Subject: COVID – 19 update, notice on postponing of the General Assembly and notice on volatility of share price

Arena Hospitality Group d.d. ("Group") with registered office in Pula, Smareglina 3, Croatia, hereby announces an update on exceptional measures to mitigate the effect of the COVID-19 pandemic on its business.

Since the Group's business update on 12 March 2020, in which it reported reduced demand for international and domestic travel resulting in an increase in cancellations and a slowdown in bookings, governments in several countries have announced further extraordinary measures to slow the spread of the virus. These include closure of borders, halt of travel, the adoption of social distancing policies, bans on large gatherings and events, the closure of restaurants, bars and other businesses as well as lockdowns. These measures have led to an immediate and significant deterioration in the hospitality market, with a high number of cancellations and no shows and very few new bookings.

The Group’s financial and liquidity position is robust. As at 26 March 2020, the Group maintained excess cash of more than HRK 600 million. The financial covenants in the Group's bank facilities, as disclosed in the Groups financial statements recently published, are principally based on loan to value and debt service coverage ratios with cure periods applicable for each facility. We have a long-standing and supportive group of banks with whom we are in regular dialogue to ensure that we are able to take all the necessary actions that are in the best interests of the Group in the current environment. The Group therefore believes, based on the measures detailed below, that it is well-positioned to withstand a significant decrease in business activity in its markets during 2020.

The Group is in the process of adopting a set of exceptional operational measures in order to reduce its costs and help it navigate through these challenging and unprecedented times whilst keeping the Company lean. These measures include steps to effectively manage its payroll costs and reduce other costs and expenses across the business. Furthermore, the Group is witnessing reduced operations of hotels in Germany and Hungary, which generally operate throughout the year. The Group’s Croatian operations are closed at this time of the year, apart from one or two assets that generally work throughout the year. At the moment all the hotels, self catering apartment complexes and campsites in Croatia are closed. The Group is in the process of applying to use available measures enacted by governments across its geographies.

Of the capital investments previously announced, the Group confirms that the second phase of the investment in Arena Kažela Campsite and the investment in the self-catering apartment resort
Verudela Beach Pula are in the final phase of completion, as the repositioning continued immediately after the 2019 summer season. The Group is reconsidering other previously announced investments pending the evolvement of the currently uncertain situation around the COVID-19 pandemic.

Furthermore, the Company’s Management Board is considering ways to enhance its financial flexibility, including the postponement of the decision related to the dividend for 2019. It has also decided to reschedule the General Assembly tentatively to 1 June 2020.

At this stage, given the level of continued uncertainty around business activity and how government response may evolve, it is not possible to provide financial guidance for the FY20 financial year.

Other than stated above, the Group is not aware of any other circumstances or facts that affects or could affect the price of its shares, listed on the market, and that do not arise from information already known to the public or previously reported to the Zagreb Stock Exchange.