

INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER OF 2019

---

# ARENA

HOSPITALITY GROUP

31 MARCH 2019



art'otel



## **CONTENTS**

<b>INTERIM PERFORMANCE REPORT FOR THE PERIOD JANUARY - MARCH 2019 .....</b>	<b>4</b>
<b>PRINCIPAL RISKS OF THE GROUP AND THE COMPANY .....</b>	<b>17</b>
<b>CORPORATE GOVERNANCE REPORT .....</b>	<b>17</b>
<b>MANAGEMENT BOARD'S RESPONSIBILITY STATEMENT .....</b>	<b>22</b>
<b>APPENDIX 1 FINANCIAL STATEMENTS (UNAUDITED).....</b>	<b>24</b>

INTERIM PERFORMANCE REPORT FOR THE PERIOD  
JANUARY - MARCH 2019

---

# ARENA

HOSPITALITY GROUP



## INTERIM PERFORMANCE REPORT FOR THE PERIOD JANUARY - MARCH 2019

### CONSOLIDATED RESULTS

"We are pleased to report our results for the first three months of 2019. The report presents our unconsolidated performance in Croatia (Arena Hospitality Group d.d. or the 'Company'), and consolidated performance of Croatia, Germany and Hungary (the 'Group').

Reported revenue decreased by 1.1% to HRK 72.8 million (first three months of 2018: HRK 73.6 million) and EBITDA improved for 7.0% to HRK 15.1 million negative (2018: HRK -16.3 million). Accommodation revenue experienced a growth of 2.9% to HRK 55.3 million compared to last year (first three months of 2018: HRK 53.8 million) as a result of both, improved occupancy by 430 bps and higher average daily rates by 5.6% which amounted to HRK 688.6. This growth was driven by our German and Hungarian operations.

I am delighted that the proposal to bring forward the payment of the first dividend in the history of Arena Hospitality Group d.d. to 2019, instead of 2020 as outlined in the dividend policy released in December 2018, has been adopted by the Supervisory Board. The proposed dividend amount to HRK 5 per share. The General Assembly will vote on this proposal on 30 April 2019. The proposed dividend ensures shareholders benefit from our successful operations in 2017 and 2018, whilst providing the Group with sufficient means to continue investing in its existing portfolio, consider expansion opportunities and for general corporate purposes.



With the start of the 2019 summer season in Croatia, we look forward to benefiting from our past investments and to the continuation of our investment programme of well over HRK half a billion, with which we expected to generate additional value for our Group and its shareholders.

### CROATIA

The first quarter of the year is one of low business activity, with most of our properties closed during the winter season.

The last weekend of March 2018 was the Easter weekend, a period of high business activity, from which we benefited in the first quarter of 2018. In 2019 however, with Easter later in April, our first quarter accommodation revenue declined by 18.2% to HRK 8.1 million. As a result of the decrease in revenue, and with large part of our cost base being fixed in this period of low business activity, reported EBITDA was negative at HRK 31.0 million (representing an increase of the negative result by 17.1%).

Highlights during the period were our investments in our Croatian operations. In the first three months of 2019, we invested HRK 72.8 million in upgrading a number of rooms, public areas and facilities of hotels, self-catering holiday apartment complexes and campsites. The main refurbishment projects completed in the first three months of 2019 include:

- Arena Kažela Campsite: acquisition of 74 mobile homes and equipment (out of a total 164 mobile homes) to be acquired and installed ahead of the 2019 summer season), redevelopment of the reception area, creation of two swimming pools including an activity and relaxation area;
- Verudela Beach Resort: minor refurbishment of 10 apartments and infrastructure works, ahead of the full repositioning project due to commence after the 2019 summer season;
- Arena One 99 Glamping: addition of 10 additional tents, taking the total number of units to 193, landscaping and the upgrade of the beachfront;
- Park Plaza Histria Pula: replacement of outdoor furniture and terrace decking;
- Hotel Sensimar Medulin: refurbishment of the hotel's main swimming pool including the creation of a new bar; and
- Acquisition of land in relation to the following self-catering apartment complexes: Zlatne Stijene, Verudela Beach Resort and Park Plaza Verudela Pula.

## GERMANY AND HUNGARY

Revenue during the period increased by 5.9% to HRK 58.6 million. The main drivers for this revenue growth were art'otel berlin kudamm and Park Plaza Nuremberg.

The like-for-like EBITDA for 2019 (which excludes the impact of the IFRS 16<sup>1</sup>) shows a significant growth of 14.5% to HRK 11.5 million (first three months of 2018: HRK 10.0 million). The main drivers for this growth were art'otel berlin kudamm, Park Plaza Nuremberg and art'otel cologne.

## CURRENT TRADING AND OUTLOOK

Trading since 31 March 2019 is in line with our expectations across our two operating regions. The second quarter of the year is usually a strong quarter in Germany and Hungary, with our operations in Croatia reopening and preparing for the 2019 summer season.

We will continue to progress our committed investment projects in Croatia, prepare for investments in our German operations and explore new expansion opportunities in Croatia and Central and Eastern Europe.

The Management Board expects trading for the 2019 financial year to be in line with its current expectations.”



RELI SLONIM  
MANAGEMENT BOARD PRESIDENT

<sup>1</sup> Relates to the treatment of operating leases and the impact on the income accounts thereof. For more information please refer to page 113 of the Group's 2018 Annual Report.

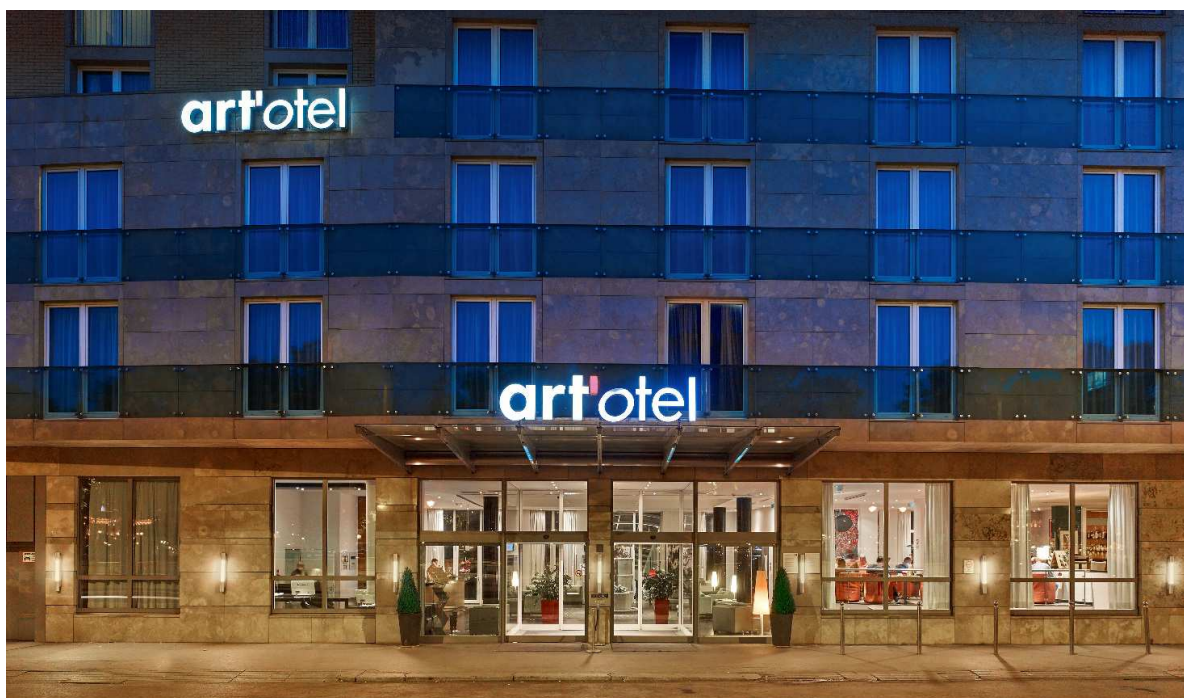
## SIGNIFICANT EVENTS DURING THE FIRST THREE MONTHS OF 2019

- The Group has renewed the lease of art'otel budapest for a further 20 years, effective from 1 January 2019;
- The Company has entered into a Loan Agreement with Erste Bank in the amount of EUR 10.2 million for the partial funding of the refurbishment of Arena Kažela Campsite. The maturity is 10 years; and
- Proposal for the payment of the first dividend in the history of Arena Hospitality Group d.d. in the amount of HRK 5 per share.

## EVENTS AFTER THE BALANCE SHEET DATE

- The General Assembly will vote on the dividend payment in the amount of HRK 5 per share on 30 April 2019. If approved, the record date is 7 May 2019 and the payment will be made on 28 May 2019; and
- The Group, through its subsidiary Sugarhill Investments B.V. has entered into a framework agreement with MK Aviation Services d.o.o. pursuant to which the Group will acquire the 88 Rooms Hotel, a 4 star hotel in Belgrade, Serbia (the "Hotel"). The contemporary Hotel is minutes away from the historic old town. It offers 88 rooms and suites, a restaurant, bar and conference room and fitness facilities. The completion of the transaction is subject to certain steps and conditions to be fulfilled. The Group expects the conditions in relation to the completion of the transaction to be fulfilled this year. The transaction value is HRK 47 million.

art'otel budapest



## OPERATING REVIEW OF THE COMPANY AND ITS SUBSIDIARIES (THE “GROUP”)

The following table sets out the Group’s consolidated results of operations for the first quarter of 2019.

### CONSOLIDATED KEY PERFORMANCE INDICATORS

	Reported			Like-for-like <sup>1</sup>		
	Three months ended 31 March 2019	Three months ended 31 March 2018	Variance %	Three months ended 31 March 2019	Three months ended 31 March 2018	Variance %
Total revenue (HRK million)	72.8	73.6	(1.1)	72.8	73.0	(0.3)
Accommodation revenue (HRK million)	55.3	53.8	2.9	55.3	53.8	2.9
EBITDAR (HRK million)	(12.5)	(8.3)	50.9	(12.5)	(8.9)	40.4
EBITDA (HRK million)	(15.1)	(16.3)	(7.0)	(20.9)	(16.9)	23.7
Profit/(loss) before tax (HRK million)	(46.0)	(39.6)	16.3	(46.0)	(40.2)	14.4
Rooms available <sup>2</sup>	129,212	142,641	(9.4)	129,212	142,641	(9.4)
Occupancy % <sup>2</sup>	62.1	57.8	430 <sup>4</sup>	62.1	57.8	430 <sup>4</sup>
Average daily rate (HRK) <sup>3</sup>	688.6	652.3	5.6	688.6	652.3	5.6
RevPAR (HRK)	427.9	376.9	13.5	427.9	376.9	13.5

<sup>1</sup> The like-for-like comparison for 2019 excludes the influence of IFRS 16, which was issued in January 2016 and applies to annual reporting periods beginning on or after 1<sup>st</sup> January 2019. Please refer to page 113 of the Group’s 2018 annual report for further detail. Furthermore, like-for-like comparison figures for 2018 exclude revenues from art’otel dresden.

<sup>2</sup> Rooms available and the occupancy calculation are based on operating days.

<sup>3</sup> Average daily rate represents total room revenues divided by the total number of paid units occupied by guests.

<sup>4</sup> In Basis Points (bps).

Total revenue decreased by (1.1%) to HRK 72.8 million (first three months of 2018: HRK 73.6 million) due to softer trading in Croatia related to the different timing of the Easter holidays. This affected accommodation and food & beverage related revenues generated by our Croatian operations.

Accommodation revenue increased by 2.9% to HRK 55.3 million (first three months of 2018: HRK 53.8 million) as a result of improved occupancy (up by 430 bps) and a 5.6% increase in average daily rate, to HRK 688.6. This growth was driven by our German and Hungarian operations.

On a reported basis, EBITDA increased by 7.0% to HRK 15.1 million negative (first three months of 2018: HRK 16.3 million negative). The EBITDA loss increased only by HRK 1.2 million as a result of the application of IFRS 16. The entire effect from IFRS 16 is generated from our leases in Germany and Hungary.

On Like-for-like basis, excluding the impact of IFRS 16 and revenue from art’otel dresden in 2018, the EBITDA decreased by 23.7% to HRK 20.9 million negative (first three months of 2018: HRK 16.9 million negative). The operating loss increased as a result of lower revenues due to the timing of Easter coupled with higher expenses related to preparation for the upcoming summer season in Croatia.

## CROATIAN PORTFOLIO PERFORMANCE

The following table sets out the results for the Group's operations in Croatia for the first quarter of 2019:

### KEY PERFORMANCE INDICATORS

	Three months ended 31 March 2019	Three months ended 31 March 2018	Variance %
Total revenue (HRK million)	12.7	15.7	(19.1)
Accommodation revenue (HRK million)	8.1	9.9	(18.2)
EBITDAR (HRK million)	(28.5)	(24.1)	18.1
EBITDA (HRK million)	(31.0)	(26.5)	17.1
Rooms available <sup>1</sup>	50,102	63,531	(21.1)
Occupancy % <sup>1</sup>	42.6	39.0	360 <sup>2</sup>
Average daily rate (HRK) <sup>3</sup>	379.4	399.6	(5.1)
RevPAR (HRK)	161.6	155.8	3.7
FTE <sup>4</sup>	331.7	318.4	4.2

<sup>1</sup> Rooms available and occupancy are based on operating days.

<sup>2</sup> In Basis Points (bps)

<sup>3</sup> Average daily rate represents total accommodation revenues divided by the total number of paid units occupied by guests.

<sup>4</sup> The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full time employee to arrive at a total for Full Time Equivalent Employees.

Different Easter holiday dates for the year 2019 are the main reason for the discrepancy in the results achieved compared to 2018. Easter 2019 will be in late April, while in 2018 the Easter holiday weekend was in the last weekend of March / first weekend of April, resulting in a stronger trading performance in the first quarter of 2018.

EBITDAR decreased by 18.1% to HRK 28.5 million negative and EBITDA by 17.1% to HRK 31.0 million negative. This softening of our operating performance was a direct result of decreased revenues coupled with the costs incurred for the preparations for the upcoming summer season.



## GERMAN AND HUNGARIAN PORTFOLIO PERFORMANCE

The following table sets out the Group's results of operations in Germany and Hungary for the first quarter of 2019:

### KEY PERFORMANCE INDICATORS

	Reported / in HRK			Reported / in EUR		Like-for-like <sup>1</sup> / in HRK		
	Three months ended 31 March 2019	Three months ended 31 March 2018	Variance %	Three months ended 31 March 2019	Three months ended 31 March 2018	Three months ended 31 March 2019	Three months ended 31 March 2018	Variance %
Total revenue (millions)	58.6	55.3	5.9	7.9	7.4	58.6	55.3	5.9
Accommodation revenue (millions)	47.2	43.9	7.6	6.4	5.9	47.2	43.9	7.6
EBITDAR (millions)	17.1	15.4	11.2	2.3	2.1	17.1	15.4	11.2
EBITDA (millions)	17.1	10.0	70.3	2.3	1.4	11.5	10.0	14.5
Rooms available <sup>2</sup>	79,110	79,110	0.0	79,110	79,110	79,110	79,110	0.0
Occupancy % <sup>2</sup>	74.5	72.9	160 <sup>3</sup>	74.5	72.9	74.5	72.9	160 <sup>3</sup>
Average daily rate <sup>4</sup>	800.6	760.9	5.2	108.0	102.4	800.6	760.9	5.2
RevPAR	596.6	554.4	7.6	80.5	74.6	596.6	554.4	7.6
FTE <sup>5</sup>	187.3	178.7	4.8	187.3	178.7	187.3	178.7	4.8

<sup>1</sup> The like-for-like comparison figures for 2019 exclude the influence of IFRS 16, which was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. Please, refer to page 113 of the Group's 2018 Annual Report.

<sup>2</sup> Rooms available and occupancy are based on operating days.

<sup>3</sup> In Basis Points (bps)

<sup>4</sup> Average daily rate represents total accommodation revenues divided by the total number of paid units occupied by guests.

<sup>5</sup> The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full time employee to arrive at a total for Full Time Equivalent Employees.

Total reported revenue increased by 5.9% to HRK 58.6 million (first three months of 2018: HRK 55.3 million). The most significant contributors to our revenue growth were art'otel berlin kudamm and Park Plaza Nuremberg. Occupancy, ADR and RevPAR for the first three months of 2019 all improved compared to 2018.

The Group's operations in Germany and Hungary delivered a marked EBITDAR growth in the first three months. EBITDAR increased by 11.2% to HRK 17.1 million (first three months of 2018: HRK 15.4 million). The like-for-like comparison figures for 2019, which exclude IFRS 16 influence, show a significant EBITDA growth. The like-for-like EBITDA increased by 14.5% to HRK 11.5 million (first three months of 2018: HRK 10.0 million). The most important contributors to this growth were art'otel berlin kudamm, Park Plaza Nuremberg and art'otel cologne.

## MANAGEMENT AND CENTRAL SERVICES PERFORMANCE

The following table sets out the Group's results of management and central services operations for the first three months of 2019:

### KEY PERFORMANCE INDICATORS

	Reported / in HRK			Like-for-like <sup>1</sup> / in HRK		
	Three months ended 31 March 2019	Three months ended 31 March 2018	Variance %	Three months ended 31 March 2019	Three months ended 31 March 2018	Variance %
Total revenue before elimination (HRK million)	24.2	22.0	9.8	24.2	21.4	13.1
Elimination of intra group revenue (HRK million)	(22.7)	(19.3)	17.3	(22.7)	(19.3)	17.6
Total reported revenue (HRK million)	1.6	2.7	(43.1)	1.6	2.1	(23.8)
EBITDA (HRK million)	(1.4)	0.2	NA	(1.6)	(0.4)	300.0
FTE <sup>2</sup>	227.1	229.8	(1.1)	227.1	229.8	(1.2)

<sup>1</sup> The like-for-like comparison figures for 2019 exclude the influence of IFRS 16, which was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. Please, refer to page 113 of the Group's 2018 Annual Report. Furthermore, like-for-like comparison figures for 2018 exclude revenues from art'otel dresden.

<sup>2</sup>The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full time employee to arrive at a total for Full Time Equivalent Employees.

Arena Hospitality Management d.o.o., a subsidiary of the Company, entered into management agreements with all the properties owned, partially owned, leased or managed by the Group in Croatia, Germany and Hungary. Arena Hospitality Management d.o.o. provides management services to all these properties and generates management fee revenues. Hotel management revenue related to hotels within the Group is eliminated upon consolidation as intra-group revenue. Furthermore, all revenue generated within the Group from centralised services in Croatia and Germany is eliminated upon consolidation as intra-group revenue.

Total reported revenue decreased by 43.1% to HRK 1.6 million mostly as a result of the lost revenue from hotel art'otel dresden. We discontinued the management of art'otel dresden effective from 31<sup>st</sup> July, 2018, which resulted in the loss of revenue in the form of management fees from this property.

EBITDA decreased by HRK 1.6 million due to higher labour costs and loss of revenues from art'otel dresden.

### RELATED PARTIES

Parties are considered to be related if one of the parties has the power to exercise control over the other party or if it has significant influence over the other party in making financial and/or operational decisions. The Company is controlled by Dvadeset Osam d.o.o., which owns 51.97% of the Company's shares as at 31 March, 2019. The Company's ultimate parent is PPHE Hotel Group Limited which indirectly owns 100% of the shares of Dvadeset Osam d.o.o. All other subsidiaries of PPHE Hotel Group Limited are also treated as related parties. For a detailed list of all subsidiaries included in the Group, please refer to page 146 of the Group's 2018 annual report.

# ARENA

HOSPITALITY GROUP

a. Balances with related parties

	Group		Company	
	As at 31 March 2019 HRK'000	As at 31 December 2018 HRK'000	As at 31 March 2019 HRK'000	As at 31 December 2018 HRK'000
<b>Assets:</b>				
Short-term receivables – Park Plaza Hotels Europe B.V.	3,127	29	3,100	-
Short-term receivables – art'otel berlin mitte Park Plaza Betriebsgesellschaft mbH	263	222	14	-
Short-term receivables – Park Plaza Betriebsgesellschaft mbH	224	166	-	-
Short-term receivables – PPHE (Germany) B.V.	125	112	-	-
Short-term receivables – Arena Hospitality Management d.o.o.	-	-	703	681
Short-term receivables – Germany Real Estate B.V.	-	-	1,540	3,222
Short-term receivables – Sugarhill Investments B.V.	-	-	-	2
Short-term receivables – Ulka d.o.o.	-	-	-	16
Long-term loans to joint ventures	34,328	34,180	-	-
Long-term loan to Germany Real Estate B.V.	-	-	147,063	151,521
<b>Liabilities:</b>				
Trade payables – Arena Hospitality Management d.o.o.	-	-	1,373	2,990
Trade payables – PPHE (Germany) B.V.	10,213	10,410	-	-
Trade payables – Park Plaza Hotels Europe B.V.	-	1,728	-	1,728

# ARENA

HOSPITALITY GROUP

b. Transactions with related parties

	Group		Company	
	As at 31 March 2019 HRK'000	As at 31 March 2018 HRK'000	As at 31 March 2019 HRK'000	As at 31 March 2018 HRK'000
Management fee revenue – art'otel dresden Park Plaza Betriebsgesellschaft mbH	-	277	-	-
Management fee revenue from joint ventures	506	626	-	-
Service charge revenue – art'otel dresden Park Plaza Betriebsgesellschaft mbH	-	330	-	-
Service charge revenue – joint ventures	687	604	-	-
Reimbursement of employee expenses – Arena Hospitality Management d.o.o.	-	-	1,681	1,632
Management fees expense – Arena Hospitality Management d.o.o.	-	-	253	313
Sales and marketing fees – Park Plaza Hotels Europe B.V.	506	626	506	626
Sales and marketing fees – PPHE (Germany) B.V.	2,342	2,311	-	-
Interest expense – Euro Sea Hotels N.V.	-	121	-	-
Interest income – Germany Real Estate B.V.	-	-	1,455	1,125
Interest income – joint ventures	114	191	-	-

## COMPANY BUSINESS RESULTS (CONSOLIDATED)

### CONSOLIDATED INCOME STATEMENT

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	Variance %
In HRK millions			
Total operating income	72.8	73.6	(1.1)
Total operating expenses	(87.9)	(89.9)	(2.2)
EBITDA from operations	(15.1)	(16.3)	(7.4)
Depreciation	(23.5)	(16.2)	45.1
EBIT from operations	(38.6)	(32.5)	18.8
Financial revenues	0.1	0.2	(50.0)
Financial expenses	(6.9)	(6.4)	7.8
Other expense	(0.1)	0.0	NA
Share in result of joint ventures	(0.5)	(0.8)	(37.5)
Total income	72.9	73.8	(1.2)
Total expenditures	(118.9)	(113.3)	4.9
Profit/(loss) before tax	(46.0)	(39.5)	16.5

Total operating income decreased by 1.1% to HRK 72.8 million (first three months of 2018: 73.6 million) as a result of softer performance of our Croatian operations, driven by the different timing of the Easter holidays. Total operating expenses decreased by 2.2% to HRK 87.9 million (first three months of 2018: 89.9 million) as a result of the implementation of IFRS 16. Under rules of IFRS 16, the Group does not book any longer the rent expense as part of Operational expenses. The treatment now affects Depreciation and Financial expenses. The Group paid HRK 5.8 million of Rent expense, which has not been shown under Operational expenses as it was in 2018. Furthermore, Payroll expenses increased by HRK 3.2 million. As a result of the aforementioned EBITDA from operations loss posted a decrease of 7.4% to HRK 15.1 million negative (first three months 2018: HRK 16.3 million negative). EBIT from operations loss increased by 18.8% to HRK 38.6 million negative (first three months 2018: HRK 32.5 million negative) as a result of the increase in Depreciation which grew by 45.1% to HRK 23.5 million (first three months 2018: HRK 16.2 million). Depreciation grew predominantly due to the implementation of IFRS 16 which affected this item by HRK 5.3 million. The rest of the increase is attributable to capital expenditures undertaken in previous periods. Financial revenues were flat year-on-year and relate to positive foreign exchange differences. Financial expenses increased by 7.8% to HRK 6.9 million (first three months 2018: HRK 6.4 million) and the increase is driven by the interest expense on lease liability in the amount of HRK 1.0 million as a result of the implementation of IFRS 16.

As a result of the foregoing, the consolidated loss before tax grew by 16.5% to HRK 46.0 million negative (first three months of 2018: HRK 39.5 million negative).

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(all amounts in HRK millions)

	31 March 2019 (Unaudited)	31 December 2018 (Audited)	Variance %
Long-term assets	2,239.9	1,934.0	15.8
Short-term assets	768.8	826.8	(7.0)
<b>Total assets</b>	<b>3,008.7</b>	2,760.8	9.0
<b>Total equity</b>	<b>1,611.7</b>	1,648.3	(2.2)
Long-term liabilities and provisions	1,181.6	963.5	22.6
Short-term liabilities	215.4	149.0	44.6
<b>Total liabilities</b>	<b>1,397.0</b>	1,112.5	25.6
<b>Total equity and liabilities</b>	<b>3,008.7</b>	2,760.8	9.0

Long-term assets increased by HRK 305.9 million to HRK 2,239.9 million mostly as a result of first time implementation of IFRS 16. The Group recognized HRK 237.1 million of Right of use assets and a similar amount of Lease liability as of 1 January 2019.

Additionally, the outstanding increase in long-term assets relates to capex during the year as described in detail at the beginning of this report.

Short-term assets decreased by HRK 58.0 million to HRK 768.8 million mostly as a result of a decreased cash position due to investment in capex and negative operational cash generated during the winter period when most of the Group's properties in Croatia are closed.

Long-term liabilities increased by HRK 218.1 million mostly as a result of the implementation of IFRS 16.

Short-term liabilities increased by HRK 66.4 million to HRK 215.4 million primarily due to advances received from guests and increased trade payables.

## COMPANY BUSINESS RESULTS (NON-CONSOLIDATED)

### NON-CONSOLIDATED INCOME STATEMENT

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	Variance %
In HRK millions			
Total operating income	14.6	18.0	(18.9)
Total operating expenses	(45.6)	(46.3)	(1.5)
EBITDA	(31.0)	(28.3)	9.5
Depreciation	(13.9)	(12.5)	11.2
EBIT	(44.9)	(40.8)	10.0
Financial revenues	1.5	1.1	36.4
Financial expenses	(3.9)	(3.1)	25.8
Total income	16.1	19.1	(15.7)
Total expenditures	(63.4)	(61.9)	2.4
Profit/(loss) before tax	(47.3)	(42.8)	10.5

Total operating income decreased by 18.9% to 14.6 million (first three months of 2018: 18.0 million) as a result of the different timing of Easter holidays compared to 2018.

Total operating expenses decreased by 1.5% to 45.6 million. The decrease of total operating expenses was lower than the decrease in total operating income as a significant part of the Company's expenses are fixed and are not affected by the level of activity in the given period. Furthermore, the Company booked some expenses for the purpose of the preparation of the upcoming summer season, the effect of which will be visible on our income side in future reporting periods.

As a result of the aforementioned EBITDA from operations loss posted an increase of 9.5% to HRK 31.0 million negative (first three months 2018: HRK 28.3 million negative). EBIT from operations loss increased by 10.0% to HRK 44.9 million negative (first three months 2018: HRK 40.8 million negative) as a result of the increase in Depreciation which grew by 11.2% to HRK 13.9 million (first three months 2018: HRK 12.5 million). Growth in Depreciation is attributable to capital expenditures undertaken in previous periods. Financial revenues increased by 36.4% to 1.5 million (first three months 2018: HRK 1.1 million) due to positive foreign exchange differences and interest received. Financial expenses increased by 25.8% to HRK 3.9 million (first three months 2018: HRK 3.1 million) due to the increase in the debt position.

As a result of the foregoing, the consolidated loss before tax grew by 10.5% to HRK 47.3 million negative (first three months of 2018: HRK 42.8 million negative).

## NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2019

(all amounts in HRK million)	31 March 2019 (Unaudited)	31 December 2018 (Audited)	Variance %
Long-term assets	1,990.3	1,927.7	3.2
Short-term assets	644.7	696.5	(7.4)
<b>Total assets</b>	<b>2,635.0</b>	2,624.2	0.4
<b>Total equity</b>	<b>1,911.8</b>	1,950.7	(2.0)
Long-term liabilities and provisions	596.6	596.6	0.0
Short-term liabilities	126.6	76.9	64.6
<b>Total liabilities</b>	<b>723.2</b>	673.5	7.4
<b>Total equity and liabilities</b>	<b>2,635.0</b>	2,624.2	0.4

Long-term assets increased by HRK 62.6 million to HRK 1,990.3 million mostly as a result of additional capex during the year as described in detail at the beginning of this report.

Short-term assets decreased by HRK 51.8 million to HRK 644.7 million mostly as a result of a decreased cash position following the customary soft performance during the first three months of the year.

Short-term liabilities increased by HRK 49.7 million to HRK 126.6 million primarily due to increased trade payables and received advances.



PRINCIPAL RISKS OF THE GROUP AND THE COMPANY  
CORPORATE GOVERNANCE REPORT

ARENA

HOSPITALITY GROUP



art'otel



## **PRINCIPAL RISKS OF THE GROUP AND THE COMPANY**

There are no changes to the principal risks as set out in the Company's consolidated financial statements for the year ended 31 December 2018, which may currently affect the Group's performance. The most significant risks relate to factors that are common to the hotel industry and beyond the Group's control.

For a detailed discussion of the risks facing the Group, please refer to pages from 34 to 37 of the Company's 2018 annual report.

## **CORPORATE GOVERNANCE REPORT**

### **CORPORATE GOVERNANCE CODE**

Each year, the Company is obliged to state, in its annual report and on its website, in the required form, whether it complies with the recommendations of a corporate governance code. The Company applies the Corporate Governance Code of the Zagreb Stock Exchange (the **Code**). The Company complies with the recommendations of the Code based on the principle "comply or explain", so if the Company fails to comply with the recommendations of the Code, it must provide reasons for its non-compliance. The Company abides by this principle and, where relevant, provides reasons for non-compliance with the recommendations of the Code. The Company published its annual corporate governance questionnaire for 2018 on ZSE on 28 February 2019.

### **GENERAL ASSEMBLY MEETINGS**

The General Assembly will be held on 30 April 2019, where, the Company's Annual Report for 2018 (consolidated and non-consolidated) will be considered, the decision on the use of the profit realised in 2018, on granting discharge to the Supervisory Board and the Management Board members for their work in 2018, adoption of the decision for the appointment of the Company's auditor for 2019 and on the adoption of the decision on payment of dividend from retained profit realised in 2017.

### **SUPERVISORY BOARD MEETINGS**

The members of the Supervisory Board are: Boris Ernest Ivesha (Chairman), Yoav Arie Papouchado (Vice-Chairman), Kevin Michael McAuliffe, Abraham Thomas, Amra Pende, Lorena Škuflić and Vehbija Mustafić.

The Supervisory Board of the Company held the following meetings (including correspondence voting) in the first three months of the year:

- on 27 February 2019 where the Annual Report of the Company for 2018 was approved and
- on 29 March 2019 whereat a proposal of decision on dividend payment from the retained profit realized in 2017 was adopted.

## SUPERVISORY BOARD COMMITTEES

In the first three months of the year, the Company's Audit Committee held a meeting 27 February 2019 and considered the Financial Statements of the Company for 2018 (consolidated and non-consolidated).

## MANAGEMENT BOARD MEETINGS

The Management Board primarily adopts its decisions in meetings and by correspondence in accordance with the applicable laws and the Company's Articles of Association. The Management Board has regular monthly meetings to review operational activities in the Group.

The most important Management Board meetings were:

- 27 February 2019 where, *inter alia*, the interim report for the fourth quarter of 2018 and the Annual Report of the Company for 2018 (consolidated and non-consolidated) were adopted and
- on 29 March 2019 whereat a proposal of decision on dividend payment was adopted.

## MAJOR SHAREHOLDERS

Following the share capital increase in May 2017, the share capital of the Company is HRK 102,574,420.00 HRK and is divided into 5,128,721 ordinary shares under the ticker ARNT-R-A, each without nominal value.

As at 31 March 2019, 169 shares were held as treasury shares.

Shareholders with holdings of 3% or more of the Company's registered capital as at 31 March 2019 are listed below:

	Percentage holding of Share Capital
1 DVADESET OSAM D.O.O. (a member of the PPHE Hotel Group)	51.97%
2 OTP BANKA D.D./ AZ OMF kategorije B	9.73%
3 ADDIKO BANK d.d. / PBZ CO OMF-kategorije B	9.13%
4 OTP BANKA D.D./ ERSTE PLAVI OMF kategorije B	6.18%
5 PRIVREDNA BANKA ZAGREB D.D./SKRBNIČKI ZBIRNI RAČUN KLIJENTA	3.97%

# ARENA

HOSPITALITY GROUP

## VALUATION

	Q1 2019		
	High	Low	Last
<b>Share price</b>	<b>345.0</b>	<b>324.0</b>	<b>340.0</b>
Market capitalisation <sup>1</sup>	1,769,408,745	1,661,705,604	1,743,765,140
Net debt <sup>2</sup>	202,214,433	202,214,433	202,214,433
EV <sup>3</sup>	1,971,623,178	1,863,920,037	1,945,979,573
<b>EV/EBITDA</b>	<b>9.1x</b>	<b>8.6x</b>	<b>9.0x</b>

<sup>1</sup> Number of shares outstanding as at 31 March 2019 was 5,128,721

<sup>2</sup> Net debt calculated as current and non-current bank borrowings and other non-current loans less cash and cash equivalents

<sup>3</sup> EV represents the enterprise value, calculated as the sum of market capitalisation and net debt

**MANAGEMENT BOARD'S  
RESPONSIBILITY STATEMENT**

---

**ARENA**  
HOSPITALITY GROUP



## MANAGEMENT BOARD'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Article 468, of the Capital Market Act (NN 65/18.), the Company's Management Board makes the following statement:

To the best of our knowledge:

- The short set of non-consolidated unaudited three month financial statements of the Company (the **Financial Statements**) provides a comprehensive and true presentation of assets and liabilities, profit and loss, financial position and operation of the Company; set up in accordance with relevant financial reporting standards;
- The consolidated unaudited three month financial statements (the **Consolidated Financial Statements**) provide a comprehensive overview of assets and liabilities, profit and losses of the Group. The consolidated financial data for the period, reported in line with the approach applied, are contained in the prescribed forms attached to this report;
- The Financial Statements and Consolidated Financial Statements have not been audited; and
- The Management Board's Interim Report for the period from 1 January to 31 March 2019 contains a true presentation of the business results and financial position and operations of the Company and the companies included in the consolidation, with a description of the most significant risks and uncertainties to which the Company and the companies included in the consolidation are exposed as a whole.

Signed by the Management Board: Reuel Israel Gavriel Slonim (President of Management Board), Milena Perković (Member of Management Board & Chief Financial Officer), Manuela Kraljević (Member of Management Board & Marketing and Sales Director) and Devansh Bakshi (Member of Management Board & incoming CFO).

### MANAGEMENT BOARD:

#### President:



Reuel Israel Gavriel Slonim

#### Members:



Milena Perković



Manuela Kraljević



Devansh Bakshi

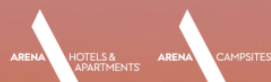
# APPENDIX 1 FINANCIAL STATEMENTS (UNAUDITED)

# ARENA

HOSPITALITY GROUP



artotel



## **APPENDIX 1 FINANCIAL STATEMENTS (UNAUDITED)**

Consolidated balance sheet

Consolidated profit and loss statement

Consolidated cash flow statement

Consolidated statement of changes in equity

Company balance sheet

Company profit and loss statement

Company cash flow statement

Company statement of changes in equity



## Annex 1

## ISSUER'S GENERAL DATA

Reporting period:

1.1.2019

to

31.3.2019

Year:

2019

Quarter:

1.

## Quarterly financial statements

Registration number (MB):

03203263

Issuer's home Member

State code:

HR

Entity's registration  
number (MBS):

040022901

Personal identification  
number (OIB):

47625429199

LEI:

74780000Z0PH7TFW3I85

Institution  
code:

1665

Name of the issuer: **Arena Hospitality Group d.d.**

Postcode and town:

52100

Pula

Street and house number:

Smareglina ulica 3

E-mail address:

uprava@arenahospitalitygroup.com

Web address:

www.arenahospitalitygroup.com

Number of employees  
(end of the reporting

911

Consolidated report:

KD

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Mažurana d.o.o.

Zagreb, Radnička cesta 80

80662589

Ulrika d.o.o.

Zagreb, Radnička cesta 80

80662845

Sugarhill Investments B.V.

Nizozemska, Amesterdam, Claude Debussylaan 14, Vinoly Tower

320830051

Germany Real Estate B.V.

Nizozemska, Amesterdam, Claude Debussylaan 14, Vinoly Tower

67278027

Bookkeeping firm:

No

(Yes/No)

(name of the bookkeeping firm)

Contact person: **Čale Neven**

(only name and surname of the contact person)

Telephone: **052/223-811**E-mail address: **ncale@arenahospitalitygroup.com**

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

**BALANCE SHEET**  
balance as at 31.03.2019

in HRK

Submitter: Arena Hospitality Group d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>	0	0
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	1.934.026.795	2.239.924.792
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	1.369.911	1.379.174
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	812.142	821.405
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	557.769	557.769
6 Other intangible assets	009	0	0
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	1.857.787.639	2.155.321.473
1 Land	011	320.627.860	326.549.615
2 Buildings	012	1.345.848.772	1.334.373.652
3 Plant and equipment	013	131.206.562	126.915.370
4 Tools, working inventory and transportation assets	014	5.660.501	5.438.396
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	10.878.077	15.507.435
7 Tangible assets in preparation	017	34.979.642	102.108.175
8 Other tangible assets	018	8.586.225	244.428.830
9 Investment property	019	0	0
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	50.591.045	50.175.893
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	1.748.203	1.170.093
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	34.179.550	34.327.883
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	14.663.292	14.677.917
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>	24.278.200	33.048.252
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	826.801.299	768.805.386
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	3.222.669	3.019.877
1 Raw materials and consumables	039	2.859.542	2.768.417
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	39.542	41.075
5 Advances for inventories	043	323.585	210.385
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	20.865.629	30.742.717
1 Receivables from undertakings within the group	047	145.140	3.266.020
2 Receivables from companies linked by virtue of participating interests	048	0	473.398
3 Customer receivables	049	13.949.121	15.682.452
4 Receivables from employees and members of the undertaking	050	0	0
5 Receivables from government and other institutions	051	1.103.950	7.620.523
6 Other receivables	052	5.667.418	3.700.324
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	198.775	198.775
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	198.775	198.775
8 Loans, deposits, etc. given	061	0	0
9 Other financial assets	062	0	0
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	802.514.226	734.844.017
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	0	0
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	2.760.828.094	3.008.730.178
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	0	0

<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to</b>	<b>067</b>	<b>1.648.303.761</b>	<b>1.611.738.548</b>
I INITIAL (SUBSCRIBED) CAPITAL	068	102.574.420	102.574.420
II CAPITAL RESERVES	069	1.142.738.633	1.142.738.633
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	328.617.643	333.226.445
1 Legal reserves	071	5.128.721	5.128.721
2 Reserves for treasury shares	072	3.380	3.380
3 Treasury shares and holdings (deductible item)	073	-3.380	-3.380
4 Statutory reserves	074	0	0
5 Other reserves	075	323.488.922	328.097.724
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	-5.371.416	-7.947.033
1 Fair value of financial assets available for sale	078	105.120	105.120
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	-5.476.536	-8.052.153
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	-8.922.546	79.744.481
1 Retained profit	082	0	79.744.481
2 Loss brought forward	083	8.922.546	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	88.667.027	-38.598.398
1 Profit for the business year	085	88.667.027	0
2 Loss for the business year	086	0	38.598.398
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
<b>B) PROVISIONS (ADP 089 to 094)</b>	<b>088</b>	<b>69.395.643</b>	<b>71.069.066</b>
1 Provisions for pensions, termination benefits and similar obligations	089	1.576.054	1.576.320
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	30.443.836	32.262.742
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	37.375.753	37.230.004
<b>C) LONG-TERM LIABILITIES (ADP 096 to 106)</b>	<b>095</b>	<b>894.087.998</b>	<b>1.110.537.615</b>
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0
3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	0	0
6 Liabilities to banks and other financial institutions	101	891.590.309	1.105.516.216
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	2.497.689	5.021.399
11 Deferred tax liability	106	0	0
<b>D) SHORT-TERM LIABILITIES (ADP 108 to 121)</b>	<b>107</b>	<b>149.040.692</b>	<b>215.384.949</b>
1 Liabilities to undertakings within the group	108	12.089.598	10.214.009
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	0
3 Liabilities to companies linked by virtue of participating interests	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	0	0
6 Liabilities to banks and other financial institutions	113	46.178.883	69.227.691
7 Liabilities for advance payments	114	15.253.106	34.251.380
8 Liabilities to suppliers	115	19.943.233	64.487.677
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	16.107.935	10.890.043
11 Taxes, contributions and similar liabilities	118	16.796.473	8.340.126
12 Liabilities arising from the share in the result	119	0	0
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	22.671.464	17.974.023
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>122</b>	<b>0</b>	<b>0</b>
<b>F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)</b>	<b>123</b>	<b>2.760.828.094</b>	<b>3.008.730.178</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>124</b>	<b>0</b>	<b>0</b>

**STATEMENT OF PROFIT OR LOSS**  
for the period 01.01.2019 to 31.03.2019

in HRK

Submitter: Arena Hospitality Group d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I OPERATING INCOME (ADP 126 to 130)</b>	<b>125</b>	<b>73.613.287</b>	<b>73.613.287</b>	<b>72.751.203</b>	<b>72.751.203</b>
1 Income from sales with undertakings within the group	126	0	0	0	0
2 Income from sales (outside group)	127	72.847.427	72.847.427	72.383.531	72.383.531
3 Income from the use of own products, goods and services	128	0	0	0	0
4 Other operating income with undertakings within the group	129	0	0	0	0
5 Other operating income (outside the group)	130	765.860	765.860	367.672	367.672
<b>II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)</b>	<b>131</b>	<b>106.362.287</b>	<b>106.362.287</b>	<b>111.712.897</b>	<b>111.712.897</b>
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	38.261.422	38.261.422	32.807.809	32.807.809
a) Costs of raw materials and consumables	134	16.945.360	16.945.360	16.199.209	16.199.209
b) Costs of goods sold	135	0	0	0	0
c) Other external costs	136	21.316.062	21.316.062	16.608.600	16.608.600
3 Staff costs (ADP 138 to 140)	137	40.142.284	40.142.284	43.355.526	43.355.526
a) Net salaries and wages	138	24.070.806	24.070.806	27.015.459	27.015.459
b) Tax and contributions from salary costs	139	10.505.278	10.505.278	10.950.163	10.950.163
c) Contributions on salaries	140	5.566.200	5.566.200	5.389.904	5.389.904
4 Depreciation	141	16.216.995	16.216.995	23.533.905	23.533.905
5 Other costs	142	0	0	0	0
6 Value adjustments (ADP 144+145)	143	0	0	0	0
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	0	0	0	0
7 Provisions (ADP 147 to 152)	146	0	0	242.853	242.853
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	0	0
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	0	0	242.853	242.853
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8 Other operating expenses	153	11.741.586	11.741.586	11.772.804	11.772.804
<b>III FINANCIAL INCOME (ADP 155 to 164)</b>	<b>154</b>	<b>439.348</b>	<b>439.348</b>	<b>123.161</b>	<b>123.161</b>
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operations with undertakings within the group	158	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	0	0	113.867	113.867
8 Exchange rate differences and other financial income	162	439.348	439.348	9.294	9.294
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	0	0	0	0
<b>IV FINANCIAL EXPENSES (ADP 166 to 172)</b>	<b>165</b>	<b>6.429.483</b>	<b>6.429.483</b>	<b>6.642.607</b>	<b>6.642.607</b>
1 Interest expenses and similar expenses with undertakings within the group	166	120.697	120.697	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0	0	0
3 Interest expenses and similar expenses	168	6.308.786	6.308.786	6.590.810	6.590.810
4 Exchange rate differences and other expenses	169	0	0	0	0
5 Unrealised losses (expenses) from financial assets	170	0	0	0	0
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	0	0	51.797	51.797
<b>V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS</b>	<b>173</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>175</b>	<b>820.597</b>	<b>820.597</b>	<b>525.307</b>	<b>525.307</b>
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>176</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IX TOTAL INCOME (ADP 125+154+173 + 174)</b>	<b>177</b>	<b>74.052.635</b>	<b>74.052.635</b>	<b>72.874.364</b>	<b>72.874.364</b>
<b>X TOTAL EXPENDITURE (ADP 131+165+175 + 176)</b>	<b>178</b>	<b>113.612.367</b>	<b>113.612.367</b>	<b>118.880.811</b>	<b>118.880.811</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 177-178)</b>	<b>179</b>	<b>-39.559.732</b>	<b>-39.559.732</b>	<b>-46.006.447</b>	<b>-46.006.447</b>
1 Pre-tax profit (ADP 177-178)	180	0	0	0	0
2 Pre-tax loss (ADP 178-177)	181	-39.559.732	-39.559.732	-46.006.447	-46.006.447
<b>XII INCOME TAX</b>	<b>182</b>	<b>-5.535.941</b>	<b>-5.535.941</b>	<b>-7.408.049</b>	<b>-7.408.049</b>
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>	<b>183</b>	<b>-34.023.791</b>	<b>-34.023.791</b>	<b>-38.598.398</b>	<b>-38.598.398</b>
1 Profit for the period (ADP 179-182)	184	0	0	0	0
2 Loss for the period (ADP 182-179)	185	-34.023.791	-34.023.791	-38.598.398	-38.598.398

<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)</b>	<b>186</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
<b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>189</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0	0	0
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)</b>	<b>192</b>				
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
<b>XVII INCOME TAX (ADP 182+189)</b>	<b>195</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Profit for the period (ADP 192-195)	197	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	0	0	0
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)</b>	<b>199</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Attributable to owners of the parent	200	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	0	0	0	0
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I PROFIT OR LOSS FOR THE PERIOD</b>	<b>202</b>	<b>-34.023.791</b>	<b>-34.023.791</b>	<b>-38.598.398</b>	<b>-38.598.398</b>
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)</b>	<b>203</b>	<b>-2.460.533</b>	<b>-2.460.533</b>	<b>-2.338.631</b>	<b>-2.338.631</b>
1 Exchange rate differences from translation of foreign operations	204	-2.176.757	-2.176.757	236.986	236.986
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	0
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	-283.776	-283.776	-2.575.617	-2.575.617
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0
<b>III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>212</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)</b>	<b>213</b>	<b>-2.460.533</b>	<b>-2.460.533</b>	<b>-2.338.631</b>	<b>-2.338.631</b>
<b>V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)</b>	<b>214</b>	<b>-36.484.324</b>	<b>-36.484.324</b>	<b>-40.937.029</b>	<b>-40.937.029</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)</b>	<b>215</b>	<b>-36.484.324</b>	<b>-36.484.324</b>	<b>-40.937.029</b>	<b>-40.937.029</b>
1 Attributable to owners of the parent	216	-36.484.324	-36.484.324	-40.937.029	-40.937.029
2 Attributable to minority (non-controlling) interest	217	0	0	0	0

**STATEMENT OF CASH FLOWS - indirect method**  
for the period 01.01.2019 . to 31.03.2019.

in HRK

Submitter: Arena Hospitality Group d.d.				
Item	ADP code	Same period of the previous year	Current period	
1	2	3	4	
<b>Cash flow from operating activities</b>				
1 Pre-tax profit	001	-39.559.732	-46.006.447	
2 Adjustments (ADP 003 to 010):	002	24.954.360	33.304.422	
a) Depreciation	003	16.216.995	23.533.905	
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	248.609	
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0	
d) Interest and dividend income	006	-192.743	-113.814	
e) Interest expenses	007	6.702.103	6.884.077	
f) Provisions	008	1.605.092	1.674.803	
g) Exchange rate differences (unrealised)	009	-197.684	551.535	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	820.597	525.307	
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>-14.605.372</b>	<b>-12.702.025</b>	
3 Changes in the working capital (ADP 013 to 016)	012	9.256.110	5.692.071	
a) Increase or decrease in short-term liabilities	013	38.396.348	10.090.824	
b) Increase or decrease in short-term receivables	014	-30.425.961	-5.883.610	
c) Increase or decrease in inventories	015	1.285.723	1.484.857	
d) Other increase or decrease in working capital	016	0	0	
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>-5.349.262</b>	<b>-7.009.954</b>	
4 Interest paid	018	-2.927.673	-8.924.360	
5 Income tax paid	019	-579.488	-6.471.350	
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>-8.856.423</b>	<b>-22.405.664</b>	
<b>Cash flow from investment activities</b>				
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0	
2 Cash receipts from sales of financial instruments	022	0	0	
3 Interest received	023	1.828	0	
4 Dividends received	024	0	0	
5 Cash receipts from repayment of loans and deposits	025	0	0	
6 Other cash receipts from investment activities	026	0	4.371.818	
<b>III Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>1.828</b>	<b>4.371.818</b>	
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-33.279.492	-39.361.846	
2 Cash payments for the acquisition of financial instruments	029	0	0	
3 Cash payments for loans and deposits for the period	030	0	0	
4 Acquisition of a subsidiary, net of cash acquired	031	0	0	
5 Other cash payments from investment activities	032	0	0	
<b>IV Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-33.279.492</b>	<b>-39.361.846</b>	
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>-33.277.664</b>	<b>-34.990.028</b>	
<b>Cash flow from financing activities</b>				
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0	
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0	
3 Cash receipts from credit principals, loans and other borrowings	037	31.401.440	0	
4 Other cash receipts from financing activities	038	0	0	
<b>V Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>31.401.440</b>	<b>0</b>	
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-1.014.369	-5.663.202	
2 Cash payments for dividends	041	0	0	
3 Cash payments for finance lease	042	0	-4.735.972	
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	0	
5 Other cash payments from financing activities	044	0	0	
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-1.014.369</b>	<b>-10.399.174</b>	
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	<b>30.387.071</b>	<b>-10.399.174</b>	
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	-5.089.819	124.657	
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>-16.836.835</b>	<b>-67.670.209</b>	
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	<b>800.100.724</b>	<b>802.514.226</b>	
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)</b>	<b>050</b>	<b>783.263.889</b>	<b>734.844.017</b>	

**STATEMENT OF CHANGES IN EQUITY**  
for the period from **1.1.2019** to **31.3.2019**

in HRK

Item	ADP code	Attributable to owners of the parent														Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)
<b>Previous period</b>																	
1 Balance on the first day of the previous business year	01	102.574.420	1.142.738.633	2.182.500	3.380	3.380	0	327.442.693	0	111.690	0	-3.317.205	-94.058.950	88.082.625	1.565.756.406	0	1.565.756.406
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	102.574.420	1.142.738.633	2.182.500	3.380	3.380	0	327.442.693	0	111.690	0	-3.317.205	-94.058.950	88.082.625	1.565.756.406	0	1.565.756.406
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	88.667.027	88.667.027	0	88.667.027
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	-2.842.825	0	0	0	0	0	0	-2.842.825	0	-2.842.825
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	08	0	0	0	0	0	0	0	0	-6.570	0	0	0	0	-6.570	0	-6.570
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	-2.159.331	0	0	-2.159.331	0	-2.159.331
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	-906.919	0	0	0	0	0	0	-906.919	0	-906.919
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	-204.027	0	0	0	0	0	0	-204.027	0	-204.027
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Transfer to reserves according to the annual schedule	21	0	0	2.946.221	0	0	0	0	0	0	0	0	85.136.404	-88.082.625	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the previous business year reporting period (04 to 22)	23	102.574.420	1.142.738.633	5.128.721	3.380	3.380	0	323.488.922	0	105.120	0	-5.476.536	-8.922.546	88.667.027	1.648.303.761	0	1.648.303.761
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																	
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	-3.953.771	0	-6.570	0	-2.159.331	0	0	-6.119.672	0	-6.119.672
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	-3.953.771	0	-6.570	0	-2.159.331	0	88.667.027	82.547.355	0	82.547.355
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	2.946.221	0	0	0	0	0	0	0	0	85.136.404	-88.082.625	0	0	0

<b>Current period</b>																	
<b>1 Balance on the first day of the current business year</b>	<b>27</b>	102.574.420	1.142.738.633	5.128.721	3.380	3.380	0	323.488.922	0	105.120	0	-5.476.536	-8.922.546	88.667.027	1.648.303.761	0	1.648.303.761
2 Changes in accounting policies	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>4 Balance on the first day of the current business year (restated) (ADP 27 to 29)</b>	<b>30</b>	<b>102.574.420</b>	<b>1.142.738.633</b>	<b>5.128.721</b>	<b>3.380</b>	<b>3.380</b>	<b>0</b>	<b>323.488.922</b>	<b>0</b>	<b>105.120</b>	<b>0</b>	<b>-5.476.536</b>	<b>-8.922.546</b>	<b>88.667.027</b>	<b>1.648.303.761</b>	<b>0</b>	<b>1.648.303.761</b>
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	236.986	0	0	0	0	0	-38.598.398	-38.598.398	236.986	-38.598.398
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	-2.575.617	0	0	-2.575.617	0	-2.575.617
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	4.371.816	0	0	0	0	0	0	4.371.816	0	4.371.816
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payment of share in profit/dividend	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Transfer to reserves according to the annual schedule	47	0	0	0	0	0	0	0	0	0	0	0	88.667.027	-88.667.027	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>23 Balance on the last day of the current business year reporting period (ADP 30 to 48)</b>	<b>49</b>	<b>102.574.420</b>	<b>1.142.738.633</b>	<b>5.128.721</b>	<b>3.380</b>	<b>3.380</b>	<b>0</b>	<b>328.097.724</b>	<b>0</b>	<b>105.120</b>	<b>0</b>	<b>-8.052.153</b>	<b>79.744.481</b>	<b>-38.598.398</b>	<b>1.611.738.548</b>	<b>0</b>	<b>1.611.738.548</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																	
<b>I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)</b>	<b>50</b>	0	0	0	0	0	0	4.608.802	0	0	0	-2.575.617	0	0	2.033.185	0	2.033.185
<b>II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)</b>	<b>51</b>	0	0	0	0	0	0	4.608.802	0	0	0	-2.575.617	0	-38.598.398	-36.565.213	0	-36.565.213
<b>III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)</b>	<b>52</b>	0	0	0	0	0	0	0	0	0	0	0	88.667.027	-88.667.027	0	0	0



NOTES TO FINANCIAL STATEMENTS - TFI  
(drawn up for quarterly reporting periods)

Name of the issuer: Arena Hospitality Group d.d.  
Personal identification number (OIB): 47625429199  
Reporting period: 1 January - 31 March 2019

The Group adopted for the first time IFRS 16 during the year. New Standard become effective from 1 January 2019. The comparative information has not been adjusted, and it is prepared based on the accounting policies for leases that the Group had applied under IAS 17.

Application of IFRS 16 resulted in recognition of assets on 1 January 2019 (Right-of-use assets) in amount of HRK 242.395.502. Long term lease liabilities had increased for same amount. In period ended 31 March the Group recognized amount of HRK 5.272.763 depreciation expenses of assets recognized according to IFRS 16 and amount of HRK 1.005.147 of Interests expense on lease liability.

The amount of cash outflow which decreased lease liability stated in Cash flow statement on ADP 042 - Cash payments for finance lease amounted to HRK 4.735.972.

Due to application of IFRS 16 the Group reported less Operating expenses (rent expense) which were shown in comparative information on ADP 136 - c) Other external costs.

Net book value of Right-of-use assets stated in the Balance sheet on ADP 018 - Other tangible assets were HRK 237.122.739. Long term liabilities (stated on ADP 101 - Liabilities to banks and other financial institutions as of balance sheet date were HRK 218.610.086, while short term liability (stated on ADP 113 - Liabilities to banks and other financial institutions as of balance sheet date were HRK 19.075.372.

**Annex 1**

**ISSUER'S GENERAL DATA**

Reporting period:  to

Year:

Quarter:

**Quarterly financial statements**

Registration number (MB):  Issuer's home Member State code:

Entity's registration number (MBS):

Personal identification number (OIB):  LEI:

Institution code:

Name of the issuer:

Postcode and town:

Street and house number:

E-mail address:

Web address:

Number of employees (end of the reporting):

Consolidated report:  (KN-not consolidated/KD-consolidated)

Audited:  (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): \_\_\_\_\_ Registered office: \_\_\_\_\_ MB: \_\_\_\_\_


Bookkeeping firm:  (Yes/No)  (name of the bookkeeping firm)

Contact person:  (only name and surname of the contact person)

Telephone:

E-mail address:

Audit firm: \_\_\_\_\_ (name of the audit firm)

Certified auditor: \_\_\_\_\_ (name and surname)

**BALANCE SHEET**  
balance as at 31.03.2019

in HRK

Submitter: Arena Hospitality Group d.d.

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>	0	0
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	1.927.723.396	1.990.323.765
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	1.369.414	1.378.673
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	811.645	820.904
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	557.769	557.769
6 Other intangible assets	009	0	0
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	1.211.189.629	1.274.055.960
1 Land	011	223.836.997	229.661.012
2 Buildings	012	854.101.285	844.030.418
3 Plant and equipment	013	73.543.059	70.400.993
4 Tools, working inventory and transportation assets	014	5.660.501	5.438.396
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	10.878.077	15.507.435
7 Tangible assets in preparation	017	34.583.484	101.711.618
8 Other tangible assets	018	8.586.226	7.306.088
9 Investment property	019	0	0
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	691.677.906	682.912.233
1 Investments in holdings (shares) of undertakings within the group	021	528.552.622	524.180.803
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	151.521.392	147.063.010
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	11.603.892	11.615.420
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	53.000
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>	23.486.447	31.976.899
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	696.534.505	644.703.697
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	2.055.030	2.117.268
1 Raw materials and consumables	039	1.691.903	1.865.808
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	39.542	41.075
5 Advances for inventories	043	323.585	210.385
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	11.895.993	18.127.458
1 Receivables from undertakings within the group	047	3.919.114	5.357.211
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	5.537.874	6.633.799
4 Receivables from employees and members of the undertaking	050	95.954	75.257
5 Receivables from government and other institutions	051	524.327	6.061.191
6 Other receivables	052	1.818.724	0
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	198.775	773.175
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	198.775	198.775
8 Loans, deposits, etc. given	061	0	574.400
9 Other financial assets	062	0	0
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	682.384.707	623.685.796
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	0	0
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	2.624.257.901	2.635.027.462
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	0	0

<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to</b>	<b>067</b>	<b>1.950.663.284</b>	<b>1.911.806.702</b>
I INITIAL (SUBSCRIBED) CAPITAL	068	102.574.420	102.574.420
II CAPITAL RESERVES	069	1.142.738.633	1.142.738.633
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	572.817.249	572.817.249
1 Legal reserves	071	5.128.721	5.128.721
2 Reserves for treasury shares	072	3.380	3.380
3 Treasury shares and holdings (deductible item)	073	-3.380	-3.380
4 Statutory reserves	074	0	0
5 Other reserves	075	567.688.528	567.688.528
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	105.120	105.120
1 Fair value of financial assets available for sale	078	105.120	105.120
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	65.877.455	132.427.862
1 Retained profit	082	65.877.455	132.427.862
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	66.550.407	-38.856.582
1 Profit for the business year	085	66.550.407	0
2 Loss for the business year	086	0	38.856.582
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
<b>B) PROVISIONS (ADP 089 to 094)</b>	<b>088</b>	<b>69.393.988</b>	<b>71.068.792</b>
1 Provisions for pensions, termination benefits and similar obligations	089	1.576.054	1.576.054
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	32.019.890	0
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	35.798.044	69.492.738
<b>C) LONG-TERM LIABILITIES (ADP 096 to 106)</b>	<b>095</b>	<b>527.207.950</b>	<b>525.512.290</b>
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0
3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	0	0
6 Liabilities to banks and other financial institutions	101	527.207.950	525.512.290
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	0	0
11 Deferred tax liability	106	0	0
<b>D) SHORT-TERM LIABILITIES (ADP 108 to 121)</b>	<b>107</b>	<b>76.992.679</b>	<b>126.639.678</b>
1 Liabilities to undertakings within the group	108	4.669.615	1.372.665
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	0
3 Liabilities to companies linked by virtue of participating interests	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	0	0
6 Liabilities to banks and other financial institutions	113	38.340.412	35.251.501
7 Liabilities for advance payments	114	4.198.773	21.253.470
8 Liabilities to suppliers	115	5.833.751	50.072.896
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	12.756.938	9.349.321
11 Taxes, contributions and similar liabilities	118	6.967.141	3.571.586
12 Liabilities arising from the share in the result	119	0	0
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	4.226.049	5.768.239
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>122</b>	<b>0</b>	<b>0</b>
<b>F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)</b>	<b>123</b>	<b>2.624.257.901</b>	<b>2.635.027.462</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>124</b>	<b>0</b>	<b>0</b>

**STATEMENT OF PROFIT OR LOSS**  
for the period 01.01.2019 to 31.03.2019

in HRK

Submitter: Arena Hospitality Group d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I OPERATING INCOME (ADP 126 to 130)</b>	<b>125</b>	<b>17.981.418</b>	<b>17.981.418</b>	<b>14.644.991</b>	<b>14.644.992</b>
1 Income from sales with undertakings within the group	126	1.784.617	1.784.617	1.722.730	1.722.730
2 Income from sales (outside group)	127	15.630.019	15.630.019	12.744.924	12.744.925
3 Income from the use of own products, goods and services	128	0	0	0	0
4 Other operating income with undertakings within the group	129	0	0	0	0
5 Other operating income (outside the group)	130	566.782	566.782	177.337	177.337
<b>II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)</b>	<b>131</b>	<b>59.028.770</b>	<b>59.028.770</b>	<b>59.790.453</b>	<b>59.790.454</b>
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	16.376.175	16.376.175	16.502.893	16.502.893
a) Costs of raw materials and consumables	134	8.139.405	8.139.405	8.009.621	8.009.621
b) Costs of goods sold	135	0	0	2.600	2.600
c) Other external costs	136	8.236.770	8.236.770	8.490.672	8.490.672
3 Staff costs (ADP 138 to 140)	137	23.862.445	23.862.445	23.647.179	23.647.179
a) Net salaries and wages	138	14.723.593	14.723.593	15.014.748	15.014.748
b) Tax and contributions from salary costs	139	6.120.908	6.120.908	5.897.764	5.897.764
c) Contributions on salaries	140	3.017.944	3.017.944	2.734.667	2.734.667
4 Depreciation	141	12.364.380	12.364.380	13.863.056	13.863.056
5 Other costs	142	0	0	0	0
6 Value adjustments (ADP 144+145)	143	0	0	0	0
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	0	0	0	0
7 Provisions (ADP 147 to 152)	146	258.493	258.493	242.853	242.853
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	0	0
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	258.493	258.493	242.853	242.853
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8 Other operating expenses	153	6.167.277	6.167.277	5.534.472	5.534.473
<b>III FINANCIAL INCOME (ADP 155 to 164)</b>	<b>154</b>	<b>1.327.695</b>	<b>1.327.695</b>	<b>1.455.216</b>	<b>1.455.216</b>
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operations with undertakings within the group	158	1.124.674	1.124.674	1.455.216	1.455.216
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	2.200	2.200	0	0
8 Exchange rate differences and other financial income	162	200.821	200.821	0	0
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	0	0	0	0
<b>IV FINANCIAL EXPENSES (ADP 166 to 172)</b>	<b>165</b>	<b>3.010.150</b>	<b>3.010.150</b>	<b>3.656.788</b>	<b>3.656.788</b>
1 Interest expenses and similar expenses with undertakings within the group	166	14.293	14.293	6.757	6.757
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0	0	0
3 Interest expenses and similar expenses	168	2.993.692	2.993.692	3.383.808	3.383.808
4 Exchange rate differences and other expenses	169	0	0	0	0
5 Unrealised losses (expenses) from financial assets	170	0	0	0	0
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	2.165	2.165	266.223	266.223
<b>V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS</b>	<b>173</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>175</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>176</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IX TOTAL INCOME (ADP 125+154+173 + 174)</b>	<b>177</b>	<b>19.309.113</b>	<b>19.309.113</b>	<b>16.100.207</b>	<b>16.100.208</b>
<b>X TOTAL EXPENDITURE (ADP 131+165+175 + 176)</b>	<b>178</b>	<b>62.038.920</b>	<b>62.038.920</b>	<b>63.447.241</b>	<b>63.447.242</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 177-178)</b>	<b>179</b>	<b>-42.729.807</b>	<b>-42.729.807</b>	<b>-47.347.034</b>	<b>-47.347.034</b>
1 Pre-tax profit (ADP 177-178)	180	0	0	0	0
2 Pre-tax loss (ADP 178-177)	181	-42.729.807	-42.729.807	-47.347.034	-47.347.034
<b>XII INCOME TAX</b>	<b>182</b>	<b>-7.667.135</b>	<b>-7.667.135</b>	<b>-8.490.452</b>	<b>-8.490.452</b>
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>	<b>183</b>	<b>-35.062.672</b>	<b>-35.062.672</b>	<b>-38.856.582</b>	<b>-38.856.582</b>
1 Profit for the period (ADP 179-182)	184	0	0	0	0
2 Loss for the period (ADP 182-179)	185	-35.062.672	-35.062.672	-38.856.582	-38.856.582

<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)</b>	<b>186</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
<b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>189</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0	0	0
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)</b>	<b>192</b>				
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
<b>XVII INCOME TAX (ADP 182+189)</b>	<b>195</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Profit for the period (ADP 192-195)	197	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	0	0	0
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)</b>	<b>199</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Attributable to owners of the parent	200	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	0	0	0	0
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I PROFIT OR LOSS FOR THE PERIOD</b>	<b>202</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)</b>	<b>203</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Exchange rate differences from translation of foreign operations	204	0	0	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	0
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0
<b>III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>212</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)</b>	<b>213</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)</b>	<b>214</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)</b>	<b>215</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Attributable to owners of the parent	216	0	0	0	0
2 Attributable to minority (non-controlling) interest	217	0	0	0	0

**STATEMENT OF CASH FLOWS - indirect method**  
for the period 01.01.2019 . to 31.03.2019.

in HRK

Submitter: Arena Hospitality Group d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>Cash flow from operating activities</b>			
1 Pre-tax profit	001	-42.729.807	-47.347.034
2 Adjustments (ADP 003 to 010):	002	11.754.247	18.476.728
a) Depreciation	003	12.364.380	13.863.056
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	121.725	63.192
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-1.124.674	-1.455.216
e) Interest expenses	007	3.266.478	3.633.417
f) Provisions	008	1.605.092	1.674.803
g) Exchange rate differences (unrealised)	009	-4.478.754	697.476
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>-30.975.560</b>	<b>-28.870.306</b>
3 Changes in the working capital (ADP 013 to 016)	012	14.876.118	9.500.153
a) Increase or decrease in short-term liabilities	013	21.635.121	11.829.897
b) Increase or decrease in short-term receivables	014	-7.127.247	-3.747.641
c) Increase or decrease in inventories	015	368.244	1.417.897
d) Other increase or decrease in working capital	016	0	0
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>-16.099.442</b>	<b>-19.370.153</b>
4 Interest paid	018	-275.239	-6.133.246
5 Income tax paid	019	0	-3.134.198
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES(ADP 017 to 019)</b>	<b>020</b>	<b>-16.374.681</b>	<b>-28.637.597</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	4.349.481	3.136.096
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	2.631.569
6 Other cash receipts from investment activities	026	0	4.371.818
<b>III Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>4.349.481</b>	<b>10.139.483</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-30.960.760	-37.921.622
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	-53.000
<b>IV Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-30.960.760</b>	<b>-37.974.622</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>-26.611.279</b>	<b>-27.835.139</b>
<b>Cash flow from financing activities</b>			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	0	0
4 Other cash receipts from financing activities	038	0	0
<b>V Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>0</b>	<b>0</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	0	-2.226.175
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	0	0
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>0</b>	<b>-2.226.175</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES(ADP 039 +045)</b>	<b>046</b>	<b>0</b>	<b>-2.226.175</b>
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>-42.985.960</b>	<b>-58.698.911</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	<b>716.410.907</b>	<b>682.384.707</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)</b>	<b>050</b>	<b>673.424.947</b>	<b>623.685.796</b>

**STATEMENT OF CHANGES IN EQUITY**  
for the period from **1.1.2019** to **31.3.2019**

in HRK

Item	ADP code	Attributable to owners of the parent														Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)
<b>Previous period</b>																	
1 Balance on the first day of the previous business year	01	102.574.420	1.142.738.633	2.182.500	3.380	3.380	0	568.595.447	0	111.690	0	0	0	68.823.676	1.885.026.366	0	1.885.026.366
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	102.574.420	1.142.738.633	2.182.500	3.380	3.380	0	568.595.447	0	111.690	0	0	0	68.823.676	1.885.026.366	0	1.885.026.366
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	08	0	0	0	0	0	0	0	0	-6.570	0	0	0	0	-6.570	0	-6.570
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	-906.919	0	0	0	0	0	0	-906.919	0	-906.919
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Transfer to reserves according to the annual schedule	21	0	0	2.946.221	0	0	0	0	0	0	0	0	65.877.455	-68.823.676	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the previous business year reporting period (04 to 22)	23	102.574.420	1.142.738.633	5.128.721	3.380	3.380	0	567.688.528	0	105.120	0	0	65.877.455	0	1.884.112.877	0	1.884.112.877
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																	
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	-906.919	0	-6.570	0	0	0	0	-913.489	0	-913.489
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	-906.919	0	-6.570	0	0	0	0	-913.489	0	-913.489
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	2.946.221	0	0	0	0	0	0	0	0	65.877.455	-68.823.676	0	0	0



<b>Current period</b>																	
<b>1 Balance on the first day of the current business year</b>	<b>27</b>	102.574.420	1.142.738.633	5.128.721	3.380	3.380	0	567.688.528	0	105.120	0	0	65.877.455	66.550.407	1.950.663.284	0	1.950.663.284
2 Changes in accounting policies	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>4 Balance on the first day of the current business year (restated) (ADP 27 to 29)</b>	<b>30</b>	<b>102.574.420</b>	<b>1.142.738.633</b>	<b>5.128.721</b>	<b>3.380</b>	<b>3.380</b>	<b>0</b>	<b>567.688.528</b>	<b>0</b>	<b>105.120</b>	<b>0</b>	<b>0</b>	<b>65.877.455</b>	<b>66.550.407</b>	<b>1.950.663.284</b>	<b>0</b>	<b>1.950.663.284</b>
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	-38.856.582	-38.856.582	0	-38.856.582
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payment of share in profit/dividend	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Transfer to reserves according to the annual schedule	47	0	0	0	0	0	0	0	0	0	0	0	66.550.407	-66.550.407	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>23 Balance on the last day of the current business year reporting period (ADP 30 to 48)</b>	<b>49</b>	<b>102.574.420</b>	<b>1.142.738.633</b>	<b>5.128.721</b>	<b>3.380</b>	<b>3.380</b>	<b>0</b>	<b>567.688.528</b>	<b>0</b>	<b>105.120</b>	<b>0</b>	<b>0</b>	<b>132.427.862</b>	<b>-38.856.582</b>	<b>1.911.806.702</b>	<b>0</b>	<b>1.911.806.702</b>
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																	
<b>I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)</b>	<b>50</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)</b>	<b>51</b>	0	0	0	0	0	0	0	0	0	0	0	0	-38.856.582	-38.856.582	0	-38.856.582
<b>III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)</b>	<b>52</b>	0	0	0	0	0	0	0	0	0	0	0	66.550.407	-66.550.407	0	0	0

NOTES TO FINANCIAL STATEMENTS - TFI  
(drawn up for quarterly reporting periods)

Name of the issuer: Arena Hospitality Group d.d.

Personal identification number (OIB): 47625429199

Reporting period: 1 January - 31 March 2019

Notes to financial statements for quarterly periods include:

- a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly reporting period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the quarterly reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes
- d) a description of the financial performance in the case of the issuer whose business is seasonal.