

Annual Report

2024

28th FEB 2025



ARENA

HOSPITALITY GROUP

PARK
PLAZA

art'otel

ARENA HOTELS & APARTMENTS

ARENA CAMPSITES

PARTNER BRANDS

RADISSON
COLLECTION

RED



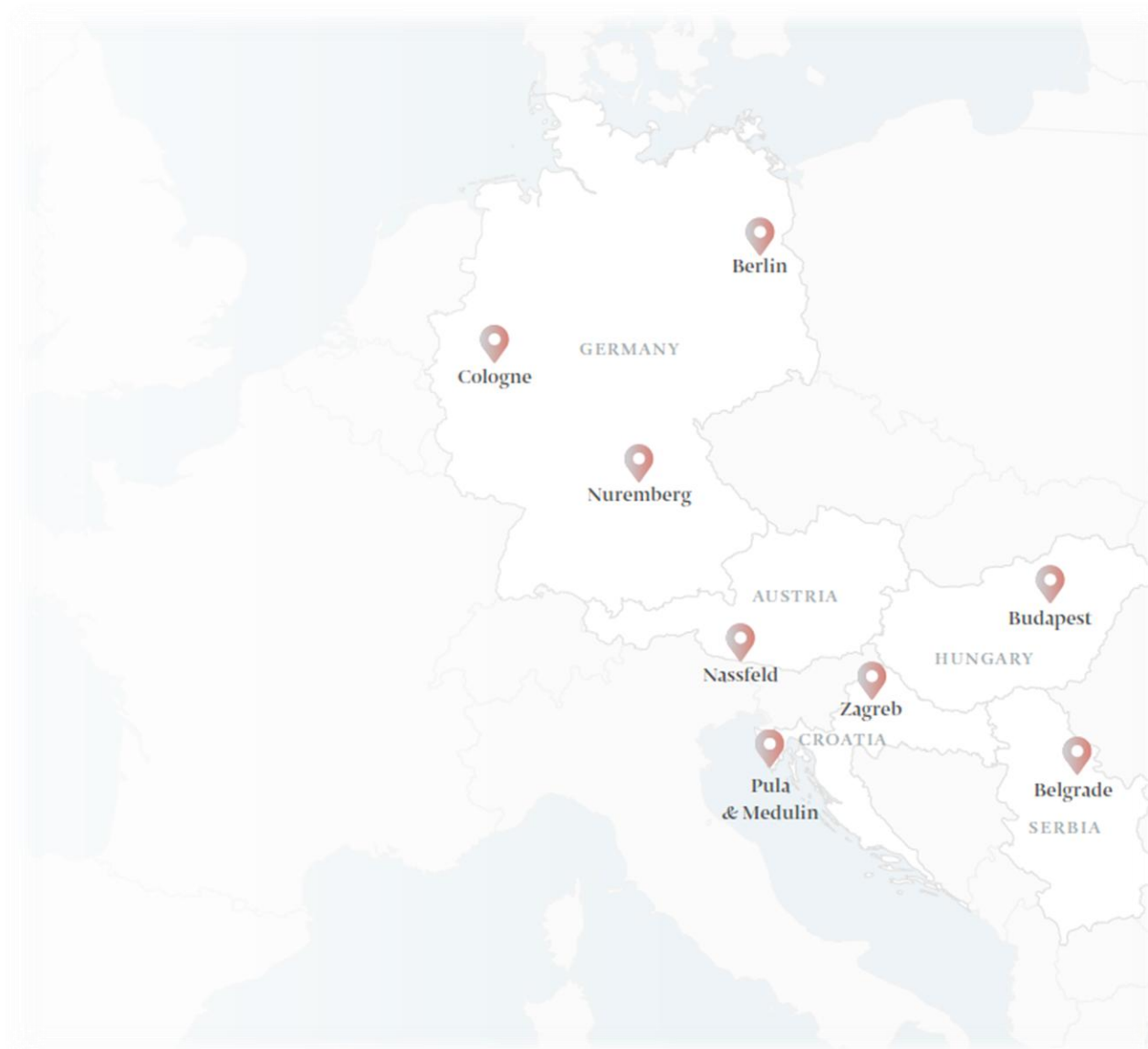
Presented by



DEVANSH BAKSHI, FCMA, MBA
*Member of Management Board &
Chief Financial Officer*

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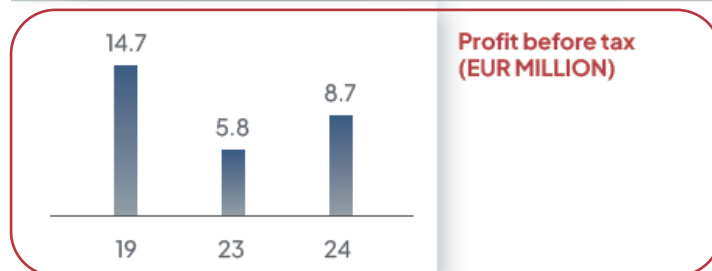
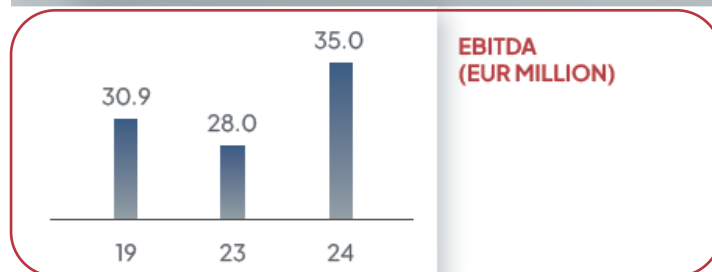
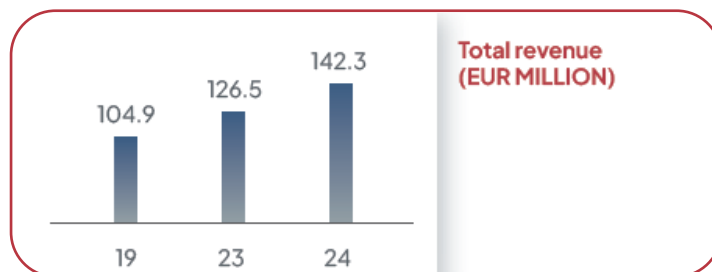
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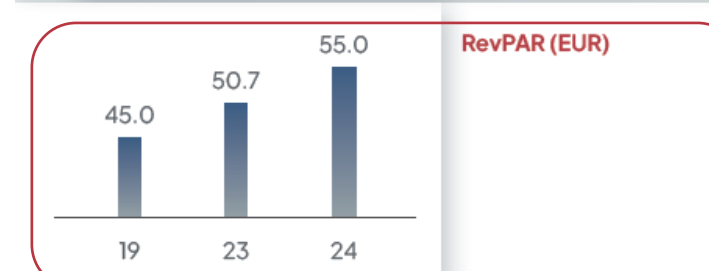
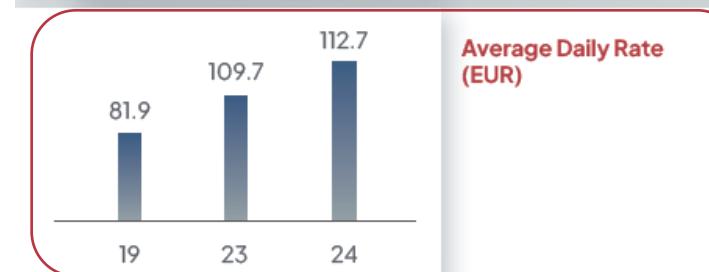
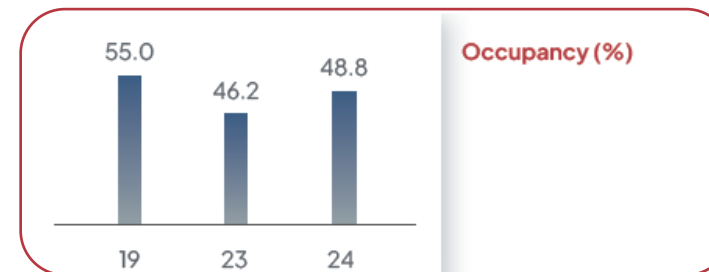


Highlights

FINANCIAL KPI'S



OPERATING KPI'S



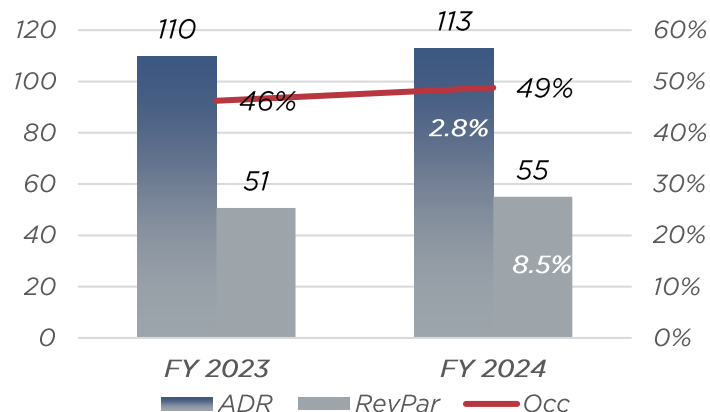
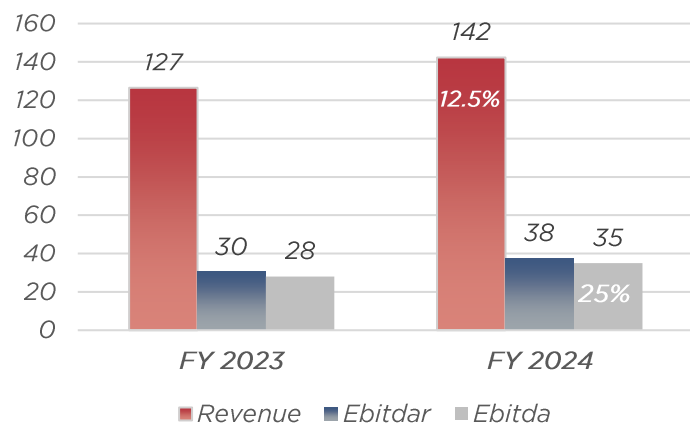


Operating Review



2024 Operating Review - Group

EUR m

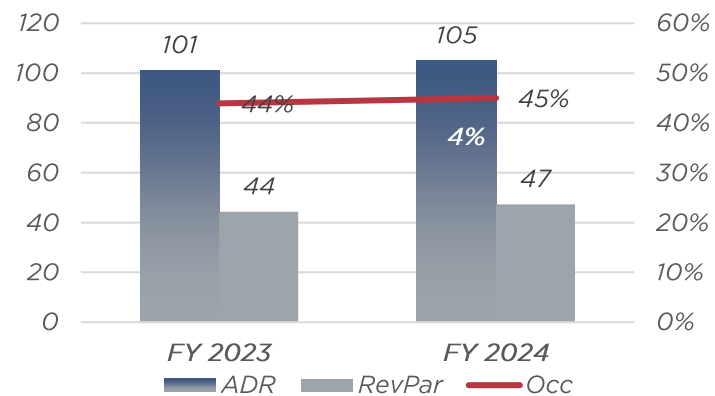
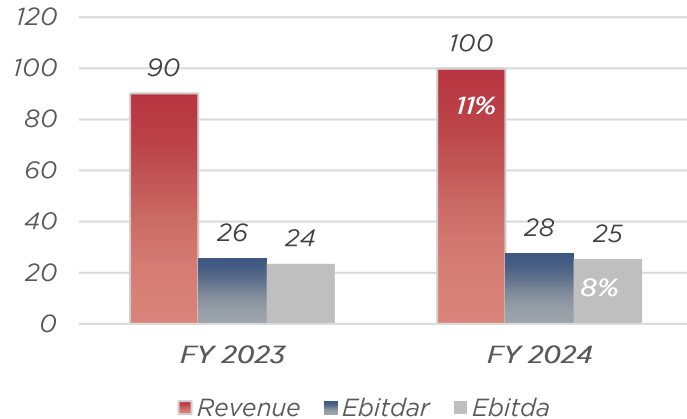


KEY COMMENTS

- A record year with performance exceeded our 2023 performance by 12.5% in reported revenue of EUR 142.3 million (2023: 126.5 million).
- Strong topline growth in Croatia. Normalising of business in Germany, surpassing 2019 financial performance levels. CEE region constantly building a presence in city hotel segment by improving occupancy and revenues year-on-year.
- Accommodation revenue grew 11.4% to EUR 117.7 million supported by increased occupancy at 48.8% (2023: 46.2%) and 2.8% growth in average daily rate of EUR 112.7 (2023: EUR 109.7).
- This led to RevPAR of EUR 55.0, an 5.5% increase on the prior year.
- Strong performance of Group's recently invested portfolio and the maturing of newly refurbished and developed assets, namely Radisson RED Belgrade, art'otel Zagreb, Grand Hotel Brioni Pula and Arena Franz Ferdinand Nassfeld.
- Reported EBITDA was EUR 35.0 million (2023: EUR 28.0 million), reflecting the full recovery of the German region, improved occupancy accross our portfolio and sustained leisure segment in Croatia.
- Stabilising energy costs supported by the Group's well-balanced energy hedging strategy designed to mitigate market volatility.

2024 Operating Review- Croatia

EUR m



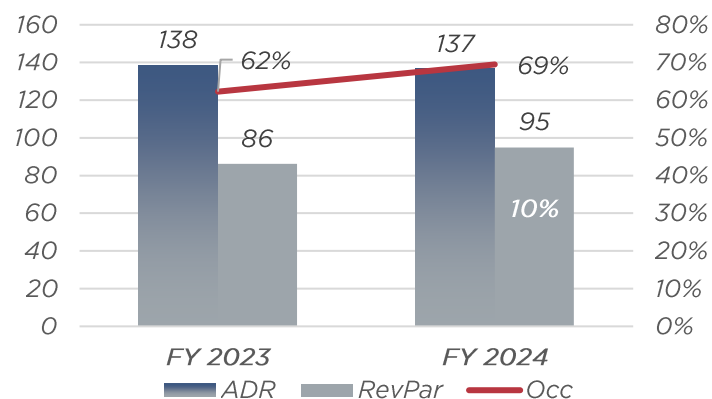
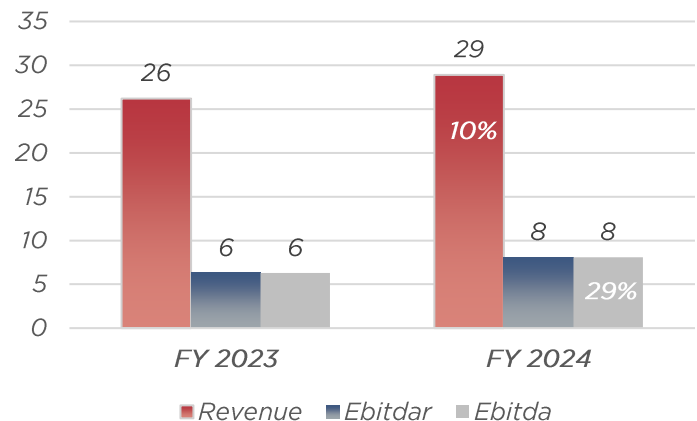
KEY COMMENTS

- All three operating segments saw year-on-year increase in revenue by 10.6%, driven by higher average daily rates, alongside with increased occupancy levels and new inventory from art'otel Zagreb.
- The maturing of key assets such as Grand Hotel Brioni Pula, Arena Stoja and Arena Grand Kažela campsites following earlier investments were also key contributing factors.
- Reported EBITDA was EUR 25.4 million (2023: EUR 23.5 million), an increase of 8.1%.
- EBITDA was positively impacted by growth in occupancy of 4% to 45% (2023: 43.9%) and sustained leisure performance in Croatia coupled with more favourable energy costs compared to the previous year.
- Lower inflationary environment also steadied labour and consumables cost during the year. However, inflation remained higher in Croatia, than in the rest of Europe.



2024 Operating Review - Germany

EUR m



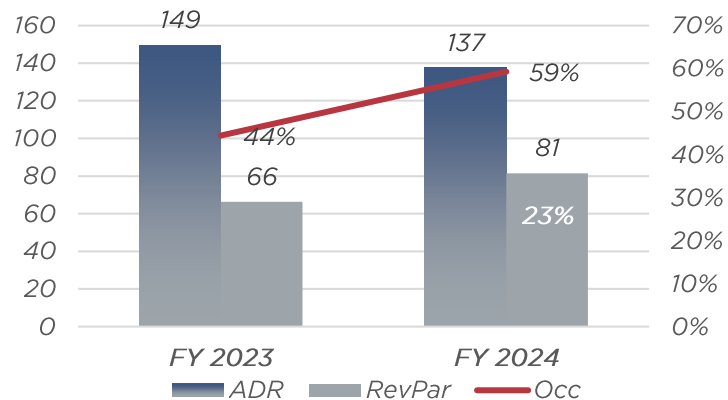
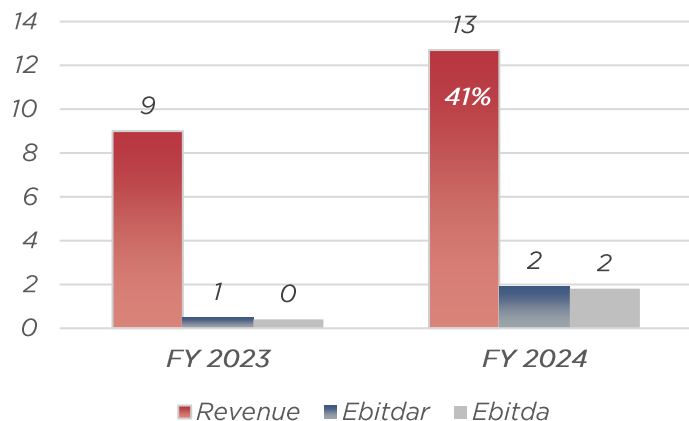
KEY COMMENTS

- Our German city portfolio benefited from a full recovery in leisure demand for our destinations in Berlin, Cologne and Nuremberg.
- Total revenue increased by 10.3% to EUR 28.9 million (2023: EUR 26.2 million), as a result of significant RevPAR growth of 10.2% to EUR 94.9, occupancy growth to 69.5% and stable average room rates.
- We have reopened the 133-room former Park Plaza Berlin Kudamm as a Radisson RED (joint venture investment), strategically time ahead of the UEFA European Football Championship.
- EBITDA improved significantly to EUR 8.1 million, an increase of 28.6% due to increased revenues and more stable inflationary and labour cost environment.



2024 Operating Review - CEE Region

EUR m



KEY COMMENTS

- The performance of CEE region reflects the optimisation of previous investments in the portfolio, with higher occupancy levels and increased RevPAR compared with 2023.
- The rebranded Park Plaza Budapest delivered its first full year since it was relaunched in March 2023 as an upper-scale hotel. The hotel performed extremely well delivering an EBITDA growth of 193%.
- Arena Franz Ferdinand Nassfeld performed strongly in its second year following an investment program to refurbish hotel and upgrade amenities to position resort for winter and summer travel destination.
- The former Aena 88 Rooms Belgrade was relaunched as a Radisson RED in February 2024 and continues to mature.
- The reported revenue increased by 41.1% to EUR 12.7 million (2023: 9.0 million) on higher occupancy of 59.3% (2023: 44.4%) and higher inventory of 14.6%.
- EBITDA was EUR 1.8 million (2023: EUR 0.4 million) as a result of maturing products and increased inventory.



Outlook

KEY TOPICS

- *Maturing recent investments and repositioning to yield further financial benefits*
- *Planned ongoing investments in two of our campsites (Arena Stupice and Arena Indije Campsites) to elevate from two to four stars, combined investment of EUR 11.9 million.*
- *Germany and city portfolio fully recovered.*
- *Positive industry trends across Europe, new markets create opportunity and instil confidence in future of tourism*
- *Improvement in the macroeconomic environment, inflation remained the theme throughout the year, in Croatia remained higher at 4.5%.*
- *The growth in national minimum wage across our regions, increased service sector and logistics prices continued to affect overall operating expenses; payroll expenses were 13% higher year-on-year in 2024.*
- *Fixed interest rates offer certainty on cash outflows associated with finance costs. Easing of bank interest rates a positive indication.*
- *Focus on select high yield Capital investments across the portfolio like Campsites and cost optimising technology investments.*
- *Continue with our share buyback program to returning cash to shareholder*
- *Proposed 47% increase in dividend to EUR 1.10 per share (2023: EUR 0.75) subject to General Assembly approval.*



Use of land in campsites and tourist resorts

KEY COMMENTS

- *In early 2024, further regulation around the Non-Appraised Construction Land Act (NCLA) was adopted and the lease liability for tourist land came into effect in Croatia.*
- *During 2024, the Company was charged with rental fee for campsites for period 2020-2024, with the lower of 50% of price per square meters (EUR 2/SqM) and 4% of total revenue generated in the individual property. Total charged amount was €6.1 million. Since cap of 4% of total revenue will be applied to final price, IFRS16 was not applied in relation to campsites.*
- *There were no P&L impact in 2024, and residual amount of accrued liability is seen as adequate to cover residual liability in relation to past periods.*
- *Rental fees for the hotels and apartments still have not been charged since all local municipalities have not determined respective rent amounts. Application of IFRS16 is expected.*
- *There were no changes in the provisions for concession fees for period 2010-2020.*



Consolidated Income Statement

	€ '000		
	2024	2023	Change
Revenues	142.284	126.498	15.786
Operating expenses	-104.759	-96.066	-8.693
EBITDAR	37.525	30.432	7.093
Rental expenses and concession fees: land	-2.487	-2.382	-105
EBITDA	35.038	28.050	6.988
Depreciation, amortisation and impairment	-20.501	-18.392	-2.109
EBIT	14.537	9.658	4.879
Financial expenses	-7.009	-5.177	-1.832
Financial income	1.880	2.561	-681
Other expenses	-970	-1.411	441
Other income	540	298	242
Share in result of joint ventures	-317	-131	-186
Profit/(loss) before tax	8.661	5.798	2.863
Income tax benefit/(expense)	-2.716	-2.144	-572
Profit/(loss) for the year	5.945	3.654	2.291

KEY COMMENTS

- Total revenue increased by EUR 15.8 million exceeded our 2023 record performance. The Group's 2024 financial performance pleasingly surpassed 2019 levels, whereby the Groups revenue grew 36% compared with 2019.
- Total operating expenses increased by EUR 8.7 million mainly due to increase in cost of labour due to national minimum wages as well as due to increase in cost of services and consumable goods.
- Increase in depreciation costs due to higher investments in the last two preceding years namely, Grand Hotel Brioni, Camp Stoja, art'otel Zagreb, Park Plaza Budapest and Franz Ferdinand Nassfeld.
- Financial expenses increased to EUR 7.0 million owing to forex rate translation on balance sheet date.



Consolidated Balance Sheet - Assets

	€ '000		
	2024	2023	Change
ASSETS			
Non-current assets			
Intangible fixed assets	974	1.201	-227
Property, plant and equipment	342.941	353.292	-10.351
Right-of-use assets	32.283	33.059	-776
Inventories	1.203	2.066	-863
Interest in joint ventures	9.922	6.256	3.666
Other non-current financial assets	794	1.029	-235
Deferred tax asset	6.725	8.674	-1.949
Restricted deposits and cash	6.345	9.335	-2.990
	401.187	414.912	-13.725
Current assets			
Inventories	1.126	843	283
Trade receivables	3.376	2.610	766
Other receivables and prepayments	1.908	1.481	427
Income tax receivable	0	99	-99
Short-term deposits	7.453		7.453
Cash and cash equivalents	29.876	50.348	-20.472
	43.739	55.381	-11.642
Total assets	444.926	470.293	-25.367

KEY COMMENTS

- Non-current assets decreased by EUR 13.7 million to EUR 401.2 million (2023: EUR 414.9 million) mostly due to depreciation of the tangible assets and fewer new investment projects.
- Current assets decreased by EUR 11.6 million to EUR 43.7 million (2023: EUR 55.4 million), primarily due to reduction in Group's cash position.
- As of 31 December 2024, the Group's cash and short-term deposit position decreased to EUR 37.3 million (2023: EUR 50.3 million) due to bank loans repayment.



Consolidated Balance Sheet - Equity & Liabilities

	€ '000		
	2024	2023	Change
<u>EQUITY AND LIABILITIES</u>			
Equity:			
Issued capital	13.614	13.614	0
Share premium	151.550	151.668	-118
Hedging reserve	-37	210	-247
Other reserves	40.087	41.631	-1.544
Accumulated earnings/(losses)	8.476	6.314	2.162
Total equity	213.690	213.437	253
Non-current liabilities:			
Bank borrowings	146.112	162.251	-16.139
Lease liability	32.766	35.799	-3.033
Provisions	6.020	6.020	0
Other liabilities	1.432	1.329	103
	186.330	205.399	-19.069
Current liabilities:			
Trade payables	3.988	4.567	-579
Current lease liability	6.522	3.546	2.976
Other payables and accruals	11.694	14.483	-2.789
Income tax liabilities	189	0	189
Liabilities towards related parties	1.055	1.209	-154
Bank borrowings	21.458	27.652	-6.194
	44.906	51.457	-6.551
Total liabilities	231.236	256.856	-25.620
Total equity and liabilities	444.926	470.293	-25.367

KEY COMMENTS

- Non-current liabilities decreased by EUR 19.1 million to EUR 186.3 million (2023: EUR 205.4 million), mostly due to payment of bank loans.
- Current liabilities amounted to EUR 44.9 million, a decrease of EUR 6.6 million (2023: EUR 51.5 million), primarily due to decreased liabilities toward bank and payment of campsites concession fees from previous years.
- The Group remains in compliance with its banking covenants.



Consolidated Cash Flow Statement

€ '000

	2024	2023	Change
Net cash provided by operating activities	26.467	27.323	-856
Net cash used in investing activities	-15.139	-33.952	18.813
Net cash provided by financing activities	-31.848	-13.447	-18.401
(Decrease)/increase in cash and cash equivalents	-20.520	-20.076	-444
Net foreign exchange differences	49	-13	62
Cash and cash equivalents at end of year	29.877	50.348	-20.471

KEY COMMENTS

- Net cash provided from operating activities decreased by EUR 0.9 million; despite significant improvement in EBITDA, cash flow from operating activities is lower than last year due to negative change in movement in working capital (mainly due to payment of concession fee explained earlier).
- Fewer new investment projects decreased our investment activities by EUR 18.5 million.
- Net cash provided by financing activities increased by EUR 18.4 million mostly due to:
 - Repayment of bank loans EUR 27.4m
 - In Croatia draw down of an old loan facility tranche in the amount of EUR 5.0 million (interest rate below 2.5%) to be utilised for upcoming investments in campsites in 2025.



Liquidity and Debt Structure



Group's Net leverage ratio as at 31 Dec 2024

EUR'000			Adjusted ¹	
	2024	2023	2024	2023
Bank debt	167,570	189,903	167,570	189,903
Lease liability	39,288	39,345		
Cash and deposits	(43,674)	(59,683)	(43,674)	(59,683)
Net debt	163,184	169,565	123,896	130,220
EBITDA	35,038	28,050	30,908	24,565
Net debt/ EBITDA	4.7	6.0	4.0	5.3

¹ Adjusted Net leverage ratio is adjusted for impact of IFRS 16 (lease liability is excluded from calculation) while lease payments reduced EBITDA for the respective year.

KEY COMMENTS

- Net leverage ratio has decreased significantly, reflecting improved financial stability and stronger balance sheet.
- This is primarily due to:
 - regular debt servicing of EUR 16.3 million
 - the partial repayment of the HBOR liquidity loan of EUR 11.1 million
 - Improved cash flow from operating activities.
- The Group carries a significant long-term lease liability associated with its leased hotel agreements, with an average maturity of 19 years. Lease liability of EUR 39.2m
- This liability impacts the net leverage ratio; hence in the table here we present adjusted net leverage ratio, excluding the IFRS 16 effects.
- The resulting Net Leverage is further adjusted to 4.0



Group Debt Profile at 31 Dec 2024

DEBT STRUCTURE

% Fixed Rate Debt

93%

Weighted Cost of Debt

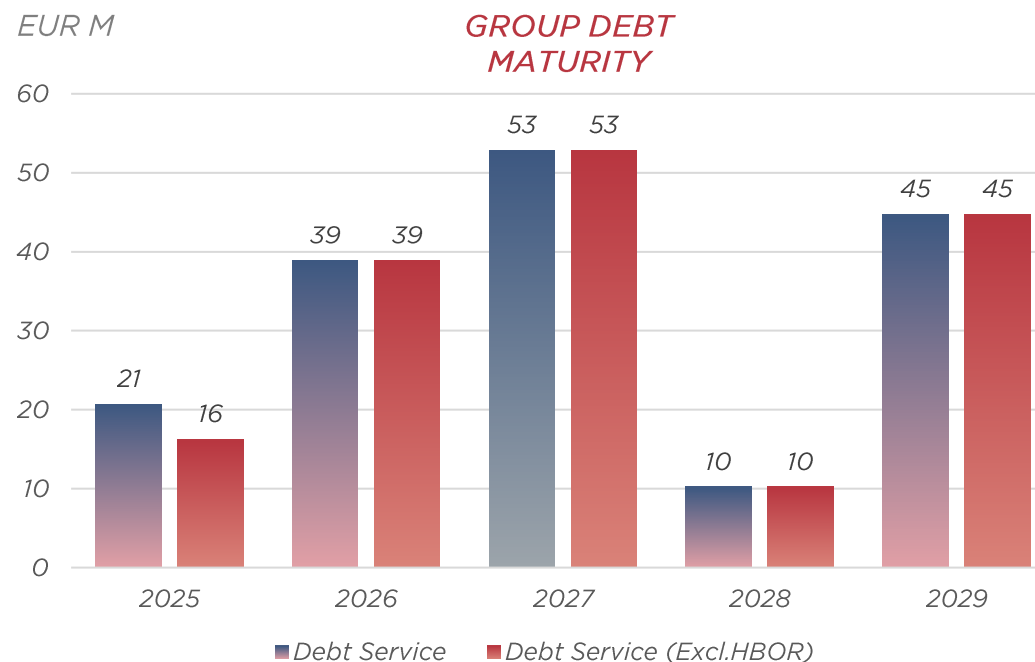
2.4%

Term of Debt

5.1
years

Net Leverage

4.7



NOTES

- Weighted cost of debt excludes HBOR liquidity loan
- Repayments of HBOR Covid 19 liquidity loan amounting to EUR 4,4 million in 2025
- Loan maturities starting 2026 onwards.



Sustainability report

Sustainability Statement

- *Implemented this in accordance with EU Corporate Sustainability Reporting Directive (CSRD) Requirements*
- *Full Application of European Sustainability Reporting Standards (ESRS)*
- *Conducted a double materiality assessment to establish the material and non-material Impacts, Risks and Opportunities (IRO's)*
- *Stakeholder selection and engagement*
- *Application of Metrics for the Material IRO's disclosed with new base year of 2023*
- *Received limited audit assurance as required by CSRD*
- *Complied with EU Taxonomy requirements pertaining to minimum safeguards*

2025 onwards

- *Transition plan, value and supply chain assessment and Goals tracking*



Strengthening Long Term Growth



Recent and Ongoing Investments



Arena Stupice & Arena Indije campsites

Arena Stupice Campsite

Facilities:

Campsite, two restaurants, fast food outlet, grocery store, coffee shop, water sports and recreation centre.

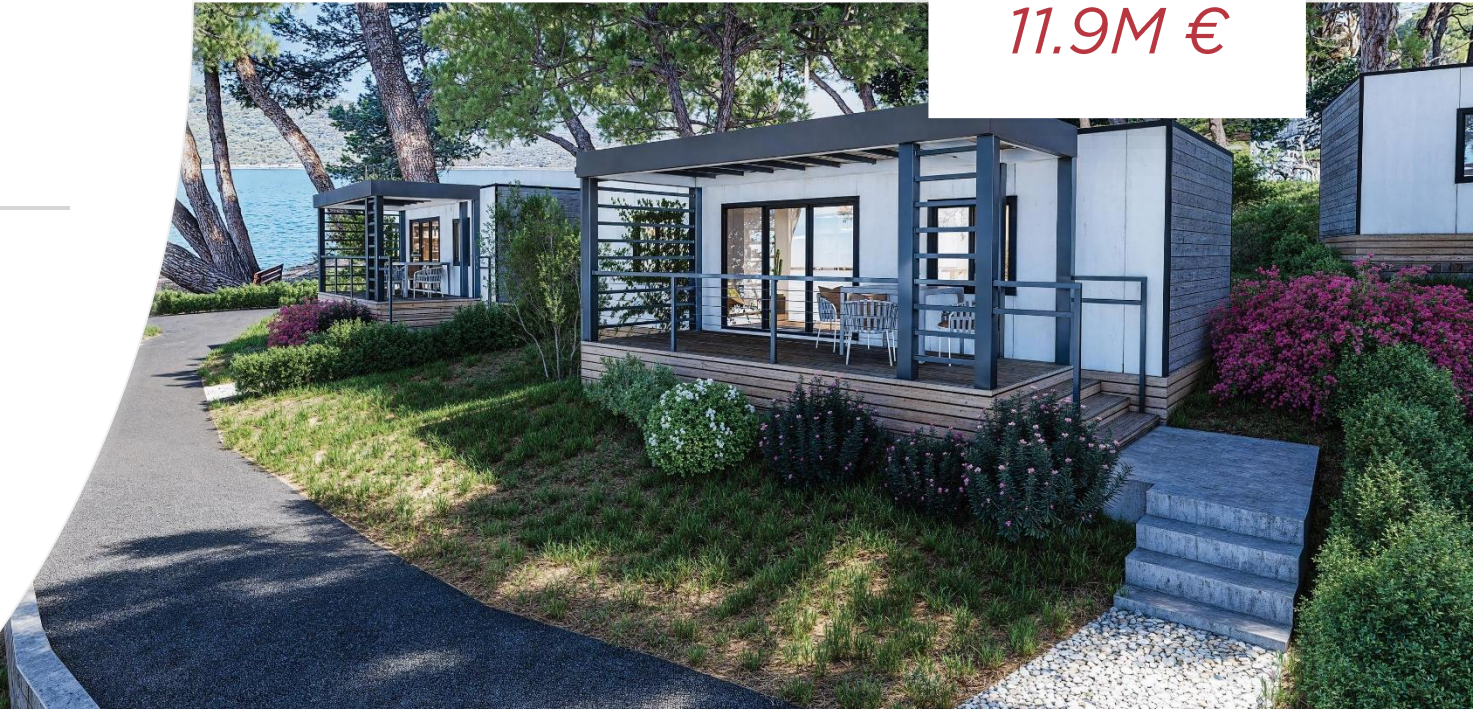
Arena Indije Campsite

Facilities:

Campsite, upscale mobile homes of 45 to 58 sqm, restaurant, bar, grocery store, and diving school.



COMBINED INVESTMENT
11.9M €



ARENA

HOSPITALITY GROUP

A MEMBER OF PPHE HOTEL GROUP

Thank you!

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Arena Hospitality Group d.d. (Arena)

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