, or suspicion of such behaviour, every employee is required to report the matter to the Legal Affairs Department. Failure to report suspected violations also constitutes a breach of the Code.

MANAGERIAL INFORMATION – Business conduct (G1) *(continued)*

The report may be submitted in writing or verbally, and the confidentiality of data and the protection of each individual's privacy are guaranteed throughout the process, while ensuring that no harm is caused to business operations.

The Company encourages all its employees to express any doubts or concerns regarding the application of standards defined by the Code of Ethics and protects the confidentiality of the complainant and will not allow any possibility of sanctions against a person suspected of having raised a question or expressed concern regarding compliance with the rules. If an employee contacts their superior or another responsible person within the Company, the manager is obliged to ensure the further conduct of the complaint review process.

The Code of Ethics is published on the Company's corporate website and is available to all free of charge, and the promotion of this and other Company policies is a contractual obligation of management.

Conflict of interest management policy

The Company has adopted and implements the Conflict-of-Interest Management Policy with the aim of improving and enhancing the Company's corporate governance system. This policy applies to all members of the Management Board and all members of the Supervisory Board (and all its committees), as well as to all Company employees.

Members of the Management Board, members of the Supervisory Board, and Company employees must not:

- have any financial, ownership, or other relationship with suppliers, customers, or other business partners that could negatively affect their independence in making decisions they are required to make on behalf and for the benefit of the Company;
- use their position to favour any private interest, including favouring members of their immediate or extended family, acquaintances, or acquaintances of their family.

Additionally, members of the Management Board and the Supervisory Board must not:

- serve as members of the Management Board or Supervisory Board in another company that competes with the Company, nor hold significant shares in such companies.

A potential or actual conflict of interest is reported, depending on the circumstances, to the Supervisory Board, the Management Board, the Management Board Office, the immediate superior, or the confidential person in accordance with the Irregularity Reporting Rulebook. Procedures and measures for managing conflicts of interest are prescribed, such as exclusion from decision-making, prior approval requirements, prohibition of trading in Company shares, job reassignment, maintaining a conflict-of-interest register, and conducting training.

For the purpose of recording and preventing potential conflicts of interest, the Company maintains a Conflict of Interest Register in which notifications and information that managers and employees are required to submit to the Company are recorded, and which are or may be relevant for determining the existence of a potential conflict of interest.

This policy was adopted by the Management Board of the Company with the prior approval of the Supervisory Board. The policy is published on the Company's corporate website and is available to all free of charge, and the promotion of this and other Company policies is a contractual obligation of management. All Company managers, led by the Management Board, are responsible for implementing the policy.

There were no recorded cases of conflicts of interest in 2025.

MANAGERIAL INFORMATION – Business conduct (G1) *(continued)*

Internal Reporting of Irregularities

In accordance with the prescribed procedure for consultation with the Works Council, the Company has adopted the Rulebook on the Procedure for Internal Reporting of Irregularities and the Procedure for Appointing a Confidential Person and their Deputy. In line with this procedure, a confidential person and their deputy have been appointed. The decision, relevant information, and the Rulebook itself are published on the Company's internal website.

The Rulebook regulates the procedure for internal reporting of irregularities within the Company as the employer, the rights of persons involved in the reporting process, the obligations of the Company as the employer regarding the report, and the procedure for appointing the confidential person.

Any actions or omissions that are unlawful and fall within the scope of the special law, or that contradict the purpose or intent of such regulations, may be reported to the confidential person or their deputy. Reports may be submitted by both internal and external stakeholders.

It is prohibited to prevent or attempt to prevent the reporting of irregularities, as well as to initiate malicious actions against whistleblowers, related persons, or the confidential person and their deputy. Any prohibition of reporting has no legal effect. Retaliation, attempted retaliation, or threats of retaliation against whistleblowers, related persons, or the confidential person and their deputy — due to reporting or public disclosure — are strictly prohibited, with the Rulebook defining what constitutes retaliation. Whistleblowers bear no responsibility for the disclosure of information in accordance with the special law, nor for obtaining or accessing the reported or publicly disclosed information, unless such obtaining or access constitutes an independent criminal offense.

A whistleblower has the right to:

1. protection of identity and confidentiality
2. judicial protection
3. compensation for damages
4. primary free legal aid in accordance with the law, with the possibility of secondary free legal aid
5. emotional support
6. other forms of protection provided under procedures prescribed by the special law

Certain rights also apply to related persons, the confidential person, and their deputy.

The Rulebook defines the conditions for protecting whistleblowers, regardless of whether the report is submitted by an identified or anonymous person.

The procedure for reporting irregularities is regulated in detail, including the method of receiving reports, required content, actions of the confidential person, obligations of the employer toward the confidential person, record-keeping of reports, the process of submitting a report, actions taken by the confidential person and the employer, handling reports received by an unauthorized person, communication with the whistleblower (including deadlines), and the measures to be taken depending on the nature of the irregularity.

MANAGERIAL INFORMATION – Business conduct (G1) *(continued)*

The respective policy was adopted by the Company's Management Board and is published on the internal website, available to all employees free of charge. Employees are introduced to the provisions of the policy, including the protection of whistleblowers, upon employment through introductory training on the Company's internal acts, while all employees are required to act in accordance with its provisions. All Company managers, led by the Management Board, are responsible for implementing the policy. During the reporting period, no separate specialized training focused exclusively on whistleblower protection was conducted.

In any case, in addition to direct reporting to the confidential person, all communication from employees to the employer is processed, whether received via publicly available Company email addresses, postal address, through the Works Council, or verbally or in writing. Reports may be submitted by anyone without restriction through any of the above channels.

Apart from the procedures for monitoring whistleblower reports in accordance with the applicable law transposing Directive (EU) 2019/1937, and the procedures prescribed by the Code of Ethics for reporting suspected breaches of its provisions, the Company has no additional procedures for the rapid, independent, and objective investigation of incidents in business conduct, including cases of corruption and bribery.

Procedure for Managing and Handling Regulated Information

The Procedure for Managing and Handling Regulated Information formalizes the method of handling regulated information and the publication of regulated information that the Company, as an issuer whose shares are listed for trading on the regulated market of the Zagreb Stock Exchange, is required to prepare and/or submit and/or publish in accordance with applicable regulations, all with the aim of establishing in writing an effective process for managing and handling regulated information, in order to comply with the relevant regulations governing the handling of regulated information and to prevent market abuse.

All employees of the Company, as well as other persons performing tasks for the Company who, due to the nature of their work, the function they perform, or on another basis, have access to regulated information relating to the Company, and in particular persons included on the Company's insider list, are required, in any action in any way connected with regulated information, to comply with the provisions of the applicable regulations. The responsibilities of business segments within the Company related to the publication of regulated information and the procedure for coordinating publication among them are prescribed.

Financial statements are published within the deadlines and in the content prescribed by applicable regulations. Particular attention is paid to the publication of inside information in the manner prescribed by applicable regulations, where an assessment is made as to whether specific information relating to the Company constitutes inside information, taking into account the specific circumstances of each individual case, and a decision is made on whether there is an obligation to publish inside information or to delay its publication. It is prescribed what constitutes inside information and when its publication may be delayed.

The insider list is prepared with particular promptness and submitted to the competent authority in the prescribed content and within the prescribed deadlines. Persons included in the insider list are informed of this fact, and access to the list is restricted to authorized persons.

MANAGERIAL INFORMATION – Business conduct (G1) *(continued)*

Transactions of managers in the prescribed meaning are also regulated, including the method of notification of rights and obligations and of transactions carried out, as well as the subsequent steps in publication.

All regulated information for which public disclosure is prescribed is published through the media, submitted to HANFA, submitted to the official register of regulated information, submitted to the Zagreb Stock Exchange, and published on the corporate website.

Persons involved in the preparation of prescribed information, persons who regularly or occasionally access such information while performing tasks for the Company, as well as all persons who come into contact with prescribed information regardless of the manner or basis of access, are required, until such information is published, to:

- respect the confidentiality of the information obtained,
- disclose such information only to individuals involved in the preparation of the prescribed information and/or to those who require the information to perform their duties within the Company, and such individuals must also maintain the confidentiality of the information.

Violation of the provisions of the Procedure and/or applicable regulations constitutes a serious breach of employment obligations.

Responsibility for implementing the Procedure lies with the Management Office, the Finance, Accounting and Controlling Division, the Management Board, and the Supervisory Board, depending on the type of information. The Policy formalizes the Company's procedures for publishing prescribed information, and responsible managers have been informed accordingly.

Given the Company's business model, corporate culture is governed by multiple policies at the Company level; however, there is no single Group-wide policy.

Training on Business Conduct

The Company does not have a dedicated policy on business conduct training. However, all policies are published in a manner accessible to employees, who are required to apply them, and the Company encourages compliance with all regulations. During onboarding, new employees are introduced to the rules that must be followed in their work. Professional departments are available to all employees for any questions regarding the application of Company policies and procedures. Familiarization with relevant rules is conducted upon hiring, and professional departments remain continuously available. A formalized program of periodic business conduct training has not been established.

Measures and Resources Related to Corporate Culture

Following the review of the double materiality assessment process in 2025, corporate culture was confirmed as a material topic within the area of business conduct. The Company currently manages this topic through existing business conduct policies and standard management processes, without a separately formalized action plan.

Although no action plan has been established, corporate culture is managed through everyday practices, including internal communication on values and the Code of Conduct, training on ethical business practices and data protection, recruitment and onboarding processes, the whistleblowing system, and occasional employee satisfaction surveys. These mechanisms have proven effective in maintaining the desired culture. In upcoming reporting periods, the Company plans to define a structured set of measures and corresponding resources to further strengthen systematic management and ensure full alignment with the European Sustainability Reporting Standards (ESRS).

MANAGERIAL INFORMATION – Business conduct (G1) *(continued)*

Target Values Related to Corporate Culture

During 2025, the Company did not define quantitative target values related to managing corporate culture, nor is the effectiveness of policies and measures currently monitored. Management is presently carried out through the application of existing business conduct policies and procedures. In future reporting periods, the Company plans to consider establishing measurable indicators and target values related to corporate culture, in line with the further development of the management system and ESRS requirement.

The Company currently does not publish a formalized identification of functions with the highest exposure to the risk of corruption and bribery. In the upcoming reporting periods, the Company plans to define and document an assessment of high-risk functions as part of strengthening the business conduct management system.

Cyber-attacks – *entity specific*

Information Security Policy

The Company has adopted an Information Security Policy, a key document establishing the framework for managing information security and serving as the foundation for effectively managing risks related to data and information security. Its purpose is to ensure business stability, safety, continuity, and the protection of information assets. The Policy defines the fundamental principles of information security and the rules of conduct for all Company employees, affiliated companies, and third parties who work with the Company's information system, form part of that system, or otherwise access Company data and information. The document is available to all stakeholders on the Company's internal website. Additionally, during mandatory information security training for all employees, the Policy is referenced and linked. The Management Board is responsible for implementing the Policy. The Information Security Policy is subject to regular review by the Chief Information Security Officer (CISO), who proposes any necessary amendments to the Management Board. As part of the monitoring process, compliance with the Policy is regularly assessed.

In 2025, a new Information System Use Rulebook was adopted, establishing unified and clear rules of conduct for all employees and external collaborators. This ensures that obligations, permitted actions, and prohibited behaviours are clearly communicated, reducing the risk of misuse, misunderstandings, and security incidents. The Rulebook reinforces the importance of adhering to rules that protect the information system and the organization's data. It applies to the Company and all affiliated companies within the Group that use the centralized information system. The highest authority responsible for implementing the Rulebook is the Company's Management Board.

The document is available to all stakeholders on the Company's internal website. It is also referenced and linked during mandatory information security training for all employees. Upon adoption, it was announced in the monthly information security newsletter.

The basic objectives of the information security management system are the protection of information about guests, guest habits and the services provided to guests, as well as the protection of the confidentiality, integrity and availability of business information.

MANAGERIAL INFORMATION – Business conduct (G1) *(continued)*

In order to protect against the risks of cyber-attacks, the Group undertakes certain measures and activities:

- at the beginning of 2020, a Security Operations Center (SOC) was established at the level of the entire Company. The SOC represents a centralized team that monitors, detects, analyses and responds to security threats within the organization's information systems. Its objective is the rapid detection and neutralization of cyber threats in order to protect the organization's data and infrastructure.
- at the beginning of 2020, a Chief Information Security Officer (CISO) was appointed, operating at the level of the entire Company. The CISO is responsible for the strategy, management and protection of information security within the organization. His main role is to ensure the protection of data, systems and networks from cyber threats and compliance with regulations and security standards.
- employee training related to information security is conducted. Training activities began in late 2020.

All employees who use the information system are covered by the training. The percentage of employees who completed the training increased by 6.77%. The Chief Information Security Officer prepares and publishes newsletters to all employees on the topic of cyber security in order to raise awareness of risks and potential threats in the cyber environment. The newsletter is delivered to employees at least once a month, and more frequently in the event of a new threat. In 2025, 13 newsletters were delivered compared to 12 in the previous year – an increase of 8%. Additionally, phishing campaigns are carried out, simulated attacks conducted by the organization to test how resistant employees are to this type of cyber-attack, in which a malicious actor attempts to deceive a user into revealing sensitive information such as passwords and system access credentials. Such campaigns help organizations identify security weaknesses and improve their defence against real cyber threats.

The CISO, in coordination with Company employees, adopts the Information Security Work Plan. The Plan is supplemented during the year as needed. Activities and status are monitored for defined information security topics/areas. Monthly Security Team Coordination Meetings are organized to monitor progress and status for individual topics.

Given the business model, the Group does not have a unified policy or measures for combating cyber-attacks.

Group-specific – Indicators

During 2025, there were no incidents with exceptional impact on operations, where "exceptional impact" is defined as an event that results in:

- complete loss of a key information service,
- loss or compromise of data,
- unauthorized data extraction,
- significant financial or reputational damage.

MANAGERIAL INFORMATION – Business conduct (G1) *(continued)*

Data on security incidents are collected through the centralized SIEM system managed by the SOC at the Group level. The system automatically records and categorizes all relevant events. In the event of an incident, operational teams follow a standardized procedure for recording, classifying and reporting in accordance with the internal incident management process. Incidents recorded through the SOC and other identified incidents are also logged in an additional Incident Register. Although in 2025 there were no incidents with exceptional impact, if such incidents were to occur, they would be recorded through SIEM classification, the incident register, and additionally documented through an official incident report.

The measurement of indicators has not been confirmed by an external body that is not a provider of assurance.

Group-specific – target values

The effectiveness of policies and security measures is monitored through SOC reports, phishing simulation results, security training, the incident register, internal reviews and monitoring of the adequacy of implemented information security technologies. The current level of ambition is focused on ensuring zero tolerance for incidents with exceptional impact and continuously reducing the attack surface. The target is continuous investment in proven IT technologies that minimize risks. In future periods, the Company plans to formalize KPIs such as the target phishing test success rate, incident rates by classification, and the implementation of additional proven information security technologies, in order to further strengthen structured management and ensure alignment with the European Sustainability Reporting Standards (ESRS).

APPENDIX - IRO – 2 Disclosure requirements in ESRS covered by undertaking’s sustainability report

Disclosure Requirement	Data Point Description	EU Regulation	Page
ESRS 2 GOV-1	21(d) Board's gender diversity	SFDR/BRR	33
ESRS GOV-1	21(e) Percentage of board members who are independent	BRR	35
ESRS 2 GOV-4	30 Statement on due diligence	SFDR	40
ESRS 2 SBM-1	40(d) i Involvement in activities related to fossil fuel activities	SFDR/P3/BRR	not applied
ESRS 2 SBM-1	40(d) ii Involvement in activities related to chemical production	SFDR/BRR	not applied
ESRS 2 SBM-1	40(d) iii Involvement in activities related to controversial weapons	SFDR/BRR	not applied
ESRS 2 SBM-1	40(d) iv Involvement in activities related to cultivation and production of tobacco	BRR	not applied
ESRS E1-1	14 Transition plan to reach climate neutrality by 2050	EUCL	71
ESRS E1-1	16(g) Undertakings excluded from Paris-aligned Benchmarks	P3/BRR	not applied
ESRS E1-4	34 GHG emission reduction targets	SFDR/P3/BRR	not established
ESRS E1-5	38 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	SFDR	not applied
ESRS E1-5	37 Energy consumption and mix	SFDR	82
ESRS E1-5	40-43 Energy intensity associated with activities in high climate impact sectors	SFDR	not applied
ESRS E1-6	44 Gross Scope 1, 2, 3 and Total GHG emissions	SFDR/P3/BRR	83
ESRS E1-6	53-56 Gross GHG emissions intensity	SFDR/P3/BRR	not applied
ESRS E1-7	56 GHG removals and carbon credits	EUCL	not applied
ESRS E1-9	66 Exposure of the benchmark portfolio to climate-related physical risks	BRR	not applied
ESRS E1-9	66(a) Disaggregation of monetary amounts by acute and chronic physical risk	P3	not applied
ESRS E1-9	66(c) Location of significant assets at material physical risk	P3	not applied
ESRS E1-9	67(c) Breakdown of the carrying value of its real estate assets by energy-efficiency classes	P3	not applied
ESRS E1-9	69 Degree of exposure of the portfolio to climate- related opportunities	BRR	not applied
ESRS E2-4	28 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil,	SFDR	not material
ESRS E3-1	9 Water and marine resources	SFDR	91
ESRS E3-1	13 Dedicated policy	SFDR	92
ESRS E3-1	14 Sustainable oceans and seas	SFDR	not material
ESRS E3-4	28(c) Total water recycled and reused	SFDR	not established
ESRS E3-4	29 Total water consumption in m 3 per net revenue on own operations	SFDR	94
ESRS 2 IRO1-E4	16(a) i Biodiversity sensitive areas	SFDR	not material
ESRS 2 IRO1-E4	16(b) Land impacts	SFDR	not material
ESRS 2 IRO1-E4	16(c) Threatened species	SFDR	not material
ESRS E4-2	24(b) Sustainable land / agriculture practices or policies	SFDR	not material
ESRS E4-2	24(c) Sustainable oceans/seas practices or policies	SFDR	not material
ESRS E4-2	24(d) Policies to address deforestation	SFDR	not material
ESRS E5-5	37(d) Non-recycled waste	SFDR	103
ESRS E5-5	39 Hazardous waste and radioactive waste	SFDR	104
ESRS 2 SBM-3 -S1	14(f) Risk of incidents of forced labour	SFDR	not material
ESRS 2 SBM-3-S1	14(g) Risk of incidents of child labour	SFDR	not material
ESRS S1-1	20 Human rights policy commitments	SFDR	not established

Disclosure Requirement		Data Point Description	EU Regulation	Page
ESRS S1-1	21	Sustainability due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	BRR	not established
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	SFDR	not material
ESRS S1-1	23	Workplace accident prevention policy or management system	SFDR	not material
ESRS S1-3	32(c)	Grievance/complaints handling mechanisms	SFDR	113
ESRS S1-14	88(b), (c)	Number of fatalities and number and rate of work-related accidents	SFDR/BRR	not material
ESRS S1-14	88(e)	Number of days lost to injuries, accidents, fatalities or illness	SFDR	not material
ESRS S1-16	97(a)	Unadjusted gender pay gap	SFDR/BRR	not material
ESRS S1-16	97(b)	Excessive CEO pay ratio	SFDR	not material
ESRS S1-17	103(a)	Incidents of discrimination	SFDR	not material
ESRS S1-17	104(a)	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	SFDR/BRR	120
ESRS 2 SBM3-S2	11(b)	Significant risk of child labour or forced labour in the value chain	SFDR	not material
ESRS S2-1	17	Human rights policy commitments	SFDR	not established
ESRS S2-1	18	Policies related to value chain workers	SFDR	not material
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	SFDR/BRR	not material
ESRS S2-1	19	Sustainability due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	BRR	not established
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	SFDR	not material
ESRS S3-1	16	Human rights policy commitments	SFDR	not established
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	SFDR/BRR	not material
ESRS S3-4	36	Human rights issues and incidents	SFDR	not material
ESRS S4-1	16	Policies related to consumers and end-users	SFDR	123
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	SFDR/BRR	123
ESRS S4-4	35	Human rights issues and incidents	SFDR	126
ESRS G1-1	10(b)	United Nations Convention against Corruption	SFDR	not material
ESRS G1-1	10(d)	Protection of whistleblowers	SFDR	136
ESRS G1-4	24(a)	Fines for violation of anti-corruption and anti-bribery laws	SFDR/BRR	not material
ESRS G1-4	24(b)	Standards of anti-corruption and anti-bribery	SFDR	not material

SFDR eng. Sustainable Finance Disclosures Regulation - Regulation on the Disclosure of Sustainability-Related Information

BRR eng. Climate Benchmark Standards Regulation - EU Regulation on Climate Transition Benchmarks

P3 EBA eng. Pillar 3 disclosure requirements - Disclosure Requirements of the European Banking Authority (EBA) under Pillar 3

EUCL (EU Climate Law) – European Climate Law

APPENDIX - IRO – 2 Disclosure requirements in ESRS covered by undertaking's sustainability report (continued)

ESRS standard	ESRS description	Disclosure Requirement	Page
ESRS 2	General disclosure	BP – 1 – General basis for preparation of the sustainability report	30
		BP – 2 – Disclosures in specific circumstances	31-33
		GOV – 1 – The role of the administrative, management and supervisory bodies	33-37
		GOV – 2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	38
		GOV – 3 – Integration of sustainability-related performance in incentive schemes	38-39
		GOV – 4 – Statement on sustainability due diligence	40
		GOV – 5 – Risk management and internal controls over sustainability reporting	41
		SBM – 1 – Market position, strategy, business model(s) and value chain	42-43
		SBM – 2 – Interests and views of stakeholders	43-47
		SBM – 3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)	47-49
		IRO – 1 – Description of the processes to identify and assess material impacts, risks and opportunities	50-57
		IRO – 2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability report	57,142
		E1 – 1 – Transition plan for climate change mitigation	69
		ESRS 2 SBM – 3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)	69-74
		ESRS 2 IRO – 1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	74-77
		E1 – 2 – Policies adapted to manage climate change mitigation and adaptation	78
		E1 – 3 – Actions and resources in relation to climate change policies	78-80
		E1 – 4 – Tracking effectiveness of policies and actions related to climate change mitigation and adaptation through targets	81
		E1 – 5 – Energy consumption and mix	82
		E1 – 6 – Gross Scopes 1, 2, 3 and Total GHG emissions	83-91
E1 – 9 – Potential financial effects from material physical and transition risks and potential climate-related opportunities	exemption		
ESRS E3	Water and marine resources	ESRS 2 SBM – 3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)	91
		ESRS 2 IRO – 1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	92
		E3 – 1 – Policies adopted to manage material sustainability matters	92
		E3 – 2 – Actions and resources related to water and marine resources policies	93
		E3 – 3 – Tracking effectiveness of policies and actions related to water and marine resources through targets	93-94
		E3 – 4 – Water consumption	94
E3 – 5 – Potential financial effects from water and marine resources-related impacts, risks and opportunities	exemption		
ESRS E4	Biodiversity and ecosystems	ESRS 2 SBM-3- material impacts, risks and opportunities and their interaction with the strategy and business model	95-96
		ESRS 2 IRO -1- description of the processes for identifying and assessing material impacts, risks and opportunities related to biodiversity and ecosystems	96-99

ESRS standard	ESRS description	Disclosure Requirement	Page
ESRS E5	Resource use and circular economy	ESRS 2 SBM – 3 – Material impacts, risks and opportunities and their interaction with strategy and business model	100
		ESRS 2 IRO – 1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	101
		E5 – 1 – Policies adopted to manage material sustainability matters	101
		E5 – 2 – Actions and resources in relation to resource use and circular economy	101-102
		E5 – 3 – Tracking effectiveness of policies and actions related resource use and circular economy through targets	102
		E5 – 5 – Resource outflows	103
		E5 – 6 – Potential financial effects from resource use and circular economy-related impacts, risks and opportunities	exemption
ESRS S1	Own workforce	ESRS 2 SBM – 2 – Interests and views of stakeholders	105
		ESRS 2 SBM – 3 – Material impacts, risks and opportunities and their interaction with strategy and business model	105-109
		S1 – 1 – Policies related to own workforce	109-111
		S1 – 2 – Processes for engaging with own workers and workers’ representatives about impacts	111-113
		S1 – 3 – Processes to remediate negative impacts and channels for own workers to raise concerns	113-114
		S1 – 4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	114-118
		S1 – 5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	118
		S1 – 6 – Characteristics of the undertaking’s employees	118-120
		S1 – 7 – Characteristics of non-employee workers in the undertaking’s own workforce	exemption
		S1 – 11 – Social protection	exemption
		S1 – 13 – Training and skills development indicators	exemption
ESRS S4	Consumers and end users	S1 – 17 – Incidents, complaints and severe human rights impacts and incidents	120
		ESRS 2 SBM – 2 – Interests and views of stakeholders	121-122
		ESRS 2 SBM – 3 – Material impacts, risks and opportunities and their interaction with strategy and business model	122-123
		S4 – 1 – Policies related to consumers and end-users	123-124
		S4 – 2 – Processes for engaging with consumers and end-users about impacts	124-125
ESRS S4	Consumers and end users	S4 – 3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	125
		S4 – 4 – Taking action on material impacts on consumers and end users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	126-127
ESRS G1	Business conduct	S1 – 5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	127-128
		ESRS 2 GOV – 1 – The role of the administrative, supervisory and management bodies	129-130
ESRS G1	Business conduct	ESRS 2 IRO – 1 – Description of the processes to identify and assess material impacts, risks and opportunities	130-131
		G1 – 1 – Corporate culture and business conduct policies	131-133

APPENDIX *(continued)***Sources for calculating greenhouse gas emissions from scopes 1, 2 and 3**

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STATEMENT ON CHANGES TO THE CORPORATE GOVERNANCE CODE

In accordance with the provisions of Article 272.p of the Companies Act and Article 22 of the Accounting Act, the Management Board of the Company declares that it voluntarily applies the Corporate Governance Code (hereinafter: the Code), jointly prepared by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange in 2024, and continuously works on aligning its internal acts and practices with the Code to the extent applicable. In accordance with the relevant regulations, the Compliance Questionnaire for the period covered by the annual financial statements is, with the approval of the Supervisory Board, submitted and published in the manner prescribed by the Rules of the Zagreb Stock Exchange, while the Corporate Governance Practices Questionnaire for the same period, following the approval of the Company's Supervisory Board, is submitted to HANFA. These documents reflect the state and practice of corporate governance within the Company, including explanations of certain deviations from the recommendations contained in the Code, and are available not only on the Zagreb Stock Exchange website but also on the Company's corporate website. The Company will complete the publication and submission of both questionnaires within the prescribed deadlines.

The Management Board and the Supervisory Board continuously invest efforts in establishing an adequate and transparent corporate governance system and devote due attention to an effective accountability framework and risk-management system. In 2025, an independent internal audit function was introduced, initiating internal-control processes, and no significant deficiencies or additional material risks were identified during the year.

In 2025, the Company did not set targets regarding the participation of members of the underrepresented gender in the Management Board. The Management Board consists of two men (66.66%) and one woman (33.33%). The Supervisory Board consists entirely of men (100%). Gender balance has not been achieved within the Supervisory Board, and in accordance with legal requirements, the Supervisory Board will define special rules for the selection of its members to ensure that clear, neutral, and unambiguous criteria are applied throughout the entire candidate-selection and nomination process, preventing discrimination and enabling the selection of candidates based on objectively assessable qualifications. Quarterly, semi-annual, and annual financial statements are publicly disclosed on the Company's website biz.plavalaguna.hr, where all documentation related to the General Assembly is also publicly available.

The Company applies rules on accounting policies, which regulate the procedures and techniques for recognising assets, liabilities, equity, income, expenses, and financial results in the primary financial statements. A description of the key characteristics of risk management and information on shareholders as at 31 December 2025 are included in this Annual Report. The Company's share capital amounts to 191,646,191.00 Euros and is divided into 2,197,772 ordinary shares without nominal value and 420,000 preference shares with a nominal value of 33.00 Euros. In the period from 1 January 2025 to 31 December 2025, the Company neither acquired nor disposed of its own shares. As at 31 December 2025, the Company holds 2,346 treasury shares, representing 0.099% of the share capital.

STATEMENT ON CHANGES TO THE CORPORATE GOVERNANCE CODE *(continued)*

The ten largest shareholders of the Company holding ordinary shares PLAG-R-A at 31 December 2025 are:

No.	Owner/account holder/securities holder	No. of shares	Share (%)
1.	PRIVREDNA BANKA ZAGREB D.D. (02535697732)/ADRIATIC INVESTMENT GROUP (05210076578)	1,851,352	84.24
2.	OTP BANKA D.D. (52508873833)/AZ OMF KATEGORIJE B (59318506371)	93,793	4.27
3.	ERSTE & STEIERMARKISCHE BANK D.D. (23057039320)/PBZ CO OMF - KATEGORIJA B (99318944138)	18,298	0.83
4.	BOGDANOVIĆ ZORAN (67789051313)	17,031	0.77
5.	OTP BANKA D.D. (52508873833)/ERSTE PLAVI OMF KATEGORIJE B (37688683890)	16,919	0.77
6.	ZAGREBAČKA BANKA D.D. (92963223473)/AZ PROFIT OTVORENI DOBROVOLJNI MIROVINSKI FOND (22134623145)	9,829	0.45
7.	ERSTE & STEIERMARKISCHE BANK D.D. (23057039320)/PBZ CO OMF - KATEGORIJA A (94002620905)	9,183	0.42
8.	PRIVREDNA BANKA ZAGREB D.D. (02535697732)	8,445	0.38
9.	OTP BANKA D.D. (52508873833)/ERSTE PLAVI OMF KATEGORIJE A (29597039090)	5,997	0.27
10.	OTP BANKA D.D. (52508873833)/OTP INDEKSNI FOND - OIF S JAVNOM PONUDOM (85535430386)	5,474	0.25

The Company is listed on the Regular Market of the Zagreb Stock Exchange and is committed to transparent communication with the investment community.

Shareholders' voting rights are not limited to a specific percentage or number of votes, nor are there any time restrictions on the exercise of voting rights, except as prescribed by the Companies Act regarding the notification of participation at the General Assembly. Each ordinary share entitles its holder to one vote at the General Assembly.

In 2002, the Company issued preference shares, which do not grant voting rights at the General Assembly, except under conditions stipulated by the Companies Act. All preference shares are held by a single shareholder:

Owner/account holder/securities holder	No. of shares	Share (%)
PRIVREDNA BANKA ZAGREB D.D. (02535697732)/ADRIATIC INVESTMENT GROUP (05210076578)	420,000	100.0

The Company may acquire its own shares in accordance with Article 233 of the Companies Act and on the basis of an authorization granted by the General Assembly. At present, the Management Board of the Company has not been granted authorization to acquire treasury shares.

Amendments to and modifications of the Company's Articles of Association are regulated in the manner prescribed by law, as set out in the Articles of Association.



Independent Auditor's Report

To the Shareholders of Plava laguna d.d.

Report on the audit of the separate and consolidated financial statements

Our opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of Plava laguna d.d (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2025, and the Company's and the Group's separate and consolidated financial performance and separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 24 April 2026.

What we have audited

The Company's separate and the Group's consolidated financial statements comprise:

- the separate and consolidated statements of financial position as at 31 December 2025;
- the separate and consolidated statements of comprehensive income for the year then ended;
- the separate and consolidated statements of changes in equity for the year then ended;
- the separate and consolidated statements of cash flows for the year then ended; and
- the notes to the separate and consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

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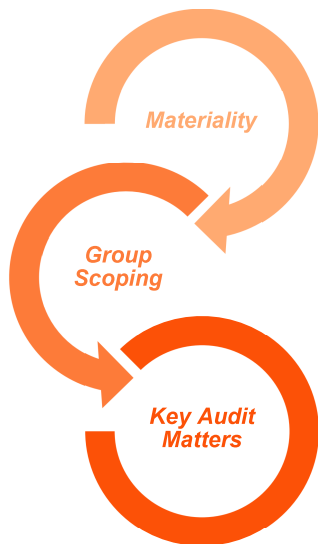
Independence

We are independent of the Company and the Group in accordance with the ethical requirements of Regulation (EU) No 537/2014 that are relevant to audits of financial statements of public interest entities, the ethical requirements of the Auditing Law that are relevant to audits of financial statements in the Republic of Croatia and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of Regulation (EU) No 537/2014, the ethical requirements of the Auditing Law and the IESBA Code.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014, and furthermore, we have not provided any non-audit services to the Company and its controlled entities in the period from 1 January 2025 to the date of issuing this report.

Our audit approach

Overview



- Overall Company materiality: EUR 4.3 million, which represents 8% of profit before tax.
 - Overall Group materiality: EUR 4.3 million, which represents 8% of profit before tax.
-
- We conducted audit work at 3 reporting units in Croatia.
 - The Group engagement team visited the following locations- Poreč and Cavtat, Croatia.
 - Our audit scope addressed 100% of the Group's revenues and 100% of the Group's absolute value of underlying profit before tax.
-
- Recoverable amount of property, plant and equipment

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate and consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate and consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate and consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the separate and consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the separate and consolidated financial statements as a whole.

Overall Company and Group materiality	The Company: EUR 4.3 million The Group: EUR 4.3 million
How we determined it	The Company: 8 % of profit before tax The Group: 8 % of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax for the period as the benchmark because it is the benchmark against which the performance of the Company and the Group is commonly measured by users and shareholders, and it is a generally acceptable benchmark. We choose 8%, which is consistent with the quantitative materiality thresholds used for profit-oriented companies.

Key audit matters

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

Key audit matter

Recoverable amount of property, plant and equipment

See Note 3 (Material accounting policy information), Note 5 (Critical accounting estimates) and Note 15 (Property, plant and equipment).

As at 31 December 2025, the Company and the Group recorded property, plant and equipment at historical cost less accumulated depreciation and impairment with a carrying value of EUR 348 million and EUR 404 million, respectively.

Management assesses annually whether there are any indicators of asset impairment. Management considers each hotel, tourist resort, campsite, apartment and marina to be a separate cash generating unit ("CGU"). As part of the impairment review, the Company and the Group analyse actual results of their individual CGUs to determine whether there are any impairment indicators in respect of the properties. When such indicators are identified, an estimate is made of the recoverable amount of the CGU and an impairment loss is recognized, if necessary.

We focused on this area due to possible significant effects on the separate and consolidated financial statements if the impairment indicators are not identified on time.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements represent the consolidation of the Company and its three subsidiaries. We carried out a full scope audit for the Company and one subsidiary, whilst for another subsidiary, we performed audit procedures on specific financial statement lines, based on our materiality levels and risk assessment. The last subsidiary is insignificant in relation to the consolidated financial statements and no audit procedures were performed on it. We also undertook additional procedures at the Group level, including testing consolidation entries and the elimination of intercompany transactions.

How our audit addressed the key audit matter

We have obtained an understanding of the accounting policies related to the measurement of property, plant, and equipment.

In order to assess whether the impairment indicators exist, we have performed the following procedures:

- We have reviewed management process and reports used by the Management in the impairment trigger assessment.
- We have reviewed the internal reports of both the Company and the Group, which provide an overview of the realized earnings before interest, tax, depreciation, and amortization (EBITDA) for each CGU. For each CGU, we compared the EBITDA generated in 2025 with the budget for 2025 and the EBITDA realized in 2024.
- We have performed test of details on a sample basis to verify that revenues and expenses are appropriately allocated to each CGU.
- We reconciled EBITDA of each CGU with total EBITDA of the Company and the Group.
- We considered external factors that could have affected indicators of impairment of property, plant and equipment, such as the results of the tourist season and announcements for the next season by the Central Bureau of Statistics, the Croatian National Tourist Board, and the Ministry of Tourism.

We reviewed the relevant disclosures in the separate and consolidated financial statements.

Reporting on other information, including the Management Report and the Corporate Governance Report

Management is responsible for the other information. The other information comprises the Management Report (including the Sustainability Report), the Corporate Governance Report and other information included in the Annual Report, but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information, including the Management Report and the Corporate Governance Report.

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

With respect to the Management Report (excluding sustainability reporting) and the Corporate Governance Report, we also performed procedures required by the Accounting Act of the Republic of Croatia. Those procedures include considering whether the Management Report (excluding sustainability reporting) is prepared in accordance with the requirements of Articles 22 and 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in Articles 22 and 25 of the Accounting Act.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report and the Corporate Governance Report for the financial year for which the separate and consolidated financial statements are prepared is consistent, in all material respects, with the separate and consolidated financial statements;
- the Management Report (excluding the sustainability reporting) has been prepared in accordance with the requirements of Articles 22 and 24 of the Accounting Act;
- the Corporate Governance Report includes the information specified in Article(s) 25 of [22 and 25] the Accounting Act.

In addition, in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report (excluding Sustainability Report) and Corporate Governance Report and other information included in the Annual Report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the separate and consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the separate and consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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



Report on other legal and regulatory requirements

Report on compliance of the format of the separate and consolidated financial statements with the requirements of the European Single Electronic Format (“ESEF”) Regulation

We have been engaged based on our agreement by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the separate and consolidated financial statements included in the attached electronic file plavalaguna-2025-12-31-1-hr of the Company and the Group for the year ended 31 December 2025 (the “Presentation of the Financial Statements”).

Description of subject matter and applicable criteria

The Presentation of the Financial Statements has been applied by the management of the Company to comply with the requirements of Article 462 paragraph 5 of the Capital Market Act (Official Gazette, No. 65/18, 17/20, 83/21, 151/22, 85/24 and 126/25) (the “Capital Market Act”) and with the Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the “ESEF Regulation”).

The applicable requirements regarding the Presentation of the Financial Statements are contained in the ESEF Regulation and the Capital Market Act.

The requirements described above determine the basis for application of the Presentation of the Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the management and those charged with governance

The Company’s management is responsible for the Presentation of the Financial Statements in accordance with the ESEF Regulation and the Capital Market Act.

This responsibility includes the selection and application of appropriate markups in XBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation and the Capital Market Act.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of the separate and consolidated financial statements in accordance with the format resulting from the ESEF Regulation and the Capital Market Act.



Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Financial Statements complies, in all material respects, with the ESEF Regulation and the Capital Market Act.

We conducted a reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Financial Statements is prepared, in all material respects, in accordance with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000 (R) will always detect a material misstatement (significant non-compliance with the requirements).

Quality management requirements and professional ethics

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Financial Statements, including the preparation of the XHTML format and marking up the separate and consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the separate and consolidated financial statements using the XBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;

- evaluating the appropriateness of the use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

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

Conclusion

In our opinion, based on the procedures performed, the Presentation of the Financial Statements complies, in all material respects, with the ESEF Regulation and the Capital Market Act.

Our conclusion is not an opinion on the true and fair presentation of the financial statements presented in electronic format. In addition, we do not express any form of assurance on the other information disclosed in the documents in the ESEF format.

Appointment

We were first appointed as auditors of the Company and the Group on 9 September 2024. Our appointment has been renewed annually by shareholder resolution with the most recent reappointment on 16 June 2025, representing a total period of uninterrupted engagement appointment of 2 years.

The engagement partner on the audit resulting in this independent auditor's report is Marija Mihaljević.

Original report is signed in Croatian language

PricewaterhouseCoopers d.o.o.
Heinzlova 70, Zagreb
28 April 2026

Marija Mihaljević
Member of the Management Board, Certified auditor

This version of our report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

STATEMENT OF THE MANAGEMENT BOARD'S RESPONSIBILITIES

Pursuant to the Croatian Accounting Act in force, the Management Board is responsible for ensuring that the financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, in order to give a true and fair view of the financial position and operating results of the Group (Company) for that period.

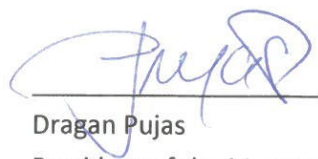
After making enquiries, the Management Board has a reasonable expectation that the Group (Company) has adequate resources to continue as a going concern for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing these financial statements.

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

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group (Company) will continue in business.

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

The Management Board is also responsible for the preparation and content of the Management Report and the Corporate Governance Statement, as required by the Croatian Accounting Act and for the preparation and publication of financial statements in electronic form in accordance with the ESEF Regulation. The Management Report and the Corporate Governance Statement, the electronic financial statement in accordance with the ESEF Regulation and the accompanying financial statements together constitute the Annual Report of the Group (Company) and were approved and signed by the Management Board on 28 April 2026 for submission to the Supervisory Board.



Dragan Pujas
President of the Management Board



Damir Mendica
Member of the Management Board



Danira Rančić
Member of the Management Board



PLAVA LAGUNA D.D., POREČ
SEPARATE AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Revenue	6	252,176	238,884	225,841	214,129
Other operating income		1,086	520	935	390
Cost of materials and services	7	(74,220)	(70,794)	(67,070)	(64,064)
Staff costs	8	(63,485)	(57,710)	(57,148)	(51,812)
Depreciation and amortisation		(36,412)	(33,729)	(32,870)	(30,575)
Other operating expenses	9	(17,372)	(17,234)	(12,901)	(13,024)
Provisions for impairment of trade and other receivables		(151)	(158)	(132)	(156)
Other losses	10	(4,499)	(1,780)	(3,909)	(1,140)
Operating profit		57,123	57,999	52,746	53,748
Finance income	11	2,359	6,651	7,021	10,957
Finance costs	11	(6,008)	(4,929)	(5,598)	(4,765)
Finance income/(costs) – net		(3,649)	1,722	1,423	6,192
Profit before tax		53,474	59,721	54,169	59,940
Income tax	12	3,544	(3,579)	4,365	(2,691)
Profit for the year		57,018	56,142	58,534	57,249
Other comprehensive income/(loss):					
Change in value of financial assets measured at fair value through other comprehensive income, net of tax		80	44	80	44
Actuarial gains/(losses), net of tax		(19)	30	(19)	30
Total comprehensive income for the year		57,079	56,216	58,595	57,323
Profit attributable to:					
Equity holders of the Company		57,018	56,142		
Non-controlling interest		-	-		
		57,018	56,142		
Total comprehensive income attributable to:					
Equity holders of the Company		57,079	56,216		
Non-controlling interest		-	-		
		57,079	56,216		
Basic and diluted earnings per share (in EUR):	13	21.80	21.46		

PLAVA LAGUNA D.D., POREČ

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group 31 December 2025	31 December 2024	Company 31 December 2025	31 December 2024
		EUR'000	EUR'000	EUR'000	EUR'000
ASSETS					
Property, plant and equipment	15	403,982	352,932	348,433	299,654
Investment property	15a	4,915	4,465	4,915	4,465
Intangible assets	16	2,398	2,611	2,394	2,610
Right-of-use assets	17	74,267	71,646	74,267	71,646
Investments in subsidiaries	18	-	-	47,007	47,007
Financial assets	19a	559	470	483	385
Deferred tax assets	20	7,437	1,104	7,415	1,082
Non-current assets		493,558	433,228	484,914	426,849
Inventories		1,186	1,137	1,006	943
Trade and other receivables	21	7,249	7,129	3,955	4,398
Income tax receivable		2,775	6,379	2,774	6,372
Loans granted		-	11	-	11
Bank deposits	4.1	26,902	31,784	18,350	22,705
Financial assets	19b	68,590	58,899	58,643	52,123
Cash and cash equivalents	22	459	699	284	157
Current assets		107,161	106,038	85,012	86,709
Total assets		600,719	539,266	569,926	513,558
EQUITY					
Share capital	23	191,646	191,646	191,646	191,646
Capital reserves		92	92	92	92
Treasury shares		(190)	(190)	(190)	(190)
Reserves	24	16,584	16,523	16,584	16,523
Retained earnings		148,785	131,011	137,701	118,411
Total equity		356,917	339,082	345,833	326,482
LIABILITIES					
Borrowings	25	88,383	55,012	76,825	49,394
Provisions	27	1,974	2,001	1,868	1,892
Deferred tax liability	20	4,765	4,962	1,058	1,095
Lease liabilities	17	75,527	71,772	75,527	71,772
Contract liability	29	1,893	2,593	1,893	2,593
Non-current lease liabilities for tourist land	17	12,987	11,059	12,987	11,059
Non-current liabilities		185,529	147,399	170,158	137,805
Borrowings	25	22,851	18,665	20,843	17,862
Trade and other payables	26	31,430	29,837	29,292	27,913
Contract liability	29	2,828	2,560	2,828	2,560
Lease liabilities	17	852	825	852	825
Income tax liability		167	760	-	-
Provisions	27	145	138	120	111
Current liabilities		58,273	52,785	53,935	49,271
Total liabilities		243,802	200,184	224,093	187,076
Total equity and liabilities		600,719	539,266	569,926	513,558

PLAVA LAGUNA D.D., POREČ
SEPARATE AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

Group

<i>(in thousands of EUR)</i>	Share capital	Capital reserves	Treasury shares	Reserves	Retained earnings	Total
Balance at 1 January 2024	191,646	92	(190)	17,822	114,113	323,483
Profit for the year	-	-	-	-	56,142	56,142
Other comprehensive income	-	-	-	74	-	74
Total comprehensive income for 2024	-	-	-	74	56,142	56,216
Recognised in profit or loss	-	-	-	(1,373)	-	(1,373)
Dividend	-	-	-	-	(39,244)	(39,244)
Total transactions with Company owners	-	-	-	(1,373)	(39,244)	(40,617)
Balance at 31 December 2024	191,646	92	(190)	16,523	131,011	339,082
Profit for the year	-	-	-	-	57,018	57,018
Other comprehensive income	-	-	-	61	-	61
Total comprehensive income for 2025	-	-	-	61	57,018	57,079
Dividend	-	-	-	-	(39,244)	(39,244)
Total transactions with Company owners	-	-	-	-	(39,244)	(39,244)
Balance at 31 December 2025	191,646	92	(190)	16,584	148,785	356,917

PLAVA LAGUNA D.D., POREČ

SEPARATE AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (*continued*)

FOR THE YEAR ENDED 31 DECEMBER 2025

Company

<i>(in thousands of EUR)</i>	Share capital	Capital reserves	Treasury shares	Reserves	Retained earnings	Total
Balance at 1 January 2024	191,646	92	(190)	17,822	100,406	309,776
Profit for the year	-	-	-	-	57,249	57,249
Other comprehensive income	-	-	-	74	-	74
Total comprehensive income for 2024	-	-	-	74	57,249	57,323
Recognised in profit or loss	-	-	-	(1,373)	-	(1,373)
Dividend paid	-	-	-	-	(39,244)	(39,244)
Total transactions with Company owners	-	-	-	(1,373)	(39,244)	(40,617)
Balance at 31 December 2024	191,646	92	(190)	16,523	118,411	326,482
Profit for the year	-	-	-	-	58,534	58,534
Other comprehensive income	-	-	-	61	-	61
Total comprehensive income for 2025	-	-	-	61	58,534	58,595
Dividend	-	-	-	-	(39,244)	(39,244)
Total transactions with Company owners	-	-	-	-	(39,244)	(39,244)
Balance at 31 December 2025	191,646	92	(190)	16,584	137,701	345,833

PLAVA LAGUNA D.D., POREČ
SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Profit before tax		53,474	59,721	54,169	59,940
Adjustments for:					
Depreciation and amortisation	15, 16, 17	36,412	33,729	32,870	30,575
Expected credit losses on loans granted		(2)	(19)	(2)	(19)
Expected credit losses on receivables - net	21	39	64	20	72
Write-off of tangible assets	15.16	4,629	1,848	4,082	1,180
Dividend income	11	(22)	(124)	(5,043)	(5,120)
Gains on sale of property, plant and equipment		(180)	(40)	(173)	(40)
Finance income and interest expense		5,076	2,525	4,861	2,797
Gains on sale of shares		-	(1,915)	-	(1,915)
Gains on financial assets		(1,406)	(2,208)	(1,229)	(1,954)
		98,020	93,581	89,555	85,516
Changes in working capital:					
Trade and other receivables		(47)	(2,438)	550	(334)
Inventories		(49)	(125)	(63)	(97)
Trade and other payables		1,252	(11,218)	1,241	(11,389)
Cash flow from operating activities		99,176	79,800	91,283	73,696
Interest paid		(1,595)	(1,430)	(1,237)	(1,266)
Interest paid - leases IFRS 16		(2,571)	(2,315)	(2,571)	(2,315)
Income tax paid		10	(14,809)	1,580	(14,175)
Net cash from operating activities		95,020	61,246	89,055	55,940
Cash flows from investing activities					
Purchase of tangible and intangible assets		(90,053)	(40,724)	(83,707)	(33,062)
Proceeds from sale of tangible assets		398	40	353	40
Dividends received	11, 18	22	124	5,043	5,120
Increase in financial assets		(8,285)	-	(5,291)	-
(Increase)/decrease in deposits		4,882	25,804	4,268	25,419
Proceeds from loans receivable		50	92	50	92
Proceeds from sale of financial assets		-	2,733	-	2,733
Loans granted		(37)	-	(37)	-
Interest received		789	2,101	603	1,712
Net cash from investing activities		(92,234)	(9,830)	(78,718)	2,054
Cash flows from financing activities					
Proceeds from loans and borrowings		57,543	7,224	49,000	-
Repayment of borrowings	25	(20,470)	(19,293)	(19,111)	(18,490)
Dividends paid		(39,244)	(39,244)	(39,244)	(39,244)
Payments of lease liabilities		(855)	(712)	(855)	(712)
Net cash from financing activities		(3,026)	(52,025)	(10,210)	(58,446)
Net (decrease) /increase in cash and cash equivalents		(240)	(609)	127	(452)
Cash and cash equivalents at beginning of year		699	1,308	157	609
Cash and cash equivalents at end of year	22	459	699	284	157

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

Plava laguna Group, Poreč comprises the company Plava laguna d.d., Poreč, a joint stock company for hospitality and tourism (parent company) and its subsidiaries (the Group):

- Travel d.o.o. wholly owned (31 December 2024: 100%)
- Istraturist j.d.o.o. wholly owned (31 December 2024: 100%)
- ISTRACOM d.o.o. wholly owned (31 December 2024: 100%)
- Hotel Croatia d.d. wholly owned (31 December 2024: 100%).

The parent and its subsidiaries are registered at the Commercial Court in Pazin except for Hotel Croatia d.d. which is registered at the Commercial Court in Dubrovnik.

As at 31 December 2025 and 2024, the Company's majority owner is the Adriatic Investment Group, with its registered office in the Grand Duchy of Luxembourg, which is wholly owned by Sutivan Investments Anstalt, Liechtenstein. The ultimate parent of the Company is the Vallum Foundation.

The registered office of the Plava laguna Group (Company) is in Poreč, Rade Končara 12, Croatia.

As at 31 December 2025 and 2024, the shares of the parent company were listed on the regular joint stock company listing on the Zagreb Stock Exchange.

Management Board and Supervisory Board

Management Board

Dragan Pujas	President, from October 2019
Damir Mendica	Member, from January 2018
Danira Rančić	Member, from January 2018

The President and the Members of the Management Board represent the Company solely and independently.

Supervisory Board

Davor Luksic Lederer	President, from August 2011
Patricio Tomas Balmaceda Tafra	Vice President, from September 2002
Davor Domitrović	Member, from August 2011
Neven Staver	Member, from October 2019
Christiaan Paul Dijk	Member, from May 2023
Ignacio Andrés Pardo	Member, from July 2024
Veljko Šantek	Member, from April 2024

NOTE 2 – BASIS OF PREPARATION**2.1 Statement of compliance**

The financial statements of the Company and the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“EU IFRS”).

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are measured at fair value. These financial statements have been prepared for the purposes of the Group and Company.

2.3 Functional and presentation currency

These financial statements are presented in euros (EUR), which is the Company’s reporting and functional currency, rounded to the nearest thousand.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and related assumptions are subject to continuous evaluation. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

2.5 Going concern

The financial statements have been prepared on the going concern basis. Management believes that the use of the going concern assumption in the preparation of the financial statements is appropriate.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Consolidation

The consolidated financial statements include the financial statements of the Company and companies controlled by the Company and its subsidiaries (together "the Group") together with the Group's shares in associates.

a) Business combination

The Group applies IFRS 3 "Business Combinations" for accounting for business combinations, and the accounting policies applied to these acquisitions are described below. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Goodwill

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities.

When this total is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. These amounts are regularly recognised in profit or loss.

Goodwill on the acquisition of a subsidiary is included in intangible assets. Separately recognised goodwill is tested annually for impairment, or whenever there are indications of impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION *(continued)***3.1 Consolidation *(continued)****b) Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

c) Transactions eliminated on consolidation

Intra-group balances and transactions, and unrealised income and expenses (excluding gains or losses on foreign exchange differences) arising from intra-group transactions, are eliminated when preparing consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Investments in subsidiaries (Company)

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity. Investments in subsidiaries are initially recognised at cost and subsequently at cost less impairment losses. Investments in subsidiaries are tested annually for impairment.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.3 Segment reporting**

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

3.4 Foreign currencies*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within 'Finance income/costs - net'.

3.5 Property, plant and equipment

Property, plant and equipment is included in the balance sheet at historical cost less accumulated depreciation and impairment, where required. Historical cost includes the cost that is directly attributable to the acquisition of assets.

Land and assets under construction are not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Buildings	10 – 25 years
Plant and equipment	3 – 10 years
Other assets	4 – 10 years

Depreciation is calculated for each asset until the asset is fully depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in the statement of comprehensive income within 'other gains – net'.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.6 Intangible assets**

Intangible assets are computer software licences, which are capitalised on the basis of the costs incurred to bring to use the specific software. These costs are amortised over their estimated useful lives of 4 years.

3.7 Investment Property

Investment properties are presented in the balance sheet at historical cost less accumulated depreciation and impairment losses, where necessary. Historical cost includes expenses directly attributable to the acquisition of the asset.

Depreciation of investment property is calculated using the straight-line method for the purpose of allocating the cost of the asset over its estimated useful life of 10 to 25 years.

3.8. Impairment of Non-Financial Assets

At each reporting date, the Group (Company) reviews the carrying amounts of non-financial assets (except inventories and deferred tax assets) to determine whether there are any indications of impairment losses. If such indications exist, the recoverable amount of the asset is estimated in order to determine any impairment losses (if any). If it is not possible to estimate the recoverable amount of an asset, the Group (Company) estimates the recoverable amount of the cash-generating unit to which the asset belongs. If a reasonable and consistent basis for allocation can be determined, the Group's (Company's) assets are also allocated to individual cash-generating units or, if this is not possible, to the smallest group of cash-generating units for which a reasonable and consistent basis for allocation can be determined.

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset. For the purpose of assessing value in use, estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimated future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of that asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised immediately as an expense.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimated recoverable amount of that asset so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in previous years for that asset (cash-generating unit). Reversal of an impairment loss is recognised immediately as income, except where the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.9 Financial instruments*****Non-derivative financial instruments****a) Recognition and initial measurement*

Trade receivables, loans granted and deposits are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group (Company) becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the IFRS 15 transaction price.

b) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investments or at fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group (Company) changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated at FVTPL:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or at fair value through profit or loss as described above are measured through other comprehensive income.

Financial assets at FVTPL which include investments in financial funds are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Financial assets at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is decreased by impairment losses. Interest income, foreign exchange differences and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.9 Financial instruments (continued)*****Non-derivative financial instruments (continued)****b) Classification and subsequent measurement (continued)**Financial liabilities – classification, subsequent measurement and gains or losses*

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange differences are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

*c) Derecognition**Financial assets*

The Group (Company) derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group (Company) neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group (Company) derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired. The Group (Company) also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

d) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position if, and only if, the Group (Company) has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.9 Financial instruments (continued)****Non-derivative financial instruments (continued)***d) Offsetting (continued)**Effective interest method*

The effective interest method is the method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated at FVTPL.

Impairment**Non-derivative financial assets***Financial instruments and contract assets*

The Group (Company) recognises loss allowances for expected credit loss (“ECL”) on financial assets measured at amortised cost.

Loss allowances are measured on either of the following:

- 12-month ECLs: these are ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instruments.

The loss allowance for financial assets measured at amortised cost are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group (Company) considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group (Company’s) historical experience and informed credit assessment and including forward-looking information.

The Group (Company) assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. The Group (Company) considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group (Company) in full, without recourse by the Group (Company) to actions such as realising security (if any is held). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group (Company) is exposed to credit risk.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.9 Financial instruments (continued)*****Impairment (continued)******Non-derivative financial instruments (continued)******Measurement of ECLs***

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

Credit-impaired financial assets

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

Events that indicate that financial assets are credit-impaired includes the following:

- it is probable that the borrower will enter bankruptcy or any other type of reorganisation or restructuring; or
- significant financial difficulties of the borrower.

3.10 Inventories

Inventories of raw materials, finished goods and spare parts are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash held at banks and in hand. Term deposits at credit institutions with a contractual maturity of up to three months or less are not classified as cash and cash equivalents within the meaning of IAS 7, as their primary purpose is not to manage the Company's liquidity position but rather to generate interest income.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.12 Leases**

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

i. As a lessee

At inception or on modification of a contract that contains a lease component, the Group (Company) allocates the consideration in the contract to each lease component on the basis of its relative standalone price.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group (Company) by the end of the lease term or the cost of the right-of-use asset reflects that the Group (Company) will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of similar property and equipment.

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

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

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.12 Leases (continued)**

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group (Company) presents right-of-use assets that do not meet the definition of investment property in separate line items in the statement of financial position.

Short-term leases and leases of low-value assets

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

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Group (Company) allocates the consideration in the contract to each lease component on the basis of its relative standalone price.

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

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

The Group (Company) recognises received lease payments as operating lease income on a straight-line basis over the lease term as an integral part of 'other income'.

3.13 Share capital

Ordinary and preference shares are classified as equity. Preference shares bear a fixed dividend of EUR 0.03 per share per annum (2024: EUR 0.03), in addition to ordinary dividends in the amount equal to the dividend paid on each ordinary share. Where the Group (Company) purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Group's (Company's) equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable transaction costs, is included in equity attributable to the Group's (Company's) equity holders.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.14 Borrowings**

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Group (Company) has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (*continued*)**3.16 Provisions**

Provisions relate to provisions for legal claims and provisions for jubilee awards and termination benefits.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.17 Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss to the extent that it relates to items recognised directly within equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences associated with investments in subsidiaries and jointly controlled entities when the situation is unlikely to change in the near future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets represent the amount of income tax recoverable through future deductions from taxable profits and are recorded in the statement of financial position. Deferred tax assets are recorded to the extent that realisation of the related tax benefit is probable. When determining future taxable profits and the amount of tax benefits that are probable in the future, the Management Board the Group (Company) makes judgements and applies estimates based on taxable profits from previous years and expectations of future income that are believed to be reasonable under the existing circumstances.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (*continued*)**3.18 Employee benefits***(a) Pension obligations and post-employment benefits*

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

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group (Company) before the normal retirement date. The Group (Company) recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal. Termination benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(c) Short-term employee benefits

The Group (the Company) recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. In addition, the Group (Company) recognises a liability for accumulated compensated absences based on unused vacation days and hours for redistribution at the balance sheet date.

(d) Long-term employee benefits

The Group (Company) recognises a provision for jubilee awards where contractually obliged or where there is a past practice that has created a constructive obligation.

3.19 Recognition of revenue from contracts with customers

Tourist services include overnight stays, food and beverages consumption, use of wellness services and other services while accommodating guests. The Group (Company) provides tourist services based on fixed-term contracts prices at which the agreed price lists are an integral part of each contract. Price lists include the quantities and types of accommodation units and other services and are defined by the period to which service relates. All discounts calculated on the price list represent a decrease in the selling price. Furthermore, the Company awards loyalty points to customers. Part of the realised revenue from tourist services is allocated to loyalty points and recognised as deferred income. This income is recognised as revenue upon the redemption of the awarded points. Points awarded are measured at fair value at the time of issuance, based on an assessment of the expected redemption rate.

Revenue from fixed-price contracts for tourism services are recognised in the period when the services are provided, in proportion to the total contracted service, as customers simultaneously receive and consume the benefits of the services throughout the duration of the contract (over time). The average service period spans a few days, and revenue recognition is limited to the period during which accommodation units are open to guests within the tourist season, all within the same calendar year. The amount of revenue to be recognised is determined based on the actual occupancy of accommodation units, the consumption of additional services by guests, and the agreed prices at the time the services are rendered. The Group (Company) recognises revenue from the provision of food and beverages in hotel rooms and restaurants at the point in time when the service is rendered.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.20 Revenue recognition – interest and dividend***Interest income*

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

Dividend income

Dividend income is recognised when the right to receive payment is established.

3.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's General Assembly of Shareholders.

3.22 Earnings per share

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

3.23 Value added tax

The Tax Administration requires the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the balance sheet on a net basis. Where receivables have been impaired, an impairment loss is recorded for the gross amount of the debtor, including VAT.

3.24 Standards, interpretations and amendments to issued standards that are not yet effective***Adoption of New or Revised Standards and Interpretations***

The following amended standards have been applied since January 1, 2025, were adopted by the EU, but have not had a significant impact on the Company and the Group:

- Amendments to IAS 21 Lack of Exchangeability (published August 15, 2023 and effective for annual periods beginning on or after January 1, 2025).

Several new standards and interpretations have been published that are mandatory for annual periods beginning on or after January 1, 2026 or later, adopted by the EU, but have not had a significant impact on the Company and the Group:

- Amendments to classification and measurement of financial instruments – Amendments to IFRS 9 and IFRS 7 (published May 30, 2024 and effective for annual periods beginning on or after January 1, 2026).
- Annual improvements to IFRS (published July 2024 and effective from January 1, 2026).
- Amendments to IFRS 9 and IFRS 7 regarding contracts for electricity dependent on natural conditions (published December 18, 2024, effective from January 1, 2026).

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)***New Standards and Interpretations Not Yet Adopted***

Several new standards and interpretations have been published that are mandatory for annual periods beginning on or after January 1, 2026 or later, which have not been adopted in the EU and which the Company and Group have not adopted early.

- IFRS 18 Presentation and Disclosure in Financial Statements (published April 9, 2024 and effective for annual periods beginning on or after January 1, 2027). The Company and Group are currently evaluating the impact on their financial statements.

Key new concepts introduced in IFRS 18 relate to the following:

- structure of the statement of profit or loss
- mandatory disclosures in financial statements for certain financial performance indicators of profit or loss that are presented outside the entity's financial statements (i.e., performance indicators defined by management), and
- enhanced principles of consolidation and separation applied to primary financial statements and notes in general.

IFRS 18 will not affect the recognition or measurement of items in financial statements but may change what an entity presents as 'operating profit or loss.' IFRS 18 will apply to reporting periods beginning on or after January 1, 2027, and will also apply to comparative data.

Based on preliminary analysis, the Company and Group do not expect the application of IFRS 18 to significantly affect the reported operating profit or loss in the statement of profit or loss. Compared to the current structure of the statement of profit or loss of the Company and Group, business revenues from contracts with customers will be presented as operating activity, as will other operating revenues. Expenses that will be included in the category of operating activities are material and service costs, employee costs, depreciation, and other operating expenses. These items are already grouped in the Company's and Group's current statement of profit or loss in a way that is largely aligned with IFRS 18, so no significant changes are expected in the amount of operating result (operating profit), only possible terminological clarifications and more consistent grouping of items.

Financial activities will include financial income and expenses, as well as other income and expenses related to the financing structure. The alternative financial performance indicator currently presented to investors and used in the annual report (EBITDA – earnings before interest, taxes, and depreciation) will need to be disclosed in the notes to the financial statements. The impact of other provisions of IFRS 18 on the Group's and Company's financial statements is still under review.

- IFRS 19 Subsidiaries Without Public Disclosure Requirement: Disclosures (published May 9, 2024 and effective for annual periods beginning on or after January 1, 2027).
- Amendments to IAS 21 Effects of Changes in Foreign Exchange Rates: Translation into a Hyperinflationary Presentation Currency (published November 13, 2025).

Except as noted above, the new standards and interpretations are not expected to significantly affect the Company's and Group's financial statements.

NOTE 4 – FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's (Company's) activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. Overall risk management in respect of these risks is carried out by the Group's (Company's) Management Board.

The accounting policies are applied to financial instruments as follows:

Group

- Assets

	Financial assets at amortised cost EUR'000	Financial assets at fair value through comprehensive income EUR'000	Financial assets at fair value through profit or loss EUR'000	Total EUR'000
31 December 2025				
Investments in shares of domestic companies	-	559	-	559
Trade and other receivables	2,405	-	-	2,405
Deposits and loans granted	26,902	-	-	26,902
Investments in investment fund	-	-	68,590	68,590
Cash and cash equivalents	459	-	-	459
Total	29,766	559	68,590	98,915

	Financial assets at amortised cost EUR'000	Financial assets at fair value through comprehensive income EUR'000	Financial assets at fair value through profit or loss EUR'000	Total EUR'000
31 December 2024				
Investments in shares of domestic companies	-	470	-	470
Trade and other receivables	2,321	-	-	2,321
Deposits and loans granted	31,795	-	-	31,795
Investments in investment fund	-	-	58,899	58,899
Cash and cash equivalents	699	-	-	699
Total	34,815	470	58,899	94,184

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NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – FINANCIAL RISK MANAGEMENT *(continued)*

4.1 Financial risk factors *(continued)*

Company

- Assets

	Financial assets at amortised cost EUR'000	Financial assets at fair value through comprehensive income EUR'000	Financial assets at fair value through profit or loss EUR'000	Total EUR'000
31 December 2025				
Investments in shares of domestic companies	-	483	-	483
Trade and other receivables	1,882	-	-	1,882
Deposits and loans granted	18,350	-	-	18,350
Investments in investment fund	-	-	58,643	58,643
Cash and cash equivalents	284	-	-	284
Total	20,516	483	58,643	79,642

	Financial assets at amortised cost EUR'000	Financial assets at fair value through comprehensive income EUR'000	Financial assets at fair value through profit or loss EUR'000	Total EUR'000
31 December 2024				
Investments in shares of domestic companies	-	385	-	385
Trade and other receivables	2,112	-	-	2,112
Deposits and loans granted	22,716	-	-	22,716
Investments in investment fund	-	-	52,123	52,123
Cash and cash equivalents	157	-	-	157
Total	24,985	385	52,123	77,493

- Liabilities

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Borrowings	111,234	73,677	97,668	67,256
Trade and other payables	16,650	13,343	15,586	12,240
Total	127,884	87,020	113,254	79,496

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NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – FINANCIAL RISK MANAGEMENT *(continued)*

4.1 Financial risk factors *(continued)*

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in foreign currencies. The Group and the Company are not significantly exposed to foreign exchange risk since the majority of sales revenue, long-term debt, and fixed-term deposits are denominated in euros. On 1 January 2023, the Republic of Croatia introduced the euro as the official currency and legal tender. This eliminates the exposure to currency risk in respect of transactions of the Group and the Company that are denominated in euros. Other currencies refer to the US dollar and the British pound.

As at 31 December 2025 and 2024, the currency structure of the Group's (Company's) financial instruments within the scope of IAS 9 is as follows:

Group

31 December 2025	EUR	Other	Total
Financial assets			
Trade and other receivables	2,405	-	2,405
Loans granted and deposits	26,613	289	26,902
Financial assets at fair value through other comprehensive income	559		559
Investments in investment fund	68,589		68,589
Cash and cash equivalents	422	37	459
Total	98,588	326	98,915
Financial liabilities - at amortised cost			
Borrowings	111,234	-	111,234
Trade and other payables	16,650	-	16,650
Total	127,884	-	127,884
Net exposure	(29,296)	326	(28,970)
31 December 2024	EUR	Other	Total
Financial assets			
Trade and other receivables	2,320	1	2,321
Loans granted and deposits	30,186	1,609	31,795
Financial assets at fair value through other comprehensive income	470		470
Investments in investment fund	58,899	-	58,899
Cash and cash equivalents	660	39	699
Total	92,535	1,649	94,184
Financial liabilities - at amortised cost			
Borrowings	73,677	-	73,677
Trade and other payables	13,343	-	13,343
Total	87,020	-	87,020
Net exposure	5,515	1,649	7,164

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NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – FINANCIAL RISK MANAGEMENT *(continued)*

4.1 Financial risk factors *(continued)*

(a) Market risk (continued)

(i) Foreign exchange risk *(continued)*

Company

31 December 2025	EUR	Other	Total
Financial assets			
Trade and other receivables	1,882	-	1,882
Loans granted and deposits	18,180	170	18,350
Financial assets at fair value through other comprehensive income	483		483
Investments in investment fund	58,643		58,643
Cash and cash equivalents	268	16	284
Total	79,456	186	79,642
Financial liabilities - at amortised cost			
Borrowings	97,668	-	97,668
Trade and other payables	15,586	-	15,586
Total	113,254	-	113,254
Net exposure	(33,798)	186	(33,612)
31 December 2024	EUR	Other	Total
Financial assets			
Trade and other receivables	2,111	1	2,112
Loans granted and deposits	21,921	795	22,716
Financial assets at fair value through other comprehensive income	385	-	385
Investments in investment fund	52,123		52,123
Cash and cash equivalents	129	28	157
Total	76,669	824	77,493
Financial liabilities - at amortised cost			
Borrowings	67,256	-	67,256
Trade and other payables	12,240	-	12,240
Total	79,496	-	79,496
Net exposure	(2,827)	824	(2,003)

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)**4.1 Financial risk factors (continued)***(a) Market risk (continued)**(ii) Price risk*

The Group's (Company's) trading equity securities portfolio, which is presented in the balance sheet at fair value, exposes the Group (Company) to price risk. Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, regardless of whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded on the market. The Group (Company) is not significantly exposed to price risk, since it only has a limited number of listed equity investments.

(iii) Cash flow and fair value interest rate risk

Most of the Group's (Company's) financial assets are non-interest-bearing. The Group (Company) is exposed to cash flow interest rate risk on bank deposits that are arranged at a variable interest rate. The interest rate risk is not significant as the maturity terms of these deposits are short-term. Deposits carried interest rates ranging from 1.73% to 3.86% in 2025 and 2024.

The Group's (Company's) debts are contracted at a fixed interest rate, which reduces the Group's (Company's) exposure to cash flow interest rate risks. The fair value interest rate risk of these borrowings is not considered significant since the loans are contracted at market interest rates.

b) Credit risk

As at the balance sheet date, the Group (the Company) is exposed to credit risk primarily through deposits with domestic banks, with a credit rating of A- (Fitch), and domestic banks without a credit rating; however, their parent banks abroad are rated from A+ to BBB+ (in 2024: A to BBB+) (Standard & Poor's).

Cash transactions are conducted through high-quality Croatian banks. The Group (Company) holds only short-term highly liquid instruments with maturity terms of three months or less.

The Group (Company) is exposed to credit risk through dealings with customers. The Group (Company) has policies in place to ensure that sales are made mainly to customers paying in advance (leases), in cash or using major credit cards (individual customers, i.e. natural persons), and to customers with an appropriate credit history (mainly travel agencies).

Expected credit losses on trade and other receivables are recognised based on an assessment of credit risk. The Management Board monitors the collectibility of receivables through weekly reports on individual receivable balances. The amount of all trade and other receivables has been written down to their recoverable amount. Credit risk with respect to loan receivables is minimal. The Group (Company) has policies in place that limit the exposure to credit risk to any financial institution.

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk at the reporting date arises from financial assets classified as loans and receivables as follows:

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Trade receivables	1,158	475	634	270
Receivables from the lessee	1,404	1,400	1,404	1,394
Other receivables	(157)	446	(156)	448
Deposits and loans granted	26,902	31,795	18,350	22,716
Cash and cash equivalents	459	699	284	157
Total	29,766	34,815	20,516	24,985

The credit quality of financial assets:

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Neither past due nor impaired	28,789	34,211	20,067	24,539
Past due but not impaired	977	604	449	446
Impaired	942	944	808	829
Impairment	(942)	(944)	(808)	(829)
Total	29,766	34,815	20,516	24,985

The credit quality of financial assets that are neither past due nor impaired:

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Cash and cash equivalents	459	699	284	157
Trade and other receivables	2,405	2,321	1,882	2,112
Deposits and loans granted	26,902	31,795	18,350	22,716
Total	29,766	34,815	20,516	24,985

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NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – FINANCIAL RISK MANAGEMENT *(continued)*

4.1 Financial risk factors *(continued)*

c) Credit risk *(continued)*

The credit quality of financial assets that is neither past due nor impaired

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Up to 1 month	317	309	148	239
1 to 2 months	87	19	20	9
2 to 3 months	103	40	12	26
Over 3 months	470	236	269	172
Total	977	604	449	446

Group

(in thousands of EUR)

	Not past due	1-90 days past due	91-180 days past due	More than 180 days past due	Total
2024					
Expected credit losses (%)	-0.5%	-9.7%	-51.4%	-97.7%	-29.2%
Carrying amount	1,361	431	243	612	2,647
Expected credit losses	-7	-42	-125	-598	-772
Trade receivables – net	1,354	389	118	14	1,875
2025					
Expected credit losses (%)	-0.7%	-1.5%	-14.6%	-98.3%	-23.2%
Carrying amount	1,795	512	308	720	3,335
Expected credit losses	-12	-8	-45	-708	-773
Trade receivables – net	1,783	504	263	12	2,562

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NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – FINANCIAL RISK MANAGEMENT *(continued)*

4.1 Financial risk factors *(continued)*

Company

<i>(in thousands of EUR)</i>	Not past due	1-90 days past due	91-180 days past due	More than 180 days past due	Total
2024					
Expected credit losses (%)	-0.5%	-11.7%	-66.8%	-98.8%	-28.3%
Carrying amount	1,308	334	187	492	2,321
Expected credit losses	-7	-39	-125	-486	-657
Trade receivables – net	1301	295	62	6	1,664
2025					
Expected credit losses (%)	-0.7%	-4.1%	-18.0%	-99.5%	-23.9%
Carrying amount	1,683	184	227	583	2,677
Expected credit losses	-12	-8	-41	-578	-639
Trade receivables – net	1,671	176	186	5	2,038

Movements in ECLs

<i>(in thousands of EUR)</i>	Group	Company
1 January 2024	908	465
Increase	310	308
Decrease	-446	-116
31 December 2024	772	657
1 January 2025		
Increase	142	123
Decrease	-141	-141
31 December 2025	773	639

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet all obligations. The Management Board monitors available cash resources based on reports on the balance of cash and liabilities on a daily basis.

The Management Board daily monitors inflow and outflow on the basis of monthly cash flow projections. The Group (Company) settles all of its liabilities at maturity. The Company invests excess liquidity in low-risk investment funds.

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NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – FINANCIAL RISK MANAGEMENT *(continued)*

4.1 Financial risk factors *(continued)*

The table below analyses the Group's (Company's) financial liabilities at the balance sheet by contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Since the maturity of most borrowings is agreed to no later than 2035, actual future payments may vary from those presented.

Group	Up to 1 year	1-2 years	2-5 years	Over 5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2025					
Borrowings	25,402	24,416	43,581	32,205	125,604
Lease liabilities	4,673	4,603	13,561	178,701	201,538
Trade and other payables	16,650	-	-	-	16,650
Total liabilities	46,725	29,019	57,142	210,906	343,792
31 December 2024					
Borrowings	19,721	17,073	37,600	2,538	76,932
Lease liabilities	4,451	4,365	12,746	172,666	194,228
Trade and other payables	13,343	-	-	-	13,343
Total liabilities	37,515	21,438	50,346	175,204	284,503
Company					
	Up to 1 year	1-2 years	2-5 years	Over 5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2025					
Borrowings	22,862	21,908	36,417	24,784	105,971
Lease liabilities	4,673	4,603	13,561	178,701	201,539
Trade and other payables	15,586	-	-	-	15,586
Total liabilities	43,121	26,511	49,978	203,485	323,096
31 December 2024					
Borrowings	18,726	16,103	34,839	-	69,668
Lease liabilities	4,451	4,365	12,746	172,666	194,228
Trade and other payables	12,240	-	-	-	12,240
Total liabilities	35,417	20,468	47,585	172,666	276,136

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)**4.2 Capital risk management**

The Group's (Company's) objectives when managing capital are to safeguard the Group's (Company's) ability to continue as a going concern in order to provide returns for the owner and to maintain an optimal capital structure to reduce the cost of capital. The Company and the Group monitor capital in line with legal regulations which require a minimum paid up capital of EUR 25 thousand for joint-stock companies.

The Group (Company) evaluates its optimal capital structure in relation to the required debt/EBITDA covenant to ensure its ability to continue as a going concern. The Company and the Group are not subject to the external requirements of other covenants (debt/equity).

4.3 Fair value estimation

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

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

Fair values are categorised into different levels in the fair value hierarchy based on the inputs used in valuation techniques as follows:

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

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

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

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

Assets measured at fair value by level of the fair value hierarchy:

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Level 1	559	470	483	385
Level 2	68,590	58,899	58,643	52,123
Total	69,149	59,369	59,126	52,508

The fair value of Level 1 financial assets is based on quoted prices (unadjusted) in active markets for identical assets. The fair value of Level 2 financial assets is determined using valuation techniques based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. There were no transfers between levels of the fair value hierarchy during 2025 or 2024. The Company/Group recognises transfers between levels of the fair value hierarchy at the date of the event or change in circumstances. As at 31 December 2025 and 31 December 2024, the Company/Group did not have any assets measured at fair value using Level 3 inputs.

NOTE 5 – CRITICAL ACCOUNTING ESTIMATES

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

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

Guided by these historical facts and in line with the technical department, management agreed on a remaining useful life of buildings of 10 - 25 years. The useful lives of equipment and other assets have also been reassessed. The useful lives of property, plant and equipment will periodically be revised to reflect any changes in circumstances since the previous estimate. Changes in estimate, if any, will be reflected prospectively in a revised depreciation charge over the remaining, revised useful life.

If the useful life of property, plant and equipment was 5% longer, with all other variables held constant, the net profit for the year would be EUR 1,373 thousand higher for the Group, or EUR 1,265 thousand higher for the Company, while the net carrying amount of property, plant and equipment would increase by EUR 1,674 thousand for the Group, or EUR 1,543 thousand for the Company.

NOTE 5 – CRITICAL ACCOUNTING ESTIMATES (continued)

If the useful life of property, plant and equipment was 5% shorter, with all other variables held constant, the net profit for the year would be EUR 1,373 thousand lower for the Group, or EUR 1,265 thousand lower for the Company, while the net carrying amount of property, plant and equipment would decrease by EUR 1,674 thousand for the Group, or EUR 1,543 thousand for the Company.

(b) Recognition of deferred tax assets

Deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the statement of financial position. Deferred tax assets are recorded to the extent that the realisation of the related tax benefit is probable. In determining future taxable profits and the amount of tax benefits that are probable in the future, the management makes judgements and applies estimates based on previous years' taxable profits and expectations of future income that are believed to be reasonable under the existing circumstances. In accordance with the Investment Promotion Act, the Company has submitted an application to obtain the status of aid beneficiary for an investment project covering the period from 2022 to 2025. Based on investments made by 31 October 2025, the Company became entitled to a tax incentive of EUR 20.8 million, of which EUR 14 million has been utilised to reduce the corporate income tax base (2025: EUR 7.0 million; 2024: EUR 7 million). The remaining amount was recognised as a deferred tax asset in 2025.

(c) Concession fees for tourist land

In accordance with the provisions of the Act on Tourist and other construction land unassessed in the process of transformation and privatisation ("ZOTZ"), which entered into force on 1 August 2010, a concession fee was calculated for the use of tourist land of 4.13 million m² for the Company and the Group.

With the entry into force of the Act on Unassessed Construction Land ("ZNGZ") on 2 May 2020, the ZOTZ ceased to be in effect. The ZNGZ prescribes the obligation to determine and establish real estate units within the prescribed deadlines for assessed parts of the campsite, hotels, tourist resorts and other construction land, as property owned by the Company and the Group, as well as for unassessed parts of such land, which are to be registered as property of the Republic of Croatia or the respective local self-government unit. For parts of land owned by the Republic of Croatia, or local self-government units, the Company and the Management Board will conclude lease agreements for a period of the 50 years. From the entry into force of the ZNGZ until the conclusion of the lease agreement, rent shall be paid based on the area of tourist land for which the concession fee was calculated under the ZOTZ, in the amount of 50% of the compensation, until the final resolution of property and legal matters. The unit amount of rent, as well as the method and deadlines for payment, shall be determined by government regulations. On 8 February 2024, the Government of the Republic of Croatia adopted two regulations governing tourist land: (1) the Regulation on the method of determining the unit amount of rent for tourist land on which a hotel or tourist resort has been built, including the method for calculating rent and other fees, as well as the mandatory content of the lease agreement; and (2) the Regulation on determining the initial unit amount of rent for tourist land within the campsite, including the method for calculating rent and other fees, and the mandatory content of the lease agreement (hereinafter: the Regulations). Following the adoption of the new Regulations, the Company and the Group have reassessed the area of tourist land and estimate that they will utilise 3.6 million m².

NOTE 5 – CRITICAL ACCOUNTING ESTIMATES *(continued)**(c) Concession fees for tourist land (continued)*

The calculated annual rent for tourist land in 2025, in accordance with the provisions of the ZNGZ and the Regulations, and following the adoption of the unit rent amount by the representative body of the local self-government unit, totals EUR 6,868 thousand for the Company and the Group (2024: EUR 6,562 thousand). This amount includes both fixed and variable rent payments, which are capped at 4% of the annual revenue of the hotel, tourist resort, or campsite.

Variable payments for 2025 amounting to EUR 2,730 thousand (2024: EUR 2,840 thousand) were recognised in profit or loss as lease expenses (Note 9). Fixed payments in the amount of EUR 4,138 thousand (2024: EUR 3,722 thousand) were accounted for in accordance with IFRS 16, using a discount rate of 5.14%, based on which the Company and the Group recognised right-of-use assets and corresponding lease liabilities of EUR 74,285 thousand (2024: EUR 70,065 thousand).

If the discount rate were to increase by 1 pp, with all other variables held constant, the net profit for the year would have been lower by EUR 59 thousand (2024: EUR 59 thousand), and the carrying amount of right-of-use assets would decrease by EUR 10 million for the Company and the Group (2024: EUR 9.5 million).

If the discount rate were to decrease by 1 pp, with all other variables held constant, the net profit for the year would have been higher by EUR 58 thousand (2024: EUR 42 thousand), and the carrying amount of right-of-use assets would increase by EUR 13 million for the Company and the Group (2024: EUR 12 million).

(d) Recoverable amount of property, plant and equipment

The Group and the Company assess the carrying amounts of non-financial assets at least annually to determine whether there are any indications of impairment. If any such indications exist, the assets' recoverable amount is estimated. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

During 2025 and 2024, no indicators of impairment were identified for operating assets that continue to operate on an ongoing basis. For assets that were temporarily closed or undergoing renovation, an additional impairment assessment was performed, and it was concluded that there are no circumstances indicating that the carrying amount of the existing assets is not recoverable.

(e) Assessment of the effects of global events on the Group's and the Company's operations

Global risks stem from events beyond the control of the Group and the Company, including pandemics, natural disasters (e.g. marine and air pollution, degradation of water and air quality due to improper waste and wastewater disposal), civil unrest and armed conflicts, economic slowdowns, and global financial crises. These factors may lead to reduced consumer purchasing power and heightened travel-related security risks.

The Group and the Company monitor developments related to the ongoing geopolitical situation and armed conflicts, including those between Ukraine and Russia, Israel and Palestine as well as the USA, Israel and Iran. The Group and the Company monitor macroeconomic developments, including the demand for tourist services and the potential impact on inflation, primarily energy costs as a direct effect, and the consequent increase in the prices of food and other inputs in the context of the ongoing conflicts.

NOTE 6 – SEGMENT INFORMATION

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NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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

The Group (Company) records its operations according to the types of services rendered by distinguishing three main reporting segments: hotels and apartments, campsites and other operating segments. Other operating segments comprise tourist agency services, marina services, rental services, organisation of sports and recreation services (ATP tournament) and other similar services.

The segment information for the year ended 31 December 2025 is as follows:

2025			Total operating segments	Other operating segments	Total
EUR'000	Hotels & apartments	Campsites			
Total revenue	194,967	59,569	254,536	8,309	262,845
Operating expenses	(131,017)	(28,105)	(159,122)	(5,689)	(164,811)
Depreciation and amortisation (Note 15 and 16)	(26,273)	(9,103)	(35,376)	(1,036)	(36,412)
Other losses – net	(4,424)	(96)	(4,520)	21	(4,499)
Finance costs – net	(2,832)	(748)	(3,580)	(69)	(3,649)
Profit before tax	30,421	21,517	51,938	1,536	53,474
Income tax	-	-	-	-	3,544
Total assets	277,328	104,234	381,562	10,219	391,781
Capital expenditure	55,321	34,941	90,262	269	90,531
Total liabilities	10,455	3,618	14,073	207	14,280

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NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – SEGMENT INFORMATION (continued)

The segment information for the year ended 31 December 2024 is as follows:

2024	Hotels & apartments	Campsites	Total operating segments	Other operating segments	Total
EUR'000					
Total revenue	186,209	54,591	240,800	7,321	248,121
Operating expenses	(123,132)	(26,001)	(149,133)	(5,480)	(154,613)
Depreciation and amortisation (Note 15 and 16)	(25,119)	(7,587)	(32,706)	(1,023)	(33,729)
Other losses – net	(1,779)	(1)	(1,780)	-	(1,780)
Finance costs – net	162	1,440	1,602	120	1,722
Profit before tax	36,341	22,442	58,783	938	59,721
Total assets	252,099	75,961	328,060	10,442	338,502
Capital expenditure	28,271	16,454	44,725	280	45,005
Total liabilities	8,147	2,798	10,945	104	11,049

The reconciliation of profit before tax is as follows:

	2025 EUR'000	2024 EUR'000
Total revenue by operating segment	254,536	240,800
Total revenue by other operating segment	8,309	7,321
Inter-segment revenue	(9,583)	(8,718)
Revenue from external customers	253,262	239,403
Profit before tax by operating segment	51,938	58,782
Profit before tax by other segment	1,536	939
Profit before tax	53,474	59,721

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – SEGMENT INFORMATION *(continued)*

The reconciliation of segment assets and liabilities with the Group's assets and liabilities is as follows:

	2025		2024	
	Assets EUR'000	Liabilities EUR'000	Assets EUR'000	Liabilities EUR'000
Operating segment assets/liabilities	381,562	14,073	328,060	10,945
Other segment assets/liabilities	10,219	207	10,442	104
Unallocated:	208,938	229,522	200,764	189,136
Financial assets	69,149	-	59,369	-
Loans granted and deposits	26,902	-	31,795	-
Cash and cash equivalents	459	-	699	-
Deferred tax assets	7,438	-	1,104	-
Provisions	-	2,119	-	2,139
Borrowings	-	111,234	-	73,677
Deferred tax liability	-	4,765	-	4,962
Lease liabilities	-	76,379	-	72,597
Other assets/liabilities	104,990	35,025	107,797	35,761
Total	600,719	243,802	539,266	200,185

Other unallocated assets relate to assets under construction, right-of-use assets, trade receivables and advances to suppliers. Other unallocated liabilities relate to advances from customers, liabilities to employees and unallocated trade payables.

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Accommodation revenue	214,756	204,336	197,000	187,607
Food and beverages revenue - a la carte	12,176	11,467	9,213	8,452
Other services revenue	16,116	14,726	10,762	9,908
Revenue from contracts with customers	243,048	230,529	216,975	205,967
Rental income	9,008	7,836	8,838	7,651
Other income	120	519	28	511
Total revenue	252,176	238,884	225,841	214,129

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 – COST OF MATERIALS AND SERVICES

	Group		Company	
	2025	2024	2025	2024
	EUR'000	EUR'000	EUR'000	EUR'000
Raw materials and supplies				
Energy and water used	15,021	14,875	14,191	13,996
Raw materials and supplies used	21,174	20,416	19,027	18,176
Small inventories	2,190	1,693	1,882	1,484
Total	38,385	36,984	35,100	33,656
External services				
Maintenance services	6,174	6,160	5,759	5,825
Agency commissions	9,331	9,009	8,729	8,536
Laundry and cleaning services	4,416	4,145	4,161	3,887
Security services for assets and individuals	2,874	2,541	2,673	2,359
Utility services	3,044	2,980	2,954	2,897
Advertising and promotion	2,392	1,948	2,072	1,678
Entertainment and animation	2,725	2,474	2,588	2,355
Transportation and telecommunication	860	828	634	603
Student employment agency services	833	819	646	653
Rent	735	528	245	192
ATP tennis tournament services	720	784	-	-
Other services	1,731	1,594	1,509	1,423
Total	35,835	33,810	31,970	30,408
Total	74,220	70,794	67,070	64,064

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 – STAFF COSTS

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Net salaries	32,545	29,663	29,356	26,671
Pension insurance contributions	8,854	7,800	7,963	6,982
Health insurance contributions	7,303	6,577	6,562	5,893
Other contributions and taxes on salaries	4,580	4,092	4,201	3,761
Other staff costs	10,203	9,578	9,066	8,505
Total	63,485	57,710	57,148	51,812
Number of employees as at 31 December	1,622	1,601	1,476	1,440

In 2025, a total of EUR 8,823 thousand (2024: EUR 7,792 thousand) was paid into the pension insurance system at the Group level and EUR 7,911 thousand at the Company level (2024: EUR 6,996 thousand).

NOTE 9 – OTHER OPERATING EXPENSES

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Tourist land concession	2,730	2,840	2,730	2,840
Utility and similar charges, taxes and contributions	4,636	4,548	4,175	4,199
Intellectual services /i/	5,027	5,036	1,953	1,890
Insurance premiums	736	721	664	654
Bank charges and membership fees	1,103	1,120	999	1,023
Travel and entertainment	433	313	262	193
Increase in provisions for legal claims	-	15	-	15
Other	2,707	2,641	2,118	2,210
Total	17,372	17,234	12,901	13,024

/i/ Within intellectual services, fees paid to auditors for the audit of the Group's 2025 financial statements amounted to EUR 94.9 thousand (2024: EUR 90 thousand), while fees for other permitted audit-related services, including the remuneration and sustainability report, amounted to EUR 54.1 thousand (2024: EUR 43 thousand).

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – OTHER LOSSES - NET

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Net losses on sale of property, plant and equipment	(4,499)	(1,780)	(3,909)	(1,140)
Other losses – net	(4,499)	(1,780)	(3,909)	(1,140)

NOTE 11 – FINANCE INCOME AND COSTS

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
<i>Finance income</i>				
Dividend income - related parties	-	-	5,025	5,000
Dividend income - unrelated parties	22	124	18	120
Interest income on cash deposits and loans	895	2,277	709	1,888
Net foreign exchange gains from financing activities	-	90	-	43
Gains on sale of shares	-	1,915	-	1,915
Other finance income	1,442	2,245	1,269	1,991
Total finance income	2,359	6,651	7,021	10,957
<i>Finance costs</i>				
Interest expense	1,973	1,435	1,654	1,271
Interest expense - leases	3,842	3,478	3,842	3,478
Net foreign exchange losses from financing activities	184	-	93	-
Other finance costs	9	16	9	16
Total finance cost	6,008	4,929	5,598	4,765
Finance income/(cost) – net	(3,649)	1,722	1,423	6,192

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 – INCOME TAX

The tax on the Group's (Company's) profit before tax differs from the theoretical amount that would arise using the tax rate of 18% as follows:

	Group		Company	
	2025	2024	2025	2024
	EUR'000	EUR'000	EUR'000	EUR'000
Current income tax expense	2,997	4,314	2,018	3,263
Deferred tax expense/(income)	(6,541)	(735)	(6,383)	(572)
Income tax	(3,544)	3,579	(4,365)	2,691

	Group		Company	
	2025	2024	2025	2024
	EUR'000	EUR'000	EUR'000	EUR'000
Profit before tax	53,474	59,721	54,169	59,940
Income tax at 18%	9,625	10,750	9,750	10,789
Effect of non-taxable income	(68)	(138)	(959)	(1,028)
Effect of non-deductible expenses	345	288	290	251
Effect of tax incentive	(13,446)	(7,321)	(13,446)	(7,321)
Income tax expense	(3,544)	3,579	(4,365)	2,691
<i>Effective tax rate</i>	-6.63%	5.99%	-8.06%	4.49%

In accordance with the Investment Promotion Act, the Company has submitted an application and obtained the status of holder of incentive measures for an investment project covering the period from 2022 to 2025. Based on investments made by 31 October 2025, the Company became entitled to a tax incentive of EUR 20.8 million. Of this amount, EUR 14.0 million has been utilised to reduce the corporate income tax base (2025: EUR 7.0 million; 2024: EUR 7.0 million), and the remaining amount was recognised as a deferred tax asset.

In accordance with local regulations, the Tax Administration may at any time inspect the Group's books and records within 3 years following the year in which the tax liability is reported and may impose additional tax assessments and penalties.

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 – EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares (ordinary and preference) in issue during the year excluding ordinary and preference shares purchased by the Company and held as treasury shares (Note 24). The total number of ordinary shares both during 2025 and 2024 was 2,197,772 and the number of treasury shares for both years was 2,346. Hence, the weighted average number of ordinary shares through both periods was 2,195,426 shares. The number of preference shares issued and the weighted average number of preference shares through both periods was 420,000 shares.

Diluted earnings per share

Diluted earnings per share for 2025 and 2024 are equal to basic earnings per share, since the Group did not have any convertible instruments or share options outstanding during either years.

2025	Ordinary and preference shares
Total number of shares issued	2,617,772

EUR'000	
Profit for the year attributable to equity holders	57,018
Fixed dividend for preference shares	(13)

Profit for the year attributable to equity holders	57,005
Weighted average number of shares in issue excluding treasury shares	2,615,426
Basic and diluted earnings per share (EUR)	21.80
2024	Ordinary and preference shares
Total number of shares issued	2,617,772

EUR'000	
Profit for the year attributable to equity holders	56,142
Fixed dividend for preference shares	(13)

Profit for the year attributable to equity holders	56,129
Weighted average number of shares in issue excluding treasury shares	2,615,426
Basic and diluted earnings per share (EUR)	21.46

NOTE 14 – DIVIDEND PER SHARE

Dividends will be accounted for after being approved by the Annual General Assembly. Unpaid dividends for the Group in respect of 2005 through 2025 of EUR 1,680 thousand are disclosed as dividends payable in "trade and other payables" (2024: EUR 1,375 thousand) (Company in 2025: EUR 1,640 thousand and in 2024: EUR 1,334 thousand).

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

Group

<i>(in thousands of EUR)</i>	Land and buildings	Plant and equipment	Other assets	Assets under construction	Total
Year ended 31 December 2024					
Opening net book amount	313,625	13,621	5,386	10,511	343,143
Additions	-	-	-	44,270	44,270
Transfers	22,595	5,499	2,170	(30,264)	-
Disposals	-	(30)	(7)	-	(37)
Write-off	(1,748)	(48)	(15)	-	(1,811)
Transfer to investment property	(1,209)	-	-	-	(1,209)
Depreciation charge	(25,541)	(4,494)	(1,389)	-	(31,424)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing net book amount	307,722	14,548	6,145	24,517	352,932
At 31 December 2024					
Cost	766,032	92,045	22,178	24,517	904,772
Accumulated depreciation	(458,310)	(77,497)	(16,033)	-	(551,840)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book amount	307,722	14,548	6,145	24,517	352,932
Year ended 31 December 2025					
Opening net book amount	307,722	14,548	6,145	24,517	352,932
Additions	-	-	-	90,362	90,362
Transfers	77,707	12,796	1,114	(91,617)	-
Disposals	(168)	(50)	-	-	(218)
Write-off	(4,512)	(105)	(12)	-	(4,629)
Transfer to investment property	(807)	-	-	-	(807)
Depreciation charge	(27,192)	(5,133)	(1,333)	-	(33,658)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing net book amount	352,750	22,056	5,914	23,262	403,982
At 31 December 2025					
Cost	827,563	101,132	23,159	23,262	975,116
Accumulated depreciation	(474,813)	(79,076)	(17,245)	-	(571,134)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book amount	352,750	22,056	5,914	23,262	403,982

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 – PROPERTY PLANT AND EQUIPMENT (continued)

Company

<i>(in thousands of EUR)</i>	Land and buildings	Plant and equipment	Other assets	Assets under construction	Total
Year ended 31 December 2024					
Opening net book amount	266,042	12,538	5,295	10,191	294,066
Additions	-	-	-	36,251	36,251
Transfers	20,082	2,813	2,170	(25,065)	-
Disposals	-	(1)	-	-	(1)
Write-off	(1,134)	(30)	(15)	-	(1,179)
Transfer from/(to) investment property	(1,209)	-	-	-	(1,209)
Depreciation charge	(22,874)	(4,013)	(1,387)	-	(28,274)
Closing net book amount	260,907	11,307	6,063	21,377	299,654
At 31 December 2024					
Cost	690,381	82,646	22,052	21,377	816,456
Accumulated depreciation and impairment	(429,474)	(71,339)	(15,989)	-	(516,802)
Net book amount	260,907	11,307	6,063	21,377	299,654
Year ended 31 December 2025					
Opening net book amount	260,907	11,307	6,063	21,377	299,654
Additions	-	-	-	83,961	83,961
Transfers	74,267	9,019	1,114	(84,400)	-
Disposals	(168)	(10)	-	-	(178)
Write-off	(3,999)	(77)	(5)	-	(4,081)
Transfer to investment property	(807)	-	-	-	(807)
Depreciation charge	(24,420)	(4,365)	(1,331)	-	(30,116)
Closing net book amount	305,780	15,874	5,841	20,938	348,433
At 31 December 2025					
Cost	749,745	88,870	23,041	20,938	882,594
Accumulated depreciation and impairment	(443,965)	(72,996)	(17,200)	-	(534,161)
Net book amount	305,780	15,874	5,841	20,938	348,433

As at 31 December 2025, the net carrying amount of land and buildings pledged by the Group as collateral for the repayment of long-term borrowings amounted to EUR 126,729 thousand (2024: EUR 91,560 thousand). Assets under construction relate to investments into tourism properties.

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15a – INVESTMENT PROPERTY

The carrying amount of the Group's property, plant and equipment, classified according to IAS 40 *Investment property* as investment property, leased out under operating leases is as follows:

<i>(in thousands of EUR)</i>	Group	Company
At 1 January 2024		
Cost	17,554	17,554
Accumulated depreciation	(13,973)	(13,973)
Net book amount	3,581	3,581
Year ended 31 December 2024		
Opening net book amount	3,581	3,581
Additions	1,209	1,209
Depreciation charge for the year	(325)	(325)
Closing net book amount	4,465	4,465
At 31 December 2024		
Cost	18,144	18,144
Accumulated depreciation	(13,679)	(13,679)
Net book amount	4,465	4,465
Year ended 31 December 2025		
Opening net book amount	4,465	4,465
Additions	807	807
Depreciation charge for the year	(357)	(357)
Closing net book amount	4,915	4,915
At 31 December 2025		
Cost	18,930	18,930
Accumulated depreciation	(14,015)	(14,015)
Net book amount	4,915	4,915

Operating leases relate to leases of business premises and hospitality facilities.

At 31 December 2025, according to management's estimate, the estimated fair value of investment property was EUR 32,211 thousand (2024: EUR 33,624 thousand). The fair value of investment property is determined using the income approach, whereby expected future cash flows from operating leases are discounted to their present value. The fair value measurement is based on significant unobservable inputs and is therefore classified within Level 3 of the fair value hierarchy. During 2025, the Group realised rental income from the stated property in the amount of EUR 4,214 thousand (2024: EUR 3,844 thousand). During the year, there were no direct operating expenses arising from the utilisation of these assets except for the depreciation charge.

The future minimum lease payments receivable in accordance with the contracts as at 31 December are as follows:

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Up to 1 year	3,969	3,969	4,366	3,969
From 2 to 5 years	16,907	16,907	18,373	16,907
Total	20,876	20,876	22,739	20,876

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 – INTANGIBLE ASSETS

Group

(in thousands of EUR)

	Software	Goodwill	Assets under construction	Total
At 1 January 2024				
Cost	5,045	1,656	-	6,701
Accumulated amortisation	(4,557)	-	-	(4,557)
Net book amount	488	1,656	-	2,144
Year ended 31 December 2024				
Opening net book amount	488	1,656	-	2,144
Additions	-	-	734	734
Transfers	734	-	(734)	-
Amortisation charge	(267)	-	-	(267)
Net book amount	955	1,656	-	2,611
At 31 December 2024				
Cost	5,742	1,656	-	7,398
Accumulated amortisation	(4,787)	-	-	(4,787)
Net book amount	955	1,656	-	2,611
Year ended 31 December 2025				
Opening net book amount	955	1,656	-	2,611
Additions	-	-	169	169
Transfers	169	-	(169)	-
Amortisation charge	(382)	-	-	(382)
Net book amount	742	1,656	-	2,398
At 31 December 2025				
Cost	5,868	1,656	-	7,524
Accumulated amortisation	(5,126)	-	-	(5,126)
Net book amount	742	1,656	-	2,398

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 – INTANGIBLE ASSETS *(continued)*

Company <i>(in thousands of EUR)</i>	Software	Goodwill	Assets under construction	Total
	_____	_____	_____	_____
At 1 January 2024				
Cost	4,062	1,656	-	5,718
Accumulated amortisation	(3,579)	-	-	(3,579)
	_____	_____	_____	_____
Net book amount	483	1,656	-	2,139
Year ended 31 December 2024				
Opening net book amount	483	1,656	-	2,139
Additions	-	-	734	734
Transfers	734	-	(734)	-
Amortisation charge	(263)	-	-	(263)
	_____	_____	_____	_____
Net book amount	954	1,656	-	2,610
At 31 December 2024				
Cost	4,756	1,656	-	6,412
Accumulated amortisation	(3,802)	-	-	(3,802)
	_____	_____	_____	_____
Net book amount	954	1,656	-	2,610
Year ended 31 December 2025				
Opening net book amount	954	1,656	-	2,610
Additions	-	-	166	166
Transfers	166	-	(166)	-
Amortisation charge	(382)	-	-	(382)
	_____	_____	_____	_____
Net book amount	738	1,656	-	2,394
At 31 December 2025				
Cost	4,879	1,656	-	6,535
Accumulated amortisation	(4,141)	-	-	(4,141)
	_____	_____	_____	_____
Net book amount	738	1,656	-	2,394

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units (CGU) that are expected to benefit from the business combination in which the goodwill arose. The CGU relates to the properties previously operated by Istraturist d.d. The properties are located in Istria, Umag. Based on future cash flow analysis, no goodwill impairment has been identified.

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 – RIGHT-OF-USE ASSETS

The Group (Company) leases business premises and associated land, and maritime domain in front of the hotels and in campsites.

The variable part of the concession on the maritime domain that is not recognised as right-of-use assets is calculated as a percentage of the income generated on the maritime domain.

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

The statement of financial position includes the following lease-related amounts:

<i>(in thousands of EUR)</i>	Maritime domain	Business premises	Tourist land	Other	Total
Year ended 31 December 2024					
Opening net book amount	2,151	356	-	48	2,555
Additions	106	633	70,065	-	70,804
Depreciation charge	(235)	(209)	(1,269)	-	(1,713)
Closing net book amount	2,022	780	68,796	48	71,646

<i>(in thousands of EUR)</i>	Maritime domain	Business premises	Tourist land	Other	Total
Year ended 31 December 2025					
Opening net book amount	2,022	780	68,796	48	71,646
Additions	-	416	4,220	-	4,636
Depreciation charge	(235)	(290)	(1,490)	-	(2,015)
Closing net book amount	1,787	906	71,526	48	74,267

<i>(in thousands of EUR)</i>	31 December 2025	31 December 2024
Lease liabilities		
Current portion	852	825
Non-current portion	75,527	71,772
	76,379	72,597

The non-current portion is as follows:

<i>(in thousands of EUR)</i>	Group and Company 2025	Group and Company 2024
From 1 to 2 years	808	766
From 2 to 5 years	2,343	1,428
Over 5 years	72,376	69,578
Total	75,527	71,772

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 – RIGHT-OF-USE ASSETS (continued)

The statement of comprehensive income includes the following lease-related amounts:

	Group and Company 2025	Group and Company 2024
Depreciation of right-of-use assets		
Maritime domain	235	235
Business premises	290	209
Tourist land	1,490	1,269
	<u>2,015</u>	<u>1,713</u>
Interest expense (included in finance costs)	<u>3,842</u>	<u>3,478</u>

In 2025, a total of EUR 3,426 thousand of interest and principal for leases was repaid (2024: EUR 3,027 thousand).

Transactions related to tourist land:

<i>(in thousands of EUR)</i>		Right-of-use assets	Lease liabilities	Recognised in profit or loss	Repayments	Tourist land concession/lease liabilities /i/
	<i>Note</i>					
At 1 January 2025	27	68,796	(69,771)	-	-	(11,059)
Additions	17	4,220	(4,220)	-	-	-
Depreciation charge	17	(1,490)	-	1,490	-	-
Tourist land concession - Note 9	9	-	-	2,730	(2,072)	(658)
Interest expense - Note 11	11	-	(3,795)	3,795	-	-
Principal repayment	26	-	343	-	(343)	-
Interest repayment		-	2,525	-	(2,525)	-
Reclassification		-	1,270	-	-	(1,270)
At 31 December 2025		71,526	(73,648)	8,015	(4,940)	(12,987)

/i/ Relates to the transitional period (Note 9 and Note 5e)

The calculated annual rent for tourist land in 2025, in accordance with the provisions of the ZNGZ and the Regulations and following the adoption of the unit rent amount by the representative body of the local self-government unit, totals EUR 6,868 thousand (2024: EUR 6,562 thousand) for the Company and the Group. This amount includes both fixed and variable rent payments, which are capped at 4% of the annual revenue of the hotel, tourist resort or campsite (see Note 5e).

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 – INVESTMENTS IN SUBSIDIARIES

	Company	
	2025 EUR'000	2024 EUR'000
Subsidiaries	47,007	47,007
Total	47,007	47,007

	Country	Ownership %	
		31 December 2025	31 December 2024
<i>Subsidiaries</i>			
Travel d.o.o., Poreč	Croatia	100.00	100.00
Istra DMC d.o.o., Umag	Croatia	100.00	100.00
Istraturist j.d.o.o., Umag	Croatia	100.00	100.00
Hotel Croatia d.d., Cavtat	Croatia	100.00	100.00

/i/ Istraturist d.o.o. had no operating activities in 2024 or 2025.

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19 – FINANCIAL ASSETS

a) Financial assets at fair value through other comprehensive income

	Group		Company	
	2025	2024	2025	2024
	EUR'000	EUR'000	EUR'000	EUR'000
Investments in banks	76	85	-	-
Investments in companies	483	385	483	385
Total	559	470	483	385

Movements during the year are as follows:

	2025	2024	2025	2024
	EUR'000	EUR'000	EUR'000	EUR'000
Opening balance	470	2,876	385	2,828
Sale	-	(2,945)	-	(2,945)
Change in fair value	89	539	98	502
Closing balance	559	470	483	385

Available-for-sale investments are as follows:

	2025	2024	2025	2024
	EUR'000	EUR'000	EUR'000	EUR'000
Equity securities				
- listed	559	470	483	385
Total	559	470	483	385

Investment securities are recognised at fair value, based on quoted prices on the domestic capital market.

b) Financial assets at fair value through profit or loss

	Group		Company	
	2025	2024	2025	2024
	EUR'000	EUR'000	EUR'000	EUR'000
Investments in investment funds	68,590	58,899	58,643	52,123
Total	68,590	58,899	58,643	52,123

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20 – DEFERRED TAX ASSETS AND LIABILITIES

Group	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
<i>(in thousands of EUR)</i>						
Property, plant and equipment	-	-	(4,740)	(4,954)	(4,740)	(4,954)
Financial assets	-	-	(25)	(8)	(25)	(8)
Receivables	15	15	-	-	15	15
Tax incentives	6,767	321	-	-	6,767	321
Tax losses	-	-	-	-	-	-
Liabilities	466	585	-	-	466	585
Jubilee awards and termination benefits	189	183	-	-	189	183
Total	7,437	1,104	(4,765)	(4,962)	2,672	(3,858)

As at 31 December 2025, deferred tax assets arising from lease contract liabilities and deferred tax liabilities from right-of-use assets amounted to EUR 13,748 thousand for the Company and the Group (2024: EUR 12,846 thousand). Since these deferred assets and liabilities are presented net in the financial statements, this has no impact on the Company's and Group's financial statements.

Movements in deferred tax assets and liabilities:

Group	1 January 2024	Recognised in profit or loss	Recognised in OCI	31 December 2024	Recognised in profit or loss	Recognised in OCI	31 December 2025
<i>(in thousands of EUR)</i>							
Property, plant and equipment	(5,170)	216	-	(4,954)	214	-	(4,740)
Financial assets	(251)	252	(9)	(8)	-	(17)	(25)
Receivables	23	(8)	-	15	-	-	15
Tax incentives	-	321	-	321	6,446	-	6,767
Liabilities	630	(45)	-	585	(119)	-	466
Jubilee awards and termination benefits	191	(1)	(7)	183	-	6	189
Total	(4,577)	735	(16)	(3,858)	6,541	(11)	2,672

The Company expects to utilise the deferred tax asset arising from tax incentives in 2026.

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20 – DEFERRED TAX ASSETS AND LIABILITIES *(continued)*

Company	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
<i>(in thousands of EUR)</i>						
Property, plant and equipment	-	-	(1,033)	(1,087)	(1,033)	(1,087)
Financial assets	-	-	(25)	(8)	(25)	(8)
Receivables	15	15	-	-	15	15
Tax incentive	6,767	321	-	-	6,767	321
Tax losses	-	-	-	-	-	-
Liabilities	466	585	-	-	466	585
Jubilee awards and termination benefits	167	161	-	-	167	161
Total	7,415	1,082	(1,058)	(1,095)	6,357	(13)

Company	1 January 2024	Recognised in profit or loss	Recognised in OCI	31 December 2024	Recognised in profit or loss	Recognised in OCI	31 December 2025
<i>(in thousands of EUR)</i>							
Property, plant and equipment	(1,140)	53	-	(1,087)	54	-	(1,033)
Financial assets	(251)	252	(9)	(8)	-	(17)	(25)
Receivables	23	(8)	-	15	-	-	15
Tax incentives	-	321	-	321	6,446	-	6,767
Liabilities	630	(45)	-	585	(119)	-	466
Jubilee awards and termination benefits	168	(1)	(6)	161	-	6	167
Total	(570)	572	(15)	(13)	6,381	(11)	6,357

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21 – TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Domestic trade receivables	2,785	2,149	2,363	2,009
Foreign trade receivables	550	498	314	312
Receivables from intermediaries - agencies	-	-	-	-
Impairment of trade receivables	(773)	(772)	(639)	(657)
Trade receivables - net	2,562	1,875	2,038	1,664
Contract asset	(157)	446	(156)	448
Total	2,405	2,321	1,882	2,112
Receivables from state institutions	60	84	53	59
VAT prepayments	993	1,057	775	907
Advances to suppliers	2,850	2,879	567	599
Prepaid expenses	691	671	661	671
Other current receivables	418	289	185	222
Impairment of other receivables	(168)	(172)	(168)	(172)
Total	7,249	7,129	3,955	4,398

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

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
At 1 January	944	1,222	829	779
New impairments - net	138	314	119	312
Write-off	(42)	(342)	(42)	(22)
Collected receivables previously written off	(99)	(250)	(99)	(240)
At 31 December	941	944	807	829

Most impaired trade receivables, where the cost of legal proceedings is justified, have been subject to a legal claim, have entered the billing process or are in the process of being settled through an agreement (after the balance sheet date). Both the outcome of the claims related to disputed receivables or the extent to which they will be collected cannot be anticipated with certainty.

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22 – CASH AND CASH EQUIVALENTS

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Bank account balance	447	686	276	146
Cash on hand	12	13	8	11
	<u>459</u>	<u>699</u>	<u>284</u>	<u>157</u>

NOTE 23 – EQUITY

The equity ownership structure as 31 December 2025 and 2024 was as follows:

Shareholder	Holding in share capital %	Total number of shares	Total amount (EUR)
Ownership of ordinary shares:			
Adriatic Investment Group, Luxembourg	84.24	1,851,352	149,762,951
Treasury shares	0.11	2,346	189,777
Other legal entities and natural persons	15.65	344,074	27,833,463
	<u>100.00</u>	<u>2,197,772</u>	<u>177,786,191</u>
Ownership of preference shares:			
Adriatic Investment Group, Luxembourg	100.00	420,000	13,860,000
	<u>100.00</u>	<u>420,000</u>	<u>13,860,000</u>
Total			<u>191,646,191</u>

All shares are fully paid. In 2025, the Company declared dividend in the amount of EUR 39,244 thousand (2024: EUR 39,244 thousand).

In addition to ordinary dividends, declared and paid on ordinary shares preference shares carry a right to a fixed annual preferred dividend of EUR 0.03 per share and are non-voting. The fixed annual dividend is declared and paid simultaneously with the dividend on ordinary shares.

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 24 – RESERVES

		Group		Company	
		2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Legal reserves	i/	7,037	7,037	7,037	7,037
Other reserves	ii/	9,547	9,486	9,547	9,486
Total		16,584	16,523	16,584	16,523

Other reserves

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Capital reserves	4,001	4,001	4,001	4,001
Merger reserves	5,117	5,117	5,117	5,117
Reserves for treasury shares	98	98	98	98
Reserves - fair value of financial assets	324	244	324	244
Actuarial gains/(losses)	7	26	7	26
Total	9,547	9,486	9,547	9,486

Changes in reserves:

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Legal reserves				
Opening balance	7,037	7,037	7,037	7,037
Transfer from retained earnings	-	-	-	-
Closing balance	7,037	7,037	7,037	7,037
Other reserves				
Opening balance	9,486	10,785	9,486	10,785
Remeasurement of defined benefit liability	(19)	30	(19)	30
Fair value of financial assets through comprehensive income	80	44	80	44
Transfer to profit or loss	-	(1,373)	-	(1,373)
Closing balance	9,547	9,486	9,547	9,486

i/ Under Croatian regulations, the legal reserve must be built up to reach the twentieth part (5%) of the profit for the year until total reserves together with the capital reserves reach five percent (5%) of the Company's share capital. This reserve is not distributable.

ii/ As at 31 December 2025 and 31 December 2024, legal reserves amounted to EUR 7,037 thousand or 3.67% of the share capital, while legal reserves together with capital reserves that are not distributable amount to EUR 4,001 thousand, and were formed by denominating the share value in 2001 (from EUR 247 to EUR 239 per share before distribution), form a share of 5.76% (2024: 5.76%) in the Company's share capital. Merger reserves were created by merging Istraturist d.d. on 1 January 2018.

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 25 – BORROWINGS

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Long-term:				
Bank borrowings	88,383	55,012	76,825	49,394
	88,383	55,012	76,825	49,394
Short-term:				
Current portion of bank borrowings	22,322	18,514	20,275	17,711
Accrued interest and fees	529	151	568	151
	22,851	18,665	20,843	17,862
Total borrowings	111,234	73,677	97,668	67,256

Bank borrowings

Long-term bank borrowings are denominated in EUR at interest rates of 1.3% - 3.3% per annum. The loans are repayable in equal annual instalments, maturing in the period from 2027 to 2035. The loans are secured by a mortgage over land and buildings (Note 15). Loan agreements include a requirement to maintain the following financial covenants: the debt service coverage ratio (DSCR) and the net financial debt to EBITDA ratio. The Company has complied with the above financial covenants.

During 2025, the Company entered into a long-term loan agreement of EUR 35,000 thousand, which was fully drawn down during the year. The subsidiary Hotel Croatia d.d. has entered into a long-term loan amounting to EUR 13 million with a maturity date in 2035, at a fixed interest rate of 2.85%.

Long-term borrowings mature as follows:

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
From 1 to 2 years	22,322	16,178	20,275	15,375
From 2 to 5 years	38,215	36,428	33,450	34,019
Over 5 years	27,846	2,406	23,100	-
Total	88,383	55,012	76,825	49,394

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 25 – BORROWINGS *(continued)*

The net debt as at 31 December is presented in the table below:

	Group		Company	
	2025	2024	2025	2024
	EUR'000	EUR'000	EUR'000	EUR'000
Cash and cash equivalents	459	699	284	157
Bank deposits and loans granted	26,902	31,795	18,350	22,716
Listed shares	559	470	483	385
Investments in investment fund	68,590	58,899	58,643	52,123
Borrowings maturing within 1 year	(22,851)	(18,665)	(20,843)	(17,862)
Borrowings maturing after 1 year	(88,383)	(55,012)	(76,825)	(49,394)
Lease liabilities	(76,379)	(72,597)	(76,379)	(72,597)
Net debt	(91,103)	(54,411)	(96,287)	(64,472)
Cash and liquid assets	96,510	91,863	77,760	75,381
Borrowings - at fixed interest rate	(111,234)	(73,677)	(97,668)	(67,256)
Lease liabilities	(76,379)	(72,597)	(76,379)	(72,597)
Net debt	(91,103)	(54,411)	(96,287)	(64,472)

The movements in debt (including leases) are presented in the table below:

	Group		Company	
	2025	2024	2025	2024
	EUR'000	EUR'000	EUR'000	EUR'000
At 1 January	146,274	88,257	139,853	88,257
Increase in lease liabilities	4,636	70,688	4,636	70,688
Proceeds from borrowings	57,543	7,224	49,000	-
Repayments of borrowings and offsets	(20,470)	(19,293)	(19,111)	(18,490)
Repayment of leases - principal	(855)	(712)	(855)	(712)
Interest paid	(1,595)	(1,430)	(1,237)	(1,266)
Interest paid on leases	(2,571)	(2,315)	(2,571)	(2,315)
Reclassification to trade payables	(1,270)	(1,164)	(1,270)	(1,164)
Accrued interest	1,973	1,435	1,654	1,271
Accrued interest on leases	3,842	3,478	3,842	3,478
Deferred income - interest	106	106	106	106
Net foreign exchange differences	-	-	-	-
At 31 December	187,613	146,274	174,047	139,853

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 26 – TRADE AND OTHER PAYABLES

	Group		Company	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Trade payables	14,280	11,049	13,302	10,183
Liabilities to related parties (Note 30)	-	-	8	20
Dividends payable (Note 14)	1,680	1,375	1,640	1,334
Accrued costs not yet invoiced	690	919	636	703
	<u>16,650</u>	<u>13,343</u>	<u>15,586</u>	<u>12,240</u>
Net salaries payable	6,051	5,791	5,788	5,433
Taxes and contributions payable	3,636	3,445	3,529	3,271
Advances payable	4,196	5,755	3,569	5,481
Other current liabilities	897	1,503	820	1,488
	<u>31,430</u>	<u>29,837</u>	<u>29,292</u>	<u>27,913</u>

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 27 – PROVISIONS

Group	Legal claims	Provisions for jubilee awards and termination benefits	Total
	EUR'000	EUR'000	EUR'000
At 1 January 2024	1,104	1,064	2,168
Increase in provisions	17	110	127
Decrease through other comprehensive income	-	(43)	(43)
Used during the year	-	(113)	(113)
At 31 December 2024	1,121	1,018	2,139
Non-current	1,110	891	2,001
Current	11	127	138
At 1 January 2025	1,121	1,018	2,139
Increase in provisions	-	154	154
Decrease through other comprehensive income	-	4	4
Used during the year	(60)	(118)	(178)
At 31 December 2025	1,061	1,058	2,119
Non-current	1,061	913	1,974
Current	-	145	145
Company	Legal claims	Provisions for jubilee awards and termination benefits	Total
	EUR'000	EUR'000	EUR'000
At 1 January 2024	1,095	935	2,030
Increase in provisions	15	103	118
Decrease through other comprehensive income	-	(37)	(37)
Used during the year	-	(108)	(108)
At 31 December 2024	1,110	893	2,003
Non-current	1,110	782	1,892
Current	-	111	111
At 1 January 2025	1,110	893	2,003
Increase in provisions	-	132	132
Decrease through other comprehensive income	-	24	24
Used during the year	(49)	(122)	(171)
At 31 December 2025	1,061	927	1,988
Non-current	1,061	807	1,868
Current	-	120	120

PLAVA LAGUNA D.D., POREČ

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

NOTE 27 – PROVISIONS (*continued*)

Jubilee awards and termination (pension) benefits

In accordance with the collective agreement, the Company is obliged to pay jubilee awards and termination benefits to employees. The employees are entitled to a regular pension benefit of EUR 1,500. No other post-retirement benefits are provided. Jubilee awards are paid based on the length of continuous employment with the Company.

The cost of defined benefits is determined using actuarial estimates. Actuarial estimates involve assumptions about discount rates, mortality rates or fluctuation rates. Due to the long-term nature of those plans, these estimates contain an element of uncertainty. Key assumptions were a discount rate of 2.80% and a fluctuation rate of 4.30% for males and 4.50% for females.

Legal claims

The amounts comprise provisions in respect of certain legal claims brought against the Group (Company).

Provisions for litigation are assessed at each reporting date, taking into account the likelihood of future cash outflows and considering the risks and uncertainties related to the obligation. The Group (Company) consults with its legal advisors regarding the probability of outflows required to settle such obligations and assesses the Group's (Company's) position in such claims.

NOTE 28 – CONTRACT LIABILITIES

	Group		Company	
	2025	2024	2025	2024
	EUR'000	EUR'000	EUR'000	EUR'000
Up to 1 year	2,828	2,560	2,828	2,560
From 2 to 5 years	1,893	2,593	1,893	2,593
Over 5 years	-	-	-	-
Total	4,721	5,153	4,721	5,153

NOTE 29 – CONTINGENCIES AND COMMITMENTS

Capital commitments

Future commitments for investments in tourist facilities contracted by the Group, for which no provisions have been made, amounted to EUR 100.5 million as at 31 December 2025 (31 December 2024: EUR 73.4 million).

NOTE 30 – RELATED PARTY TRANSACTIONS

The Group (Company) considers its related parties to include its owner and their subsidiaries, its own subsidiaries and associates, other entities controlled by the Vallum Foundation, Vaduz, Liechtenstein, members of the Supervisory Board and the Management Board, close family members of the Management Board, jointly controlled entities, and entities under significant influence of key management personnel and their close family members, in accordance with the definition provided in International Accounting Standard 24 “*Related Party Disclosures*” (IAS 24).

The ultimate controlling company is Vallum Foundation, registered in Vaduz, Liechtenstein.

In the ordinary course of business, the Group (Company) enters into transactions with related parties. Related parties are its subsidiaries, the majority owner, ultimate owner and companies under the common control of the ultimate owner.

The Company’s related party transactions within the Group are as follows:

	2025	2024
	EUR’000	EUR’000
Trade and other receivables	45	62
Revenue	1,514	1,248
Trade and other payables	45	62
Operating expenses	1,514	1,248
Finance income	5,025	5,000
Finance costs	-	-

Transactions with the majority shareholder of the parent company:

During 2025, based on the decision of the Company’s General Assembly regarding the payment of a total dividend amounting to EUR 39,244 thousand, a dividend of EUR 34,083 thousand was paid to the majority shareholder in the gross amount (2024: EUR 34,083 thousand in the gross amount).

In 2025, there were no transactions with the majority shareholder (2024: no transactions).

During 2025, Plava laguna d.d. received a dividend from subsidiaries in the amount of EUR 5,025 thousand (2024: EUR 5,000 thousand).

At the balance sheet date, there are no receivables and liabilities to the parent company.

The Company’s related party transactions outside the Plava Laguna Group are as follows:

	2025	2024
	EUR’000	EUR’000
Trade and other receivables	26	9
Trade payables	226	194
Revenue	65	54
Other costs	2,330	2,025

NOTE 30 – RELATED PARTY TRANSACTIONS *(continued)*

Group key management and Supervisory Board compensation

	<u>Group</u>		<u>Company</u>	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
Short-term employee benefits				
Net salaries	1,668	1,638	1,668	1,638
Health insurance contributions	421	415	421	415
Other costs (contributions and taxes)	432	444	432	444
Post-employment benefits	-	-	-	-
Pension insurance contributions	449	433	449	433
	<u>2,970</u>	<u>2,930</u>	<u>2,970</u>	<u>2,930</u>
Reward to the Supervisory Board	249	235	249	235
	<u>3,219</u>	<u>3,165</u>	<u>3,219</u>	<u>3,165</u>
Total	<u>3,219</u>	<u>3,165</u>	<u>3,219</u>	<u>3,165</u>

Key management comprises 22 employees (2024: 22 employees). The Supervisory Board consists of 7 members (2024: 7 members). Remuneration paid to members of the Supervisory Board represents short-term employee benefits. During 2025 and 2024, key management personnel and members of the Supervisory Board did not receive any other long-term benefits, post-employment benefits or share-based payments.

NOTE 31 – EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date that require disclosure in the financial statements.

SUPERVISORY BOARD REPORT

Pursuant to Art. 300c of the Companies Act and Art. 34 of the Statute of PLAVA LAGUNA joint stock company for hospitality and tourism, the Company's Supervisory Board, at the meeting held on May 7th, 2026, adopts the following

SUPERVISORY BOARD REPORT ON SUPERVISION OVER THE MANAGEMENT OF THE COMPANY'S AND GROUP'S OPERATIONS, ON THE RESULTS FOLLOWING THE REVIEW OF THE FINANCIAL STATEMENTS, THE REPORT ON THE SITUATION IN THE COMPANY AND THE PROPOSED DECISION ON THE USE OF PROFIT OF THE COMPANY AND THE GROUP FOR YEAR 2025

In the course of the fiscal year 2025, the Company's Supervisory Board continuously supervised the management of the Company's affairs, pursuant to the authorizations determined by the provisions of the Companies Act and the Statute, with the aim of ensuring transparency, integrity and compliance with applicable laws and regulations.

Composition of the Supervisory Board

During 2025, the Supervisory Board was composed of seven members, as follows:

Davor Luksic Lederer, President of the Supervisory Board

Patricio Tomas Balmaceda Tafra, Vice president of the Supervisory Board

Davor Domitrović, Member of the Supervisory Board

Ignacio Andrés Pardo, Member of the Supervisory Board,

Neven Staver, Member of the Supervisory Board

Christiaan Paul Dijk, Member of the Supervisory Board

Veljko Šantek, Member of the Supervisory Board, employees' representative.

Supervisory Board meetings

During 2025, the Supervisory Board held 13 meetings, out of which 12 meetings were attended by all members. Particular informing of certain or all members of the Supervisory Board were held during the year as needed due to additional issues that needed to be discussed. Due to the termination of the four year mandate of the Supervisory Board Members, at the General Assembly held on June 16th, 2025, the Supervisory Board was elected with the same members, and the Employees council PLAVA LAGUNA j.s.c. confirmed the mandate of the current member – employees' representative.

The constituent session was held on 4 September 2025, where Mr. Davor Luksic Lederer was elected as the President of the Supervisory Board, and Mr. Patricio Tomas Balmaceda Tafra as a Deputy President of the Supervisory Board.

Supervisory Board Committees

The Supervisory Board has two committees, the Audit Committee and the Remuneration Committee. The tasks of the nomination committee are performed directly by the Supervisory Board.

SUPERVISORY BOARD REPORT *(continued)*

The Audit Committee was established in 2014 and is composed of three members, president Mr. Davor Luksic Lederer and members Mr. Patricio Tomas Balmaceda Tafra and Mr. Davor Domitrović. The Audit Committee meets at least once a year with the participation of all members and performs the prescribed tasks within its scope.

The Remuneration Committee was established in 2020 and is composed of the president Mr. Davor Luksic Lederer and members Mr. Patricio Tomas Balmaceda Tafra and Mr. Davor Domitrović. The Remuneration Committee meets at least once a year with the participation of all members and performs the prescribed tasks within its scope.

Supervision of business management and examination of annual financial statements and reports on the state of the Company

Pursuant to Article 300b paragraph 1 and 2 of the Companies Act, the Management Board of the Company submitted to the Supervisory Board the annual financial statements, the report on the situation in the Company, as well as the proposed decision on the use of profit gained in 2025.

Pursuant to its authorities under Article 300c paragraph 2 of the Companies Act, in a meeting held on 27 April 2026 and in the presence of the representatives of the auditing company PricewaterhouseCoopers d.o.o. Zagreb, the Supervisory Board reviewed the submitted financial statements for 2025 for the Company and the Group, report on the application of the corporate governance code, the report on the situation in the Company, including the sustainability report for 2025 for the Company and the Group, as well as the proposed decision on the use of profit. The Supervisory Board submits this report on the results of these reviews to the Management Board and Company's General Assembly for further action.

The reviews carried out undoubtedly show that in 2025 the Company's Management Board, according to its statutory obligations, informed the Supervisory Board in writing and orally of the operational policy and of the other principal issues related to future management of the business operations, especially changes in business policy and processes during the year due to adjustments to new situation, then of the profitability of operations and profitability of the use of private equity, of the course of business operations, revenues and expenses and the situation in the Company, and in particular of the operations affecting the profitability and liquidity, as well as of other matters that the Supervisory Board considered important.

The Supervisory Board evaluates the operations of the Company and the work of the Management Board in cooperation with the Supervisory Board as successful, bearing in mind all measures taken in accordance with changes in circumstances that occurred during the year, and assumes that that the cooperation between the Supervisory Board and the Management Board has continuously been very correct and efficient, and business success is a result of open communication at all times and of mutual support. Furthermore, the Supervisory Board evaluates its effectiveness during 2025 as successful, and the composition, profiles of the members of the Supervisory Board and the committees, their knowledge, and experience as satisfactory.

SUPERVISORY BOARD REPORT *(continued)*

The results of our review as well as the opinion of the authorized auditor on the reality and objectivity of data shown in the financial statements for 2025 demonstrate that the Company acts in accordance with positive legal regulations, the Company's general acts and decisions of the General Assembly.

The Supervisory Board established, after the review of financial statements for 2025, which the Management Board is accountable for, that they are drafted in accordance with the provisions of the Accountancy Act and other pertinent laws and regulations, and they realistically reflect the situation in the company books and correctly reveal the assets and operational state of the Company.

Proposed use of profit

The Supervisory Board supports the Management Board's proposal on the use of profit gained in 2025 for the payment of dividend for preferred and ordinary shares and allocation of part of the profit to retained earnings, and deems that the proposal is aligned with the positive legal regulations and business policy of the Company, and the same is submitted to the General Assembly for adoption.

Auditor's report

The Supervisory Board fully supports the auditing report which also confirms that the separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of Plava laguna and its subsidiaries as at 31 December 2025, and the Company's and the Group's separate and consolidated financial performance and separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and that Financial Statements for the year ended 31 December 2025 complies, in all material respects, with the ESEF Regulation and the Capital Market Act.

Furthermore, The Supervisory Board fully supports the auditing report with limited assurance engagement on the consolidated sustainability statement of the Company, included in the Sustainability Statement of the Management Board's report as at 31 December 2025 and for the year then ended. Based on the procedures performed and the evidence obtained, nothing has come to the auditors' attention that causes to believe that the consolidated Sustainability Statement is not prepared, in all material respects, in accordance with Articles 32 and 36 of the Accounting Act.

The Supervisory Board expresses its absolute approval of the submitted financial statements for year 2025 and of the Management Board's report on the situation in the Company and leaves their affirming i.e. adoption to the Company's General Assembly.

PRESIDENT
Davor Luksic Lederer

REPORT OF THE AUDITING COMMITTEE

The Auditing Committee of the Company drafted this report in line with the provisions set forth below:

- Plava Laguna d.d. Poreč in accordance with the positive legislation of the Republic of Croatia has the obligation at the end of the business year to make an uncons. and cons. financial reports,
- The Company's General Assembly appointed the company PricewaterhouseCoopers d.o.o from Zagreb as the auditor of its annual financial statements,
- The Supervisory Board of the Company appointed the Auditing Committee pursuant to the Audit Act.

In accordance with the Companies Act, auditor of the Company was appointed on the General Assembly's meeting held on 16 July 2025, and on 30 September 2025 an agreement was concluded concerning performance of audit and issuance of unconsolidated and consolidated financial statements.

Audit of the Company was completed in two parts, as follows:

- preliminary audit (examination of the internal control system and work on temporary balance sheets),
- final audit (control of data reported in ledgers and financial statements).

Following the preliminary audit, members of the Audit Committee were provided with the Report on the scope of mandatory reporting of the Audit Committee prepared in accordance with the requirements of the International Auditing Standards and EU Regulation No. 537/2014. The report addressed the following key matters: the auditor's responsibilities, auditor declaration of independence, the audit plan including its timeline, determination of materiality for the financial statements and the audit approach by area/financial position based on the assessed risk level.

In accordance with the requirements of auditing standards, the auditors submitted a Report to the Supervisory Board and the Audit Committee on 24 April 2026 which, as defined by the regulations, includes The Independent Auditor's Report, key audit issues, Report on Compliance with the ESEF Regulation and conclusion on issuing an unmodified opinion.

In accordance with the discussions with the auditing company and with those responsible for preparation of the financial statements, the Auditing Committee determined the following:

- the Company and the auditors were consistent in the interpretation of International financial reporting standards as well as local regulations and requirements governing the preparation of financial statements,
- in terms of the effectiveness of internal control system and risk management, there were no irregularities with material consequences observed,
- there were no circumstances that would lead to questioning the independence of the auditor,
- regarding the key auditing issues related to estimates of useful life of real estate, machinery and equipment and impairment indicators, auditors' estimates are in line with the estimates of the Manag. Board, and that is that there are no circumstances indicating impairment of assets value,

REPORT OF THE AUDITING COMMITTEE *(continued)*

- no events and conditions have been identified that could affect the Company's ability to continue as a going concern.

Accordingly, the Auditing Committee assumes that the financial statements are eligible for the adoption of appropriate decisions based on the same.

THE AUDITING COMMITTEE