

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF THE COMPANY ILIRIJA d.d.**

**Report on the Audit of the Annual Financial Statements**

**Opinion**

We have audited the annual financial statements of ILIRIJA d.d. (the Company), which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying annual financial statements give a true and fair view of the financial position of the Company as at 31 December, 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Republic of Croatia and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Our procedures during the audit
<i>Investment in land not owned by the Company</i>	
<p>The Company partly performs registered tourist activity on the land that is not included in the Company's share capital in the process of transformation and privatization and on the part of the land that is a maritime domain.</p> <p>The use conditions for the land that was not included in the Company's share capital in the process of transformation and privatization have, so far, been defined by the Act on Tourist and Other Construction Land not appraised in the transformation and privatization process (OG 92/10) on the basis of which the Company submitted an application for a concession for a period of 50 years. On 2 May 2020, the new Act on Unappraised Land (OG 50/2020) entered into force. In accordance with the provisions of the Act on Unappraised Land, the Company submitted a request to the Ministry of Physical Planning and State Assets to issue a decision under Article 17 of the Act for concluding a lease agreement for 50 years for Camp Park Soline in Biograd na Moru.</p> <p>On February 9, 2024, the Regulation on the Arrangement of Lease for Parts of the Camp Owned by the Republic of Croatia (OG 16/2024) was published and came into force on February 17, 2024. This Regulation prescribes the initial unit rental prices for parts of the campsite owned by the Republic of Croatia, as well as other criteria for determining and calculating the rent.</p> <p>Pursuant to the Transformation of Socially Owned Enterprises Act, all structures built on maritime domain have been evaluated and included in the share capital of the Company, while land as a public good has not been evaluated.</p> <p>The most important maritime domain used by the Company is Marina Kornati. The concession lasts until year 2032.</p>	<p>Our audit procedures related to investing in land not owned by the Company included, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>➤ Understanding of the Company's accounting policies related to the measurement of the subject assets;</li> <li>➤ Assessment of the reasonableness of the key assumptions for valuing investments on the subject assets;</li> <li>➤ Review of input data for the purpose of testing the completeness and accuracy of recording the increase in investment in the subject assets;</li> <li>➤ Monitoring the status of the Request for a decision referred to in Article 17 of the Act on Unappraised Land (OG 50/2020) and for concluding a 50-year lease agreement for Camp Park Soline in Biograd na Moru, dated 5 March 2021;</li> <li>➤ Review of the Company's report on significant legal issues and assessment and status of legal disputes received from external attorneys;</li> <li>➤ Analysis of the impact of the Regulation on the arrangement of leases on parts of the camp owned by the Republic of Croatia (NN 16/24), adopted on February 9, 2024. year, to the Company's financial statements</li> </ul> <p>Assessment the adequacy of related disclosures in annual financial statements and compliance with IFRS.</p>

<p>In 2017, the Company submitted to the Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia, a request for extension of the Concession Agreement for a total period of 50 (fifty) years.</p> <p>As of the date of issuing the financial reports for 2024, the request for the extension of the concession has not been decided yet.</p> <p>All investments in the mentioned lands are recorded by the Company as its own assets.</p> <p>Due to the above and significant future effects on the financial statements, the investment in land not owned by the Company was identified as a key audit matter.</p> <p>For further information see note 7 (Property, plant and equipment).</p>	
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### Other information

Management is responsible for other information. Other information comprises the Management Report and Corporate Governance Statement included in the Company's Annual Report, but does not include annual financial statements and our auditor's report on thereon. Our opinion on annual financial statements does not cover the other information.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Management Report and Corporate Governance Statement, we also performed procedures required by the Accounting Act. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of Article 24 of the Accounting Act and whether the Corporate Governance Statement includes the information specified in Article 25 of the Accounting Act.

Based on the procedures undertaken, to the extent we are able to assess it, we report that:

1. the information given in the enclosed Management Report and Corporate Governance Statement is consistent, in all material respects, with the enclosed annual financial statements;
2. the enclosed Management Report is prepared in accordance with requirements of Article 24 of the Accounting Act;
3. the enclosed Corporate Governance Statement includes the information specified in Article 25 of the Accounting Act.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit of financial statements, we are also required to report if we have identified material misstatements in the Management Report and Corporate Governance Statement. We have nothing to report in this respect.

#### **Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements**

Management is responsible for the preparation of annual financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter

should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. We were appointed by the General Assembly at 26 April, 2024 based on the proposition of the Supervisory Board to perform the audit of the annual financial statements for the year 2024.
2. At the date of this report, we have been continuously appointed for performing statutory audits of the Company, from the audit of the annual financial statements for the year 2024, to the audit of the annual financial statements for the year 2024, that is for four years in total.
3. In our audit of the annual financial statements of the Company for the year 2024 we determined the materiality for the financial statements as a whole in the amount of EUR 311.448, that represents approximately 4% of *EBITDA*. The primary users of the financial statements are the Company's shareholders. Given that the shareholders' main focus is on further investment activities aimed at generating profit and dividend payments in the long term, we consider the chosen basis for determining materiality to be appropriate.
4. Our audit opinion is consistent with the Additional Report to the Audit Committee of the Company prepared in accordance with Article 11 of the Regulation (EU) No 537/2014. The main users of financial statements are the shareholders of the company. Given that the main focus of the shareholders is on further investments, which have as their long-term goal the generation of profits and the payment of dividends, we consider the chosen basis for calculating significance to be appropriate.
5. In the period from the beginning date of the audited annual financial statements of the Company for the year 2024 to the date of this report, we have not provided the prohibited non-audit services to the Company nor to the companies under its control and/or its parent company within EU and we have not provided the services of design and implementation of internal control procedures or risk management related to the preparation and/or control of financial information or the design and implementation of technological systems for financial information in the business year, before the before mentioned period, and we have maintained independence in relation to the Company during our audit.

***Report based on Delegated Regulation (EU) 2018/815 on supplementing Directive 2004/109/EZ of European parliament and Council related to regulatory technical standard for specification of single electronic reporting format of reporting***

Independent report on the compliance of annual financial statements (further: financial statements) prepared pursuant to Article 462 (5) of the Capital Market Act (Official Gazette 65/18, 17/20, 83/21 and 151/22) applying the requirements of the Delegated Regulation (EU) 2018/815 on establishing of single electronic reporting format for issuers (the ESEF Regulation).

We have conducted a reasonable assurance engagement on whether the financial statements, as contained in the attached electronic file 74780000V0GH8Q3K5K76-2024-12-31-0-en.zip are prepared, for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, in all material respects in accordance with the requirements of the ESEF Regulation.

**Responsibilities of the Management and those charged with governance**

Management is responsible for the preparation of the financial statements in accordance with ESEF Regulation.

Furthermore, Management is responsible for maintaining an internal control system that reasonably ensures the preparation of financial statements without material non-compliances with ESEF Regulation requirements, whether due to fraud or error.

The Management is also responsible for:

- the public disclosure of financial statements included in the annual report in XHTML format and
- selecting and using XBLR codes in accordance with ESEF regulation.

Those charged with governance are responsible for overseeing the preparation of the financial statements in ESEF format as part of the financial reporting process.

**Auditor's responsibilities**

Our responsibility is to express a conclusion, based on the audit evidence gathered, as to whether the financial statements are free from material non-compliances with the requirements of the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with International Standard for Assurance Engagements ISAE 3000 (revised) - *Assurance engagements other than audits or reviews of historical financial information*.

## Work performed

The nature, timing and extent of the procedures selected depend on the auditor's judgment. Reasonable assurance is a high degree of assurance, however it does not guarantee that the scope of procedures will identify all significant (material) noncompliance with ESEF regulation.

In respect of the subject matter, we have performed the following procedures:

- we read the requirements of the ESEF Regulation,
- we have gained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or error; and
- based on this, devise and implement procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The aim of our procedures was to assess whether:

- the financial statements, which are included in the annual report, are prepared in the relevant XHTML format,
- the information contained in the financial statements required by the ESEF Regulation is marked and all markings meet the following requirements:
  - the XBRL markup language was used,
  - the basic taxonomy elements listed in the ESEF Regulation with the closest accounting significance have been used, unless an additional taxonomy element has been created in accordance with Annex IV. ESEF Regulation,
  - the labelled elements comply with the common labelling rules under the ESEF Regulation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

## Conclusion

Based on the procedures performed and evidence gathered, the financial statements presented in ESEF format for the year ended on 31 December 2024, contained in the aforementioned attached electronic file and prepared pursuant to Article 462 paragraph 5 of the Capital Market Act prepared for public disclosure, are prepared in all material respects in line with the requirements of Articles 3, 4 and 6 of the ESEF Regulation.

Further to this conclusion as well as opinion contained in this independent auditor's report related to accompanying financial statements and annual report for the year ended 31 December 2024, we do not express any opinion on the information contained in these presentations or on any other information contained in the aforementioned file.

### **Audit | Tax | Consulting**

Registered at Commercial court in Zagreb under MBS 080006795, PIN 71799539000  
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The engagement partner in charge of the audit resulting in this independent auditor's report is Dragan Rudan.

In Zagreb, 26/02/2025

***UHY RUDAN d.o.o. for tax consulting and audit***

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10 000 Zagreb  
Republic of Croatia

Dragan Rudan

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Director and Certified Auditor

**Audit | Tax | Consulting**

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