



SUNCE HOTELI d.d.

Trpinjska 9
10000 Zagreb, Croatia

Sunce hoteli d.d.

Financial Results

for the period January – September 2020

consolidated (unaudited)

Zagreb, 30th October 2020

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1. GENERAL INFORMATION

Name

The Company name is SUNCE HOTELI d.d. za turizam i ugostiteljstvo, turistička agencija company registration number (MBS): 080502040, personal identification number (OIB): 06916431329. The Company`s short name is SUNCE HOTELI d.d.

Registered office and legal form

SUNCE HOTELI d.d is joint stock company with registered office in Zagreb, Trpinjska 9, Republic of Croatia, telephone number: + 385 1 3844 044.

Share capital and company shares

The Company`s share capital as of 30th of September 2020 amounts to HRK 595.458.500,00 and is divided into 5.954.585 ordinary registered shares, each in the nominal amount of HRK 100,0. The Company`s shares are recorded in a book-entry form in the accounts of book-entry securities in the computer system of the Central Depository and Clearing Company Inc. in accordance with special regulations under the ticker SUKC-R-A and ISIN HRSUKCRA0001. The number of treasury shares as of 30th of September 2020 is 1.163.

Members of Management Board:

- Hrvoje Veselko, President of the Management Board
- Kristijan Gagulić, Member of the Management Board
- Ivan Potkrajčić, Member of the Management Board

Supervisory Board:

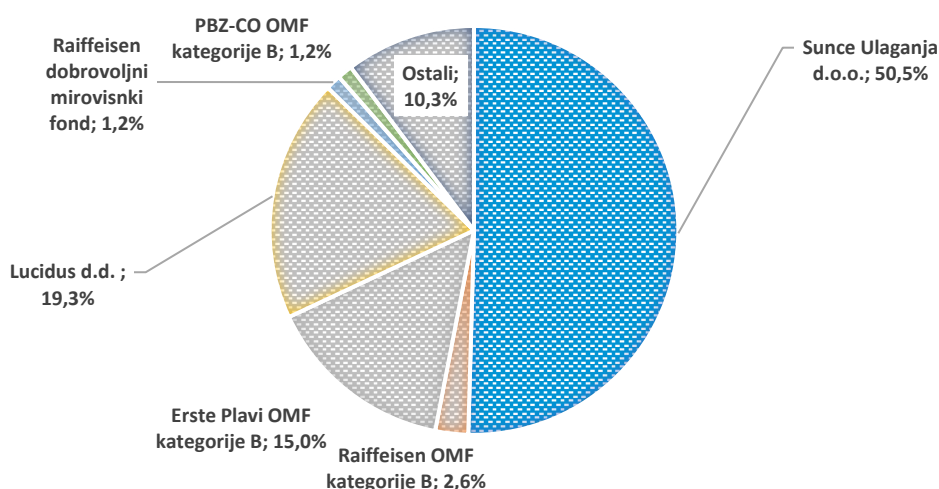
- Jako Andabak, Chairman of the Supervisory Board
- Sanja Gagulić, Deputy Chairman of the Supervisory Board
- Ružica Andabak, Member of the Supervisory Board
- Ana Volk, Member of the Supervisory Board
- Ratomir Ivičić, Member of the Supervisory Bord

Audit Committee:

- Ivan Augustin, President of the Audit Committee
- Sanja Gagulić, Member of the Audit Committee
- Ružica Andabak, Member of the Audit Committee

2. ORGANIZATIONAL AND SHAREHOLDER STRUCTURE

Major Shareholders of the Group (30th of September 2020):



Source: Central Depository & Clearing Company Inc

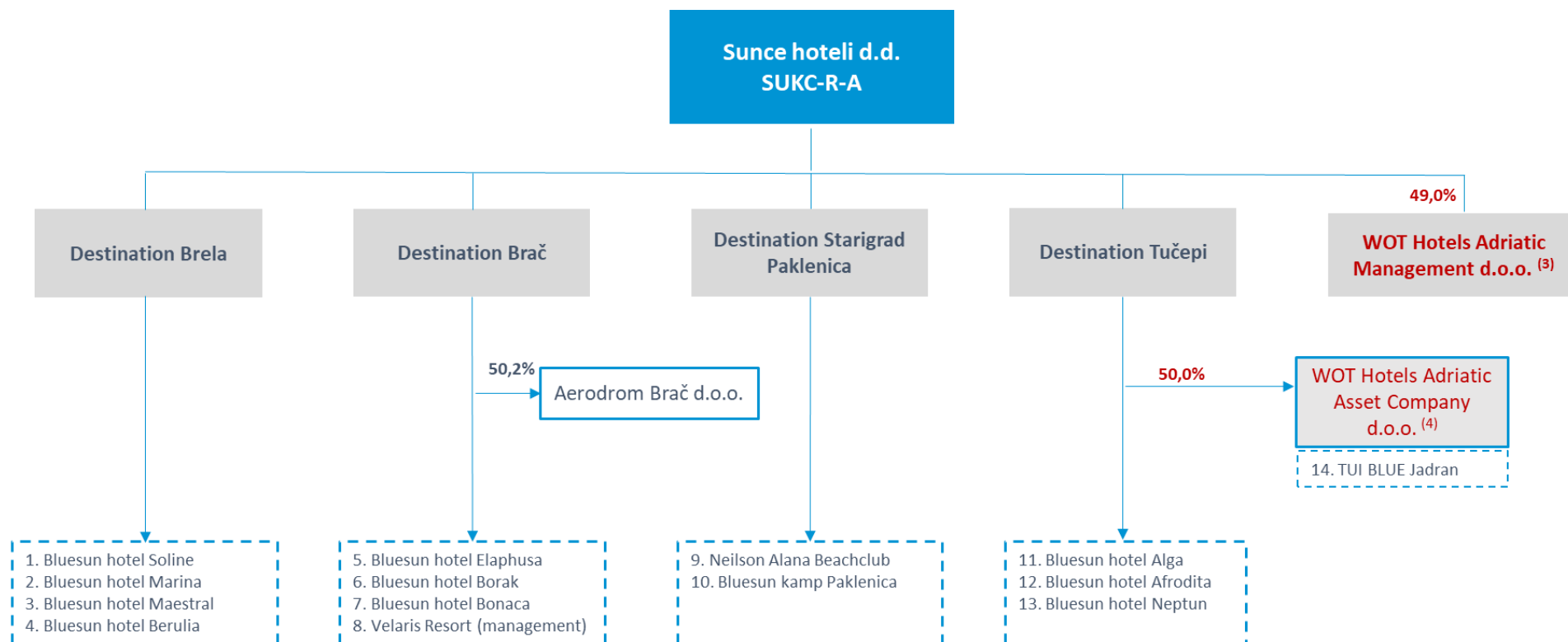
Subsidiaries included in the Group and other holdings:

Members of the Group:	HQ:	Business:	Ownership:
Aerodrom Brač d.o.o.	Supetar	Airport	50,18%
Sunce Vital d.o.o.	Zagreb	Healthcare	100,00%
Zlatni rat Poljoprivreda d.o.o.*	Bol	Agriculture	100,00%
Zlatni rat Servisi d.o.o.*	Bol	Maintenance	100,00%
Zlatni rat Tenis centar d.o.o.*	Bol	Tennis operator	100,00%
Plaža Zlatni Rat d.o.o.*	Bol	Beach operator	100,00%
Eko - promet d.o.o.*	Bol	Transport	51,11%
Brač 500 Plus d.o.o.	Bol	Cable management	69,44%
Brela Jakiruša d.o.o.	Brela	Preparation of food and beverages	100,00%
Company:**	HQ:	Business:	Ownership:
WOT Hotels Adriatic Management d.o.o.	Tučepi	Holding company	49,00%
WOT Hotels Adriatic Asset d.o.o.	Tučepi	Hotels	50,00%
Praona d.o.o.	Makarska	Industrial Laundry	42,00%

* Subscribed companies do not have recorded assets and liabilities (are not active in business), and applications have been submitted to the Tax Registry for deletion from the court register

** Subject companies are not subject to consolidation but are accounted for according to accounting standards according to the equity method

Organisational structure of the Group⁽¹⁾:



(1) Data as of 30.09.2020; Sunce hoteli d.d. as a Group has some additional members, but they are immaterial for the Group's performance.

(2) Management Company established with TUI AG, where TUI AG holds 51% share.

(3) Joint Venture Company with TUI AG.

3. UNAUDITED BUSINESS RESULTS FOR THE FIRST 9 MONTHS OF 2020

Key Financial Indicators - Sunce Hoteli d.d.				
HRKthrs				
Financial performance	1.1.-30.9.2020	1.1.-30.9.2019	△	2020/2019
Revenues	161.170	411.312	-250.142	-60,8%
Operating expenses	53.599	109.219	-55.620	-50,9%
Employee expenses	75.087	117.927	-42.840	-36,3%
Other operating expenses	18.728	51.860	-33.131	-63,9%
EBITDA ¹	13.755	132.306	-118.551	-89,6%
EBITDA margin%	8,5%	32,2%	-23.600 bp	
Adjusted EBITDA	13.755	148.062	-134.307	-90,7%
Adjusted EBITDA margin %	8,5%	36,0%	-23.600 bp	
EBIT	-33.015	82.695	-115.710	-139,9%
Net result	-45.651	78.452	-124.103	-158,2%
Financial position	30.9.2020	31.12.2019	△	2020/2019
Total assets	1.385.867	1.356.061	29.806	2%
Tangible assets	1.078.004	1.112.723	-34.719	-3%
Equity	759.964	805.614	-45.650	-6%
Total debt	509.595	452.132	57.463	13%
Net debt ²	452.561	442.595	9.966	2%
Ratios				
Equity / Total assets	54,8%	59,4%	-460 bp	
Debt / Equity	67,1%	56,1%	360 bp	

1) EBITDA (eng. earnings before interest, taxes, depreciation and amortization) is calculated according to the formula: operating income - operating expenses + depreciation

2) Neto debt: long-term and short-term liabilities to banks and other financial institutions + liabilities for loans, deposits and similar - cash in the bank - long-term and short-term securities investments - short-term loans, deposits, etc.

In the first nine months of 2020, the Company generated **HRK 161,170 million** (1-9M 2019: HRK 411,312 million) of **operating revenues**, which is a decrease of 60.8% compared to the same period last year. The Company generated **positive EBITDA in the amount of HRK 13,755 million** (1-9M 2019: HRK 132,206 million), which represents a higher loss of HRK 118,551 million compared to the same period last year. **The reason for the larger decrease at the EBITDA level** is due to the decline in revenues caused by the COVID-19 crisis, however, this decline and the impact on EBITDA was partially amortized due to **revenues from direct state aid for job preservation and indirect state aid in the form of tax and contribution write-offs** in the total amount of HRK 21.5 million. Excluding revenues from received state aid, the company generated about 34% of last year's revenues in the first 9 months.

The largest part of operating expenses is staff costs in the amount of HRK 75,087 million in the first nine months of 2020 and it is significantly lower than in the same period in 2019 due to a temporary salary reduction of 40% in the April – June period and lower employment of seasonal workers due to fewer overnight stays, while material costs amounted to HRK 53,599 million and were lower by 50.9% in the same period.

Financial expenses increased significantly **in the first 9 months of 2020** due to **foreign exchange losses** in the amount of HRK 8,970 million, which together with HRK 8,213 million of interest expenses, of which HRK 2.5 million relates to IFRS 16 interest and the rest to regular interest on the basis of credit indebtedness to banks, and 753 thousand other financial expenses gives a total financial expense of HRK 17,937 million, which is an increase of HRK 7,831 million compared to the first nine months of 2019 when total financial expenses amounted to HRK 10,106 million.

Nominal debt to financial institutions amounted to HRK 509 million as at 30 September 2020 which represents an increase of HRK 57 million compared to 31 December 2019 (HRK 452 million).

The net loss in the observed period amounted to **HRK 45,651 million**, while in the same period last year the net gain amounted to HRK 78,452 million.

Significant business events

The most significant business events of the company Sunce hoteli d.d. in the period after 31.12.2019. years to the date of publication of this report are:

1. **COVID - 19 - impact on the Company's operations** - on March 16, 2020, the Company published on the Zagreb Stock Exchange information on the impact of the COVID-19 epidemic on the Company's operations, and updated the information in the announcement of business results for the first nine months of 2020 as well as the 2019 annual report. The impact of the COVID-19 crisis on the company's operations can be divided into the following main segments:
 - a. **Employee safety** - work from home was organized for all employees from mid-March 2020 to 18 May 2020, after which return to office work has been organized under strict safety conditions such as wearing protective masks in common areas, keeping distance between employees in the same office, increased disinfection of the work area, etc. The company approaches flexibly according to the way of work, and measures are taken to protect the safety of employees. The Management Board of the company will monitor the epidemiological situation in the Republic of Croatia and, if necessary, make decisions on working from home for part or all employees of the company Sunce hoteli d.d.
 - b. **Employee salaries** - in the period from 1 April to 30 June 2020, the gross salary of all employees, including the Management Board, was reduced by 40%. However, after economic activity intensified, hotels began to open and the inflow of guest reservations was initiated, the Management Board issued a Decision by which in the period from 1 July to 30 September 2020 all employees with a gross salary of more than 10 thousand kuna Gross I reduction salaries from the previous 40% adjusted to a reduction of 20%, ie 80% of gross salary was paid, and at the same time Gross I salary could not be lower than 10 thousand kuna, as a result of which all employees with a salary lower than 10 thousand kuna were provided full contracted salary. Due to the extremely short business activity this year and reduced income in relation to costs, and with the aim of preserving all jobs, the Management Board made a new decision to reduce salaries in the period from 1st October 2020 by which the new contracted salary is paid for all employees of the Company in the amount of 80% of gross salary, and not less than 4,000 kuna net. The said decision is in force until 31st of December 2020 when the Management Board will revise the financial flow again and make a new decision in relation to the salary policy in these times of crisis.
 - c. **Hotels opening** - due to the COVID-19 crisis, the company partially opened its accommodation facilities, and on June 10, 2020, one facility was opened in each of the destinations: i) Bluesun Hotel Berulia in Brela, ii) Bluesun Hotel Alga in Tučepi, iii) Bluesun Resort Velaris in Supetar, iv) Bluesun Hotel Elaphusa in Bol, and c) Bluesun Camp Paklenica in Starigrad Paklenica. At the beginning of July, the

following facilities were additionally opened: i) Bluesun Hotel Soline in Brela, ii) Bluesun Hotel Neptun in Tučepi, iii) Bluesun Hotel Alan in Starigrad Paklenica, iv) Bluesun Hotel Bonaca in Bol. At the end, in August the Bluesun Hotel Marina in Brela was opened.

- d. **Booking status** - Given the specific crisis, the direct channel and OTA sales channel were the dominant sales channels, and the Company made targeted investments in online marketing. Most of the reservations through the two mentioned channels were on the "free cancellation" principle, ie. no advances paid by guests. Such fees can be cancelled without paying a fee to the Company, which was the only way sales functioned during the summer 2020 season. The allotment sales channel has been under special pressure this season due to the disruption of commercial lines. Despite the challenging business environment, the Company generated in August 56.2% of last year's revenues from August, while the realization in facilities that were open in August was up to 80%. Unfortunately, with the worsening epidemiological situation in the country, and being put on the red list by our trading partners, the performance in September fell to only 16.2%, which had significant negative repercussions on the business result of the first 9 months.
- e. **Moratorium on financial liabilities** - In relation to financial liabilities due in 2020, on July 27, 2020, the Company was granted a moratorium by the Bank syndicate on loan instalments due on 30 April 2020 (HRK 16.5 million) and 31 October 2020 (HRK 38.4 million). Given that the moratorium has a maturity of 12 months, this means that the first instalment of the loan is due on 30.04.2021. years together with principal and interest. The loan will continue to be repaid regularly from April 30, 2021, when interest is due for the period from November 1, 2019 to April 30, 2021. Outstanding instalments in 2020 are moved to the end of the repayment period on April 30, 2028, when they fall due once. The loan instalments from 2020 for which a moratorium has been requested are transferred in full upon the expiration of the loan agreement on April 30, 2028 (bullet repayment).
- f. **Additional liquidity** - In addition to the aforementioned deferral of payment of financial obligations until April 30, 2021, the Company has also taken measures and directed communication to potential creditors to provide additional liquidity that will be required after October 31, 2020. The level of required additional liquidity is lower than the initial calculations before the summer season showed due to the fact that we had a better inflow during the main season than expected and the measures of the Government of the Republic of Croatia are still in force.
- g. **Aid for job preservation** - the company used the measures of the Government of the Republic of Croatia related to aid for job preservation for the months of March, April, May and June. A detailed explanation of grants and savings has already been presented and published in the announcement of results for the first 6 months of 2020, as well as in announcements on the Zagreb Stock Exchange. We hereby only inform:
 - i. that the company has applied for aid for the preservation of jobs in the activities affected by Coronavirus for the months of July and August, which are still in the process of being resolved by official body. Since the Company meets all the conditions for the measure of preserving jobs, this report shows income for these two months, while funds have not yet been

received by the date of publication of this report. Incentives are expected to be received through the fourth quarter of 2020 for the months of July and August. In accordance with the published measure for the preservation of jobs for the months of September to December 2020, the Company expects to use the support for the months of October, November and December 2020, as it meets all the conditions for use. Support for September 2020 was not requested as the company had a revenue decline of less than 60% in August 2020.

- ii. In addition to receiving the minimum compensation under the measure for the preservation of jobs for the months of March, April and May, the company received a decision accepting a write-off of 95% for the same months on the following salary benefits: *(i)* I. pillar pension insurance, *(ii)* taxes and surcharges, *(iii)* health insurance contributions.
 - h. **Capital investments** - The Company did not have capital investments for the 2020 season, however all investments in the preparation of future investments were suspended until a revised capital investment plan is made depending on the development of the situation caused by the COVID-19 crisis. Following the above, the investment in the preparation of project-technical documentation for the development of Brač Airport is currently suspended.
2. **Changes in the Management of Sunce hoteli d.d.** - On 13 July, 2020, announced changes related to the Management Board of the Company. At the Supervisory Board of the Company, Tonči Boras resigned for personal reasons and announced his resignation from the position of President of the Management Board. The Supervisory Board appointed Hrvoje Veselko, Šestinska cesta 52, Zagreb, OIB: 28020764233, to the position of President of the Management Board for a term of 5 years. Hrvoje Veselko is coming to the position of President of the Management Board with many years of experience at project and managerial functions, mostly related to Sales and Marketing in various sectors. Hrvoje Veselko took over the position of President of the Management Board on August 1, 2020.
 3. **Confirmation of investment support beneficiary** - the company received the confirmation of investment support under the Investment Promotion Act for investments related to Bluesun Hotel Berulia (2017), Bluesun Hotel Alga (2018 and 2019), Bluesun Hotel Soline (2019). The total approved amount of eligible costs is HRK 129 million, of which the aid intensity is 25% or HRK 32.3 million. The support can be used until 2027.

Annex 1

ISSUER'S GENERAL DATA

Reporting period:	1.1.2020	to	30.9.2020
Year:	2020		
Quarter:	3.		

Quarterly financial statements

Registration number (MB):	01869647	Issuer's home Member State code:	HR
Entity's registration number (MBS):	080502040		
Personal identification number (OIB):	06916431329	LEI:	7478000070X8LWJUBX45
Institution code:	5158		
Name of the issuer:	Sunce Hoteli d.d.		
Postcode and town:	10000	Zagreb	
Street and house number:	Trpinjska 9		
E-mail address:	racunovodstvo@bluesunhotels.com		
Web address:	www.bluesunhotels.com		
Number of employees (end of the reporting period):	937		
Consolidated report:	KD	(KN-not consolidated/KD-consolidated)	
Audited:	RN	(RN-not audited/RD-audited)	
Names of subsidiaries (according to IFRS):	Registered office:	MB:	
Sunce Vital d.o.o.	Zagreb, Braće Domany 6		
Aerodrom Brač d.o.o.	Bol, Bračka cesta 31		
Brač 500 Plus d.o.o.	Bol, Bračka cesta 31		
Bookkeeping firm:	No	(Yes/No)	(name of the bookkeeping firm)
Contact person:	Ivan Franić (only name and surname of the contact person)		
Telephone:	01/6442-240		
E-mail address:	ivan.franic@bluesunhotels.com		
Audit firm:	Ernst & Young d.o.o., Zagreb (name of the audit firm)		
Certified auditor:	Zvonimir Madunić (name and surname)		

BALANCE SHEET			
balance as at 30.09.2020			
			in HRK
Submitter: Sunce Hoteli d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	1.321.027.241	1.279.934.006
I INTANGIBLE ASSETS (ADP 004 to 009)	003	30.145.299	21.615.137
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	683.872	640.045
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	29.461.427	20.975.092
II TANGIBLE ASSETS (ADP 011 to 019)	010	1.112.722.570	1.078.003.809
1 Land	011	116.124.059	116.124.059
2 Buildings	012	881.977.688	855.909.847
3 Plant and equipment	013	89.915.264	80.291.347
4 Tools, working inventory and transportation assets	014	3.285.346	2.748.650
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	0	0
7 Tangible assets in preparation	017	21.420.213	22.575.820
8 Other tangible assets	018	0	354.086
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	163.089.237	163.089.237
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	86.957.998	86.957.998
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	76.121.439	76.121.439
9 Other investments accounted for using the equity method	029	9.800	9.800
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	9.901.194	12.056.882
1 Receivables from undertakings within the group	032	7.808.902	10.505.141
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	2.092.292	1.551.741
V DEFERRED TAX ASSETS	036	5.168.941	5.168.941
C) CURRENT ASSETS (ADP 038+046+053+063)	037	35.033.952	105.933.082
I INVENTORIES (ADP 039 to 045)	038	4.048.456	4.649.595
1 Raw materials and consumables	039	3.755.185	4.395.870
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	252.007	253.725
5 Advances for inventories	043	41.264	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	21.428.566	44.250.130
1 Receivables from undertakings within the group	047	2.138.169	2.050.005
2 Receivables from companies linked by virtue of participating interests	048	1.279.764	2.853.251
3 Customer receivables	049	7.192.470	12.998.758
4 Receivables from employees and members of the undertaking	050	29.765	83.951
5 Receivables from government and other institutions	051	4.268.376	8.218.879
6 Other receivables	052	6.520.022	18.045.286
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	20.296	0
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	20.296	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	0	0
8 Loans, deposits, etc. given	061	0	0
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	9.536.634	57.033.357
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1.356.061.193	1.385.867.088

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	805.614.464	759.963.677
I INITIAL (SUBSCRIBED) CAPITAL	068	539.385.000	595.458.500
II CAPITAL RESERVES	069	67.836.894	112.157.388
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	7.247.507	106.983.140
1 Legal reserves	071	655.925	0
2 Reserves for treasury shares	072	0	0
3 Treasury shares and holdings (deductible item)	073	0	0
4 Statutory reserves	074	0	0
5 Other reserves	075	6.591.582	106.983.140
IV REVALUATION RESERVES	076	3.631.032	
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Fair value of financial assets available for sale	078	0	0
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	97.414.507	-986.686
1 Retained profit	082	97.414.507	0
2 Loss brought forward	083	0	986.686
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	3.307.580	-44.677.273
1 Profit for the business year	085	3.307.580	0
2 Loss for the business year	086	0	44.677.273
VIII MINORITY (NON-CONTROLLING) INTEREST	087	86.791.944	-8.971.392
B) PROVISIONS (ADP 089 to 094)	088	2.034.665	1.986.179
1 Provisions for pensions, termination benefits and similar obligations	089	1.428.251	1.379.764
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	0	0
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	606.414	606.415
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	420.765.671	421.093.928
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	396.331.273	401.145.605
7 Liabilities for advance payments	102	159.421	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	23.068.097	18.741.443
11 Deferred tax liability	106	1.206.880	1.206.880
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	127.646.393	202.823.304
1 Liabilities to undertakings within the group	108	2.448.795	1.544.574
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	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	
6 Liabilities to banks and other financial institutions	113	55.801.128	108.449.247
7 Liabilities for advance payments	114	5.004.346	11.598.877
8 Liabilities to suppliers	115	26.027.059	38.731.528
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	6.829.764	6.742.615
11 Taxes, contributions and similar liabilities	118	5.476.164	13.286.739
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	26.059.137	22.469.724
E) ACCRUALS AND DEFERRED INCOME	122	0	0
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	1.356.061.193	1.385.867.088

STATEMENT OF PROFIT OR LOSS					
for the period 01.01.2020. to 30.09.2020.					
in HRK					
Submitter: Sunce Hoteli d.d.					
Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 126 to 130)	125	411.311.838	299.565.608	161.170.152	130.482.501
1 Income from sales with undertakings within the group	126	403.833.345	296.238.146	133.987.724	125.196.993
2 Income from sales (outside group)	127	0	0	0	0
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	7.478.493	3.327.462	27.182.428	5.285.508
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	328.617.320	169.184.610	194.185.582	107.627.466
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	109.219.383	60.211.139	53.599.245	37.006.764
a) Costs of raw materials and consumables	134	66.496.264	39.231.410	27.194.911	22.367.128
b) Costs of goods sold	135	984.357	696.114	329.141	219.319
c) Other external costs	136	41.738.762	20.283.615	26.075.193	14.420.317
3 Staff costs (ADP 138 to 140)	137	117.926.950	55.026.209	75.087.370	39.351.774
a) Net salaries and wages	138	79.734.267	39.979.991	51.234.633	27.975.094
b) Tax and contributions from salary costs	139	24.825.244	9.780.012	14.824.715	7.394.842
c) Contributions on salaries	140	13.367.439	5.266.206	9.028.022	3.981.838
4 Depreciation	141	49.611.288	14.970.104	46.770.520	17.633.463
5 Other costs	142	0	0	0	0
6 Value adjustments (ADP 144+145)	143	15.756.464	15.756.464	0	0
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	15.756.464	15.756.464	0	0
7 Provisions (ADP 147 to 152)	146	0	0	0	0
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	0	0
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	36.103.235	23.220.694	18.728.447	13.635.465
III FINANCIAL INCOME (ADP 155 to 164)	154	5.864.604	1.748.064	5.302.556	2.238.993
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	2.623.007	870.715	2.620.239	879.818
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	0	0
8 Exchange rate differences and other financial income	162	3.241.597	877.349	2.682.317	1.359.175
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	0	0	0	0
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	10.106.972	3.890.342	17.937.911	1.089.489
1 Interest expenses and similar expenses with undertakings within the group	166	22.110	0	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	6.492.674	2.515.374	8.213.888	450.681
4 Exchange rate differences and other expenses	169	2.302.241	1.136.507	8.970.352	638.808
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	1.289.947	238.461	753.671	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	417.176.442	301.313.672	166.472.708	132.721.494
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	338.724.292	173.074.952	212.123.493	108.716.955
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	78.452.150	128.238.720	-45.650.785	24.004.539
1 Pre-tax profit (ADP 177-178)	180	78.452.150	128.238.720	0	24.004.539
2 Pre-tax loss (ADP 178-177)	181	0	0	-45.650.785	0
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	78.452.150	128.238.720	-45.650.785	24.004.539
1 Profit for the period (ADP 179-182)	184	78.452.150	128.238.720	0	24.004.539
2 Loss for the period (ADP 182-179)	185	0	0	-45.650.785	0

STATEMENT OF CASH FLOWS - indirect method			
for the period 01.01.2020. to 30.09.2020.			
			in HRK
Submitter: Sunce Hoteli d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	78.452.150	-45.650.785
2 Adjustments (ADP 003 to 010):	002	52.227.660	58.454.225
a) Depreciation	003	49.611.288	46.770.520
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	0
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	-2.623.007	-2.620.239
e) Interest expenses	007	6.492.674	8.213.888
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	-1.279.667	6.138.544
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	26.372	-48.488
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	130.679.810	12.803.440
3 Changes in the working capital (ADP 013 to 016)	012	-12.953.378	-7.186.006
a) Increase or decrease in short-term liabilities	013	42.640.217	12.151.528
b) Increase or decrease in short-term receivables	014	-62.822.173	-5.098.117
c) Increase or decrease in inventories	015	-3.568.168	-601.139
d) Other increase or decrease in working capital	016	10.796.746	-13.638.278
II Cash from operations (ADP 011+012)	017	117.726.432	5.617.434
4 Interest paid	018	-3.707.868	0
5 Income tax paid	019	-1.183.570	-411.697
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	112.834.994	5.205.737
Cash flow from investment activities			
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	0	0
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	15.000	0
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	15.000	0
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-63.607.172	-3.521.595
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
IV Total cash payments from investment activities (ADP 028 to 032)	033	-63.607.172	-3.521.595
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-63.592.172	-3.521.595
Cash flow from financing activities			
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	11.064.999	45.887.067
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	11.064.999	45.887.067
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-21.765.815	0
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	0	-74.486
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
VI Total cash payments from financing activities (ADP 040 to 044)	045	-21.765.815	-74.486
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-10.700.816	45.812.582
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	38.542.006	47.496.724
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	45.079.510	9.536.634
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	83.621.516	57.033.357

STATEMENT OF CHANGES IN EQUITY																	in HRK	
for the period from 1.1.2020 to 30.9.2020																		
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)	
Previous period																		
1 Balance on the first day of the previous business year	01	539.385.000	83.266.272	655.925	0	0	0	6.591.581	3.056.059	0	0	0	55.819.891	26.176.205	714.950.933	84.646.977	799.597.910	
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	539.385.000	83.266.272	655.925	0	0	0	6.591.581	3.056.059	0	0	0	55.819.891	26.176.205	714.950.933	84.646.977	799.597.910	
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	29.448.688	29.448.688	4.712.460	34.161.148	
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	0	0	0	0	0	0	0	0	
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	-15.429.378	0	0	0	0	0	0	0	0	0	15.557.709	0	128.331	16.534	144.865	
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	0	0	0	0	0	0	0	0	0	26.176.205	-26.176.205	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	539.385.000	67.836.894	655.925	0	0	0	6.591.581	3.056.059	0	0	0	97.553.805	29.448.688	744.527.952	89.375.971	833.903.923	
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																		
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	-15.429.378	0	0	0	0	0	0	0	0	0	15.557.709	0	128.331	16.534	144.865	
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	-15.429.378	0	0	0	0	0	0	0	0	0	15.557.709	29.448.688	29.577.019	4.728.994	34.306.013	
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	0	0	0	0	0	0	0	0	0	26.176.205	-26.176.205	0	0	0	

Current period																	
1 Balance on the first day of the current business year	27	539,385,000	67,836,894	655,925	0	0	0	6,591,581	3,056,059	0	0	0	97,553,805	29,448,688	744,527,952	89,375,971	833,903,923
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
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	30	539,385,000	67,836,894	655,925	0	0	0	6,591,581	3,056,059	0	0	0	97,553,805	29,448,688	744,527,952	89,375,971	833,903,923
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	-44,677,273	-44,677,273	-973,512	-45,650,785	
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	
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	
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	
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	
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	
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	
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	
13 Other changes in equity unrelated to owners	39	0	0	-655,925	0	0	0	100,391,559	-3,056,059	0	0	0	-97,566,977	-29,448,688	-30,336,090	-98,347,365	-128,683,455
14 Tax on transactions recognised directly in equity	40	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	56,073,500	44,320,494	0	0	0	0	0	0	0	0	0	0	0	100,393,994	0	100,393,994
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	
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	
18 Redemption of treasury shares/holdings	44	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	
20 Other distribution to owners	46	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	0	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	
23 Balance on the last day of the current business year reporting period (ADP 30 to 48)	49	595,458,500	112,157,388	0	0	0	0	106,983,140	0	0	0	0	-13,172	-44,677,273	769,908,583	-9,944,906	759,963,677
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	-655,925	0	0	0	100,391,559	-3,056,059	0	0	0	-97,566,977	-29,448,688	-30,336,090	-98,347,365	-128,683,455
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)	51	0	0	-655,925	0	0	0	100,391,559	-3,056,059	0	0	0	-97,566,977	-74,125,961	-75,013,363	-99,320,677	-174,334,240
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	56,073,500	44,320,494	0	0	0	0	0	0	0	0	0	0	0	100,393,994	0	100,393,994

Pursuant to the Capital Market Act (OG 88/08, 146/08, 74/09, 54/13, 159/13, 18/15, 110/15), we make the following statement to the best of our knowledge:

Statement by the persons responsible for the preparation of the report

A shortened set of quarterly financial statements of the issuer, prepared using the applicable financial reporting standards, provide a complete and fair view of the assets and liabilities, losses and gains, financial position and operations of the issuer and the companies included in the consolidation as a whole.

The interim business report contains a true presentation of the development and results of the business and the position of the issuer and the company included in the consolidation, with a description of the most significant risks and uncertainties that the issuer and the company are exposed as a whole.

President of the Board

Hrvoje Veselko

Board member

Kristijan Gagulić

Board member

Ivan Potkrajčić